

SUBJECT: Allowing disclosure of a beneficiary to certain funeral directors

COMMITTEE: Insurance — favorable, without amendment

VOTE: 7 ayes — Oliverson, A. Johnson, Cortez, Caroline Harris, Julie Johnson, Paul, Perez

2 nays — Cain, Hull

WITNESSES: For — Jennifer Cawley, Texas Association of Life and Health Insurers; Harvey Hilderbran, Texas Funeral Directors Association

Against — None

On — (*Registered, but did not testify*: David Bolduc, Office of Public Insurance Counsel; James White, Texas Funeral Service Commission)

BACKGROUND: Concerns have been raised that life insurance providers can refuse to disclose the beneficiary of a life insurance policy to a person directing a funeral, which can make the arrangement and funding of a funeral more difficult.

DIGEST: HB 1554 would allow certain funeral directors to request a disclosure from life insurers if the director 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. The written consent would be required to include the name and address of the heir, heir's representative, or personal representative of the decedent and a brief statement of the facts regarding:

- knowledge as to the family and nearest relatives of the decedent;
- the basis for the belief that the decedent was or could have been insured under a life insurance policy with a particular life insurer; and
- whether the decedent was or could have been the owner of the policy.

The funeral director would be required to provide a copy of the written consent to the life insurer from whom information was being requested.

Within five days of receiving a request, the life insurer would be required to provide a written disclosure of the designated beneficiary of the decedent's life insurance policy. A life insurer could not disclose the designated beneficiary of a life insurance policy if the decedent did not own the policy unless the life insurer received written consent of the owner to provide disclosure. The insurer could inform a funeral director who requested information that the decedent was not the owner of the policy.

The bill would apply only to a life insurance policy with a death benefit of \$15,000 or less issued by a legal reserve life insurance policy, a mutual assessment or stipulated premium life insurance company, a burial association, or a fraternal benefit society. The bill also would apply only to a funeral director who:

- was directing a decedent's funeral in the state;
- was provided reasonably sufficient information that the decedent was or could be insured under a life insurance policy; and
- needed information from the issuer of the life insurance policy because an heir, heir's representative, or personal representative of the decedent 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 designated beneficiary under the policy.

The bill could not be interpreted as requiring a life insurer to disclose the owner or designated beneficiary of a life insurance policy that was not owned by the decedent without the owner's written consent or establishing a funeral director's right 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. The bill also could not be construed to establish any determination that benefits were payable under the terms of the applicable life insurance policy. A life insurer could not be subject to civil liability or administrative action by making an

authorized disclosure under the bill.

The bill would take effect September 1, 2023.