

## **BILL ANALYSIS**

Senate Research Center

S.B. 1196  
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Economic Development  
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As Filed

### **DIGEST**

Currently, Texas law does not allow an individual to designate, at any point in time, a third-party as the owner and/or beneficiary of an insurance policy on the individual's life. S.B. 1196 would allow any person of legal age to consent in writing to the purchase of or the application for insurance on his or her life and to designate in writing any person, persons, partnership, association, corporation, or other legal entity, or any combination thereof, as the beneficiary or beneficiaries of his or her life insurance policy.

### **PURPOSE**

As proposed, S.B. 1196 sets forth provisions related to the purchase or application for, and description of owners or beneficiaries of, certain life insurance policies.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 113, Article 3.49-1, Insurance Code, as follows:

Sec. 1. Authorizes with respect to any person of legal age who applies for insurance on his life in any legal reserve or mutual assessment life insurance company and in such application designates in writing any person, persons, partnership, association, corporation, or other legal entity, or any combination thereof, as the beneficiary or beneficiaries, or the absolute or partial owner or owners, or both the beneficiary and owner, of any policy or policies issued in connection with such application. Authorizes a beneficiary or owner so designated to have an insurable interest in the life of such person, except as provided in Section 4 of this Act, rather than Section 3 hereof.

Sec. 2. Makes a conforming change.

Sec. 3. Authorizes any person of legal age to consent in writing to the purchase of or the application for an individual or group insurance policy or policies issued by any legal reserve or mutual assessment life insurance company by a third party or parties and in such written document consent to or designate any person, persons, partnership, association, corporation, or other legal entity, or any combination thereof, as the absolute or partial owner or owners, or any combination thereof, of any policy or policies issued in connection with such consent or designation; and with respect to any such policy or policies any such owner or beneficiary shall at all times thereafter have an insurable interest in the life of such person, except as provided in Section 4 of this Act.

Sec. 4. Prohibits, notwithstanding the provisions thereof, any person, persons, partnership, association, corporation, or other legal entity, or any other combination thereof, from directly or indirectly engaging in the business of burying the dead or from having or obtaining, directly or indirectly, any insurable interest in the life of any person by virtue of Sections 1, 2, or 3 of this Act.

Sec. 5. Makes a conforming change.

SECTION 2. Effective date: September 1, 1999.  
Makes application of this Act prospective to January 1, 2000.

SECTION 3. Emergency clause.

