

BILL ANALYSIS

Senate Research Center
77R1970 AJA-F

H.B. 362
By: Averitt (Sibley)
Business & Commerce
4/30/2001
Engrossed

DIGEST AND PURPOSE

Under current law, an insurance company can not waive a surrender charge for an annuity contract policyholder when the policyholder exchanges the original annuity contract for a new annuity contract with the same insurer. The Department of Insurance currently considers waiver of a surrender charge a rebate which is defined by the statutes as a special favor, advantage, or benefit. H.B. 362 excludes waiver of surrender charges from being considered a rebate, therefore, allowing policyholders to take advantage of better rates or other annuity contract options from the same insurer without incurring a surrender charge.

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 4, Article 21.21, Insurance Code to prohibit the inclusion within the definition of discrimination or rebates, the waiving of surrender charges under an annuity contract when the contract holder exchanges the annuity contract for another annuity contract issued by the same insurer, in the case of a life annuity, if the waiver and the exchange are fully, fairly, and accurately explained to the contract holder in a manner that is not deceptive or misleading.

SECTION 2. Effective date: September 1, 2001.