

SUBJECT: Authorizing disclosure of a life insurance beneficiary to a funeral director

COMMITTEE: Insurance — committee substitute recommended

VOTE: 8 ayes — Oliverson, Vo, J. González, Israel, Middleton, Paul, Romero, Sanford

1 nay — Hull

WITNESSES: For — Gene Allen, Jason Harrell, and Gary Shaffer, Texas Funeral Directors Association; (*Registered, but did not testify*: Harvey Hilderbran, Texas Funeral Directors Association)

Against — Jay Thompson, TALHI

On — (*Registered, but did not testify*: Luke Bellsnyder, Texas Department of Insurance)

DIGEST: CSHB 643 would authorize a funeral director to request a disclosure from a life insurer under certain conditions.

The bill's provisions would apply only to a life insurance policy with a death benefit of not more than \$15,000 issued in Texas by a legal reserve life insurance company, a mutual assessment life insurance company, a stipulated premium life insurance company, a burial association, or a fraternal benefit society.

The bill would apply only to a funeral director who was directing a decedent's funeral in Texas and who:

- was provided reasonably sufficient information by an heir, heir's representative, or the personal representative of the decedent that the deceased was or could be an insured under a life insurance policy; and
- needed information from the insurer because the heir, heir's representative, or the decedent's personal representative was

unaware or unable to provide information on whether the decedent was the owner of a life insurance policy or on the identity of the policy's designated beneficiary.

Written consent. CSHB 643 would authorize a funeral director to request a disclosure from a life insurer if the director had obtained written consent from an heir, an heir's representative, or the personal representative of the decedent for the director to contact a specific life insurer concerning designated beneficiaries in a policy insuring the life of the decedent.

The written consent would have to include:

- the name and address of the heir, heir's representative, or personal representative who provided consent;
- a brief statement of the facts establishing knowledge as to the family and nearest relatives of the decedent;
- a brief statement of facts describing the basis for the belief the decedent was or may have been insured under a life insurance policy with a particular life insurer; and
- a statement of facts concerning whether the decedent was or may have been the owner of the policy.

A funeral director would have to provide a copy of the written consent to the life insurer from which the director was requesting a disclosure.

Disclosure by insurer. A life insurer would be required to provide a written disclosure of the designated beneficiary of a life insurance policy owned by the decedent for which a funeral director requested information under the bill. The disclosure would have to be provided not later than the fifth day after the date the insurer received the request.

The bill would prohibit a life insurer from disclosing the designated beneficiary of a life insurance policy if the decedent was not the owner of the policy unless the insurer received the written consent of the policy owner to provide the disclosure. The insurer could advise the funeral director who requested the information that the decedent was not the

owner of the policy.

Other provisions. The bill would prohibit its provisions from being construed to:

- require a life insurer to disclose the owner or designated beneficiary of a life insurance policy insuring the life of a decedent that was not owned by the decedent without the owner's written consent;
- establish a right of the funeral director or their assignee to benefits under a life insurance policy unless the designated beneficiary of the policy had executed a written assignment of benefits to the funeral director; or
- establish any determination that benefits were payable under the terms of the applicable life insurance policy.

Under the bill, a life insurer would not be subject to civil liability or administrative action by making an authorized disclosure.

The bill would take effect September 1, 2021.