

By: Campbell

S.B. No. 1614

A BILL TO BE ENTITLED

AN ACT

relating to a misleading representation or misrepresentation in an explanation of benefits provided by a health benefit plan issuer or administrator.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 541.051, Insurance Code, is amended to read as follows:

Sec. 541.051. MISREPRESENTATION REGARDING POLICY OR INSURER. It is an unfair method of competition or an unfair or deceptive act or practice in the business of insurance to:

(1) make, issue, or circulate or cause to be made, issued, or circulated an estimate, illustration, circular, or statement misrepresenting with respect to a policy issued or to be issued:

(A) the terms of the policy;

(B) the benefits or advantages promised by the policy; or

(C) the dividends or share of surplus to be received on the policy;

(2) make a false or misleading statement regarding the dividends or share of surplus previously paid on a similar policy;

(3) make a misleading representation or misrepresentation regarding:

(A) the financial condition of an insurer; or

1 (B) the legal reserve system on which a life
2 insurer operates;

3 (4) use a name or title of a policy or class of
4 policies that misrepresents the true nature of the policy or class
5 of policies; ~~or~~

6 (5) make a misrepresentation to a policyholder insured
7 by any insurer for the purpose of inducing or that tends to induce
8 the policyholder to allow an existing policy to lapse or to forfeit
9 or surrender the policy; or

10 (6) make a misleading representation or
11 misrepresentation in an explanation of benefits provided by a
12 health insurer or other health benefit plan issuer or a third-party
13 administrator of a health benefit plan to an individual covered
14 under the plan.

15 SECTION 2. This Act takes effect immediately if it receives
16 a vote of two-thirds of all the members elected to each house, as
17 provided by Section 39, Article III, Texas Constitution. If this
18 Act does not receive the vote necessary for immediate effect, this
19 Act takes effect September 1, 2017.