

1 AN ACT  
2 relating to limits placed on coverage amounts of certain group life  
3 insurance policies or certificates.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Sections 1131.455(a), (b), and (d), Insurance  
6 Code, are amended to read as follows:

7 (a) Except as otherwise provided by this section, the amount  
8 of insurance on a debtor's life under the policy may not exceed [~~the~~  
9 ~~lesser of:~~

10 [~~(1)~~] the amount of the debtor's indebtedness[~~+~~

11 [~~(2)~~] \$50,000, if the indebtedness is not secured by a  
12 ~~first lien on real estate, or~~

13 [~~(3)~~] \$125,000, if the indebtedness is secured by a  
14 ~~first lien on real estate].~~

15 (b) Subject to Subsections (c) and (d), the face amount of  
16 any loan or loan commitment, totally or partially executed, made to  
17 a debtor for educational purposes or to a debtor with seasonal  
18 income by a creditor in good faith for general agricultural or  
19 horticultural purposes, secured or unsecured, under which the  
20 debtor becomes personally liable for the payment of the loan, may be  
21 insured in an initial amount of insurance not to exceed [~~the lesser~~  
22 ~~of:~~

23 [~~(1)~~] the total amount payable under the contract of  
24 indebtedness[~~+~~ ~~or~~

1           ~~[(2) \$100,000 on any one life].~~

2           (d) Insurance on a loan commitment described by Subsection  
3 (b) that does not exceed one year in duration may be written up to  
4 the amount of the loan commitment on a nondecreasing or level term  
5 plan ~~[but may not exceed \$100,000 on any one life].~~

6           SECTION 2. The following laws are repealed:

7                 (1) Sections 1131.205(b)-(d), Insurance Code;

8                 (2) Sections 1131.255(b)-(d), Insurance Code;

9                 (3) Section 1131.405(b), Insurance Code;

10                (4) Section 1131.754, Insurance Code; and

11                (5) Section 1131.755(b), Insurance Code.

12           SECTION 3. The changes in law made by this Act apply only to  
13 a group life insurance policy or certificate that is delivered,  
14 issued for delivery, or renewed on or after the effective date of  
15 this Act. A group life insurance policy or certificate that is  
16 delivered, issued for delivery, or renewed before the effective  
17 date of this Act is covered by the law in effect at the time the  
18 policy or certificate was delivered, issued for delivery, or  
19 renewed, and that law is continued in effect for that purpose.

20           SECTION 4. This Act takes effect immediately if it receives  
21 a vote of two-thirds of all the members elected to each house, as  
22 provided by Section 39, Article III, Texas Constitution. If this  
23 Act does not receive the vote necessary for immediate effect, this  
24 Act takes effect September 1, 2005.

David Newburn

President of the Senate

Jim Cuddeback

Speaker of the House

I certify that H.B. No. 526 was passed by the House on April 22, 2005, by the following vote: Yeas 143, Nays 0, 2 present, not voting.

Robert Hancey  
Chief Clerk of the House

I certify that H.B. No. 526 was passed by the Senate on May 19, 2005, by the following vote: Yeas 31, Nays 0.

Letsy Saw  
Secretary of the Senate

APPROVED: 17 JUNE '05

Date

Rick Perry

Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
11:20 AM O'CLOCK

JUN 17 2005  
Roger Williams  
Secretary of State