

CHAPTER 908

H.B. No. 1628

An Act relating to the exchange, alteration, or conversion of certain insurance and annuity policies issued by a life insurance company.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Article 3.45, Insurance Code, is amended to read as follows:

Art. 3.45. POLICIES SHALL NOT CONTAIN CERTAIN PROVISIONS. No policy of life insurance shall be issued or delivered in this State, or be issued by a life insurance company incorporated under the laws of this State, if it contains any of the following provisions:

1. A provision limiting the time within which any action at law or in equity may be commenced to less than ~~then~~ two (2) years after the cause of action shall accrue.

2. A provision by which the policy shall purport to be issued or to take effect more than six (6) months before the original application for the insurance was made, if thereby the insured would rate at any age younger than his age at date when the application was made, according to his age at nearest birthday, *except that, any life insurance company, with the consent of the policyholder, may exchange, alter, or convert any policy of life or endowment insurance or annuity issued by it for or into a policy of another plan of insurance or annuity as of a date not prior to the effective date of the original policy or annuity being exchanged, altered, or converted. If such newly written policy or annuity is issued as of a date prior to the date of application for exchange, alteration, or conversion, the amount of insurance or annuity thereunder shall not exceed, on the succeeding plan, whichever is the greater of the following two amounts:*

a. the amount that the premium paid for the original policy or annuity would have purchased at the age of the insured on the effective date of said original policy or annuity, on the plan of the newly written policy or annuity; or

b. the amount of the original policy or annuity.

3. A provision for any mode of settlement at maturity of less value than the amounts insured on the face of the policy, plus dividend additions, if any, less any indebtedness to the company on the policy, and less any premium that may by the terms of the policy be deducted; provided, however, that any company may issue a policy promising a benefit less than the full benefit in case of the death of the insured by his own hand while sane or insane, or by following stated hazardous occupations, or in the event the death of the insured should result from aviation activities under the conditions specified in the policy, to be approved by the Board of Insurance Commissioners, as provided in this chapter. This provision shall not apply to purely accident and health policies. No foregoing provision relating to policy forms shall apply to policies issued in lieu of, or in exchange for, any other policies issued before July 10, 1909.

SECTION 2. All law and parts of laws in conflict herewith are superseded hereby and same shall be and are hereby repealed.

SECTION 3. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on May 9, 1985, by the following vote: Yeas 130, Nays 0, 1 present, not voting; passed by the Senate on May 17, 1985, by the following vote: Yeas 30, Nays 0.

Approved: June 15, 1985

Effective: Immediately