

## **BILL ANALYSIS**

Senate Research Center  
83R6419 SCL-D

H.B. 1265  
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State Affairs  
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Engrossed

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

Men have a one-in-six chance and women a one-in-ten chance of not surviving from age 35 to normal retirement age. Most United States workers believe they have a two percent or less risk of becoming disabled; the actual probability of becoming disabled for three months or longer is closer to 30 percent. Employees may choose between four levels of life insurance coverage and two types of disability insurance, yet many underestimate their risk of premature death or disability or do not fully understand the benefits or limitations that come with the plans.

Based on a Legislative Budget Board recommendation, H.B. 1265 requires the Employees Retirement System of Texas to provide state employees information on life and disability insurance options, including statistics on death and disability probabilities and information on policy exclusions and limitations.

H.B. 1265 amends current law relating to providing information to state employees about insurance available to those employees under a group coverage plan.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the board of trustees of the Employees Retirement System of Texas in SECTION 1 (Section 1551.2011, Insurance Code) and SECTION 2 of this bill.

Rulemaking authority is expressly granted to the Texas Department of Insurance in SECTION 1 (Section 1551.2011, Insurance Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter E, Chapter 1551, Insurance Code, by adding Section 1551.2011, as follows:

Sec. 1551.2011. EMPLOYEE AWARENESS AND EDUCATION. (a) Requires the board of trustees established under Chapter 815 (Administration), Government Code, to administer the Employees Retirement System of Texas (board of trustees) by rule to ensure that employees receive information about life coverage, accidental death and dismemberment coverage, and long-term and short-term loss of salary coverage, if those coverages are included in a group coverage plan established under Section 1551.201 (Establishment).

(b) Requires that the information contain descriptions of probabilities of death and disability and policy exclusions and limitations, including limitations based on multiple sources of benefits; preexisting condition exclusions; and required waiting periods for benefits.

(c) Authorizes the board of trustees by rule to provide the information described by Subsections (a) and (b) in printed materials for new employees distributed on the first day of employment. Authorizes the board of trustees to consider using printed materials, online presentations, and educational presentations to ensure the information described by Subsections (a) and (b) is provided to employees.

(d) Requires the board of trustees, if applicable, to annually review the materials and presentations described by Subsection (c) to determine if changes to the contents of the materials or presentations are necessary. Requires the Texas Department of Insurance, if applicable, to adopt rules necessary for considering and making changes to the materials or presentations.

(e) Requires the board of trustees to publish the information described by Subsections (a) and (b) on the Employees Retirement System of Texas website.

SECTION 2. Requires the board of trustees to adopt rules to implement the changes in law made by this Act not later than January 1, 2014.

SECTION 3. Effective date: upon passage or September 1, 2013.