## Life & Health Insurance

# Issue Summaries For The 85th Regular Session

**HB 1243**
Smithee

**SB 561**
Hancock

### Unclaimed Property Model Act (HB 1243 – Smithee/SB 561 – Hancock)

Life insurers pay out $7.9 million a day in benefits in Texas and $1.6 billion a day nationally. In the normal course of business, 99 percent of life insurance benefits are paid as a response to a claim made by the beneficiary after the death of the insured. Thus, unclaimed life insurance benefits represent a very small percentage of total claims paid. But life insurers operating in Texas and throughout the nation know those percentages represent real people who deserve the benefits that are meant for them.

Historically, unclaimed benefits remain with the insurance company until either a claim is eventually made or until the insured reaches his or her "limiting age," usually age 107. If attempts to contact beneficiaries were unsuccessful, insurers send proceeds to the state as unclaimed property. Many companies are using new technology, such as the Social Security Death Master File, to take proactive measures to determine if an insured has died and then using technology to locate missing beneficiaries.

**This bill amends the Texas Insurance Code to require life insurance companies to match the Death Master File against their life insurance customer records every 6 months. In the event of a match, insurers would be required to conduct outreach to insureds or their beneficiaries within 90 days to assist beneficiaries in submitting a claim. Further, the bill distinguishes between product lines for which Death Master File searches are appropriate and those for which such searches are unnecessary or inefficient. The bill provides life insurers with operational uniformity and consistency among the states, which allows insurers to more efficiently perform Death Master File searches, identify matches, and act affirmatively to locate beneficiaries and assist them with the claims process. Twenty-four other states have enacted similar legislation.**

**HB 1073**
Smithee

**SB 520**
Creighton

### Provisional Work Authority (HB 1073 – Smithee/SB 520 – Creighton)

The Texas Legislature passed HB 2145 in 2015, creating a 90-day provisional work authority for individuals who have passed the state's insurance agent licensure exam and submitted fingerprints for criminal background reviews. This measure offers a solution to periodic application review backlogs and supports those individuals seeking to contribute to the state's economy and society as licensed insurance agents under the laws of Texas.

The current law applies to applicants for a general life and health agent license under Chapter 4054, Subchapter A, a preneed funeral arrangement license under Chapter 4054, Subchapter D, a stipulated premium license under Chapter 4054, Subchapter E, a general property and casualty license under Chapter 4051, Subchapter B, and a county mutual agent license under Chapter 4051, Subchapter E. The bill creating the provisional work authority last session inadvertently left out the Life-Only license type. **This bill would simply add Subchapter G, Chapter 4054 of the Texas Insurance Code to the list of applicable license types.**

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HB 1197
Paul

SB 519
Creighton

## Temporary License Training Time Expansion (HB 1197 – Paul/SB 519 – Creighton)

Temporary licenses are designed for people who are considering a career change to an insurance agent. Many of these individuals attempt to transition in their careers while still working in another full-time job in order to provide for themselves and their families. As many discover while changing careers, completing 40 hours of training in 14 days can be difficult while working a 40 hour work week. **This bill would increase from 14 to 30 days the time a temporary license applicant has to complete the required 40 hour training.**

SB 507
Hancock

## Protect Consumers From Surprise Medical Bills (SB 507 – Hancock)

Surprise billing occurs when insured patients receive out-of-network care and are billed by a provider for fees that exceed the amount paid by their insurance—charges that can be 10-20 times higher than normal charges. One of the main drivers of surprise billing is government mandates that force consumers and insurers to pay emergency care providers and facilities at these exorbitant rates and incentivize these providers to stay out of network because it is more lucrative for them. Mediation, the most effective option for consumers to challenge surprise medical bills, is working in Texas. It has already saved consumers millions of dollars, but it is limited and needs to be expanded to all emergency services.

**TALHI supports protecting consumers from excessive and surprise billing for emergency care by: equipping consumers with more information such as prices and network status; expanding the successful use of mediation to all emergency care facilities, including freestanding ERs and provider services; enhancing protections for consumers by increasing transparency in advertising, pricing and network status, especially at freestanding ERs.**

## Updated Credit For Reinsurance Model Act

Insurers are required to maintain reserves sufficient to pay claims and benefits. They are also able to purchase reinsurance from other insurers to protect their solvency and liquidity. By purchasing reinsurance, insurers are able to receive a "credit for reinsurance" that allows them to reduce their reserves and increase their capacity to sell more insurance. Texas laws that govern the sale of reinsurance were enacted over 25 years ago and their collateral requirements on reinsurers domiciled in other countries have become outdated. **This measure would allow for certified reinsurers that meet stringent financial requirements and reside in a jurisdiction with an established history of honoring U.S. judgments, to post less than the previously required 100 percent collateral in cases when the purchasing insurer allows them to do so.**

The model act legislation was developed by the 50 states working through the National Association of Insurance Commissioners (NAIC). The legislation is supported by the Texas Department of Insurance. The NAIC has made adoption of the legislation an accreditation requirement for all state insurance departments, effective January 1, 2019.

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