

BILL ANALYSIS

Senate Research Center
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S.B. 1493
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State Affairs
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Over the past year the United States economy experienced massive economic upheaval. As banks failed and numerous corporations, such as AIG, were "bailed out" by the federal government, consumers contacted their insurance agents and demanded to know what guarantees existed that would protect their insurance and annuity policies.

Currently, the Texas Guaranty Association, created by the Texas Legislature in 1973, provides coverage for policy benefits of Texas resident policy holders, subject to certain limits, when there is a financial failure of an insurance company.

As proposed, S.B. 1493 adjusts the coverage limits for life insurance net cash surrender and annuities upwards from \$100,000 to \$250,000.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 463.204, Insurance Code, as follows:

Sec. 463.204. OBLIGATIONS EXCLUDED. Provides that a contractual obligation does not include death benefits in an amount in excess of \$300,000 or a net cash surrender or net cash withdrawal value in an amount in excess of \$250,000, rather than \$100,000, under one or more policies on a single life; an amount in excess of \$250,000, rather than \$100,000, in the present value under one or more annuity contracts issued with respect to a single life under individual annuity policies or group annuity policies; an amount in excess of \$250,000, rather than \$100,000, in present value annuity benefits, in the aggregate, including any net cash surrender and net cash withdrawal values, with respect to each individual participating in a governmental retirement benefit plan established under Section 401, 403(b), or 457, Internal Revenue Code of 1986 (26 U.S.C. Sections 401, 403(b), and 457), covered by an unallocated annuity contract or the beneficiary or beneficiaries of the individual if the individual is deceased; and an amount in excess of \$250,000, rather than \$100,000, in present value annuity benefits, in the aggregate, including any net cash surrender and net cash withdrawal values, with respect to each payee of a structured settlement annuity or the beneficiary or beneficiaries of the payee if the payee is deceased.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2009.