

## **BILL ANALYSIS**

Senate Research Center  
81R9262 PB-F

S.B. 1109  
By: Jackson, Mike  
State Affairs  
3/17/2009  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Stipulated premium insurance companies primarily sell life insurance policies that are used to fund pre-need funeral contracts. Current law prohibits a stipulated premium company from insuring a life for more than \$15,000. At the time the limit was set, most funerals did not cost \$15,000. However, companies are starting to see contracts that are reaching the \$15,000 limit. Increasing the cap on pre-need funeral contracts to \$25,000 would allow for the growth in the cost of funerals, while still maintaining a modest limit on the amount of coverage allowed to be sold by stipulated premium companies.

As proposed, S.B. 1109 increases maximum life insurance coverage permitted to be issued by stipulated premium companies from \$15,000 to \$25,000 and authorizes agents for stipulated premium companies to sell policies not to exceed \$25,000.

### **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 884.303(b), Insurance Code, to prohibit a stipulated premium company from insuring one life under this section for more than \$25,000, rather than \$15,000, except as provided by Section 884.304 or Subchapter I (Authority to Issue Other Coverage).

SECTION 2. Amends Section 884.304, Insurance Code, as follows:

Sec. 884.304. New heading: LIFE INSURANCE OF MORE THAN \$25,000. Makes conforming changes.

SECTION 3. Amends Section 4054.051, Insurance Code, to require a person to hold a general life, accident, and health license, except as provided by Subchapter G (Life Agent), if the person acts as an agent who writes for a stipulated premium company only life insurance in excess of \$25,000, rather than \$15,000 on any one life.

SECTION 4. Amends the heading to Subchapter E, Chapter 4054, Insurance Code, to read as follows:

#### **SUBCHAPTER E. LIFE INSURANCE NOT EXCEEDING \$25,000**

SECTION 5. Amends Section 4054.201(a), Insurance Code, to make a conforming change.

SECTION 6. Amends Section 4054.206, Insurance Code, to make a conforming change.

SECTION 7. Amends Sections 4054.301(a) and (d), Insurance Code, to make conforming changes.

SECTION 8. Makes application of this Act prospective to January 1, 2010.

SECTION 9. Effective date: September 1, 2009.