

By: Longoria

H.B. No. 3448

A BILL TO BE ENTITLED

AN ACT

relating to single premium term life insurance offered in connection with certain consumer loans.

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

SECTION 1. Subchapter I, Chapter 342, Finance Code, is amended by adding Section 342.4022 to read as follows:

Sec. 342.4022. SINGLE PREMIUM TERM LIFE INSURANCE. (a) On a loan made under this chapter that is subject to Subchapter E, a lender:

(1) may, through a properly licensed insurance agent, offer a borrower single premium term life insurance;

(2) may not require the borrower to accept the insurance described by Subdivision (1);

(3) shall provide the borrower with the option to pay the insurance premium from the borrower's own funds or to pay the premium with a portion of the loan proceeds; and

(4) before completing the transaction, shall provide to and review with the borrower a disclosure that specifies:

(A) the total dollar amount of the term life insurance premium, and a comparison between:

(i) the amount of the payment due on the loan with the additional purchase of the term life insurance policy; and

(ii) the amount of the payment due on the

1 loan without the additional purchase of the term life insurance
2 policy; and

3 (B) if there is any shared interest or ownership,
4 including any common third-party ownership, between the insurance
5 company and the lender, then the lender must disclose the fact of
6 the shared interest or ownership.

7 (b) The finance commission by rule shall prescribe the form
8 and the content of the disclosures required by Subsection (a)(4).

9 SECTION 2. Section 342.407, Finance Code, is amended to
10 read as follows:

11 Sec. 342.407. REQUIREMENTS FOR INCLUDING INSURANCE CHARGE
12 IN CONTRACT. Insurance for which a charge is included in a loan
13 contract must be written:

14 (1) at lawful rates;
15 (2) in accordance with the Insurance Code; ~~and~~
16 (3) by a company authorized to do business in this
17 state; and

18 (4) through an insurance agent licensed in accordance
19 with the Insurance Code, if the included charge is offered under
20 Section 342.4022 of this code.

21 SECTION 3. Section 342.412, Finance Code, is amended to
22 read as follows:

23 Sec. 342.412. ACTION UNDER SUBCHAPTER NOT SALE OF
24 INSURANCE. Except for the sale of a single premium term life
25 insurance policy to a borrower under Section 342.4022, arranging
26 [Arranging] for insurance or collecting an identifiable charge as
27 authorized by this subchapter is not a sale of insurance.

1 SECTION 4. Section 342.4022, Finance Code, as added by this
2 Act, applies only to an insurance policy that is delivered, issued
3 for delivery, or renewed on or after January 1, 2018. A policy
4 delivered, issued for delivery, or renewed before January 1, 2018,
5 is governed by the law as it existed immediately before the
6 effective date of this Act, and the former law is continued in
7 effect for that purpose.

8 SECTION 5. This Act takes effect January 1, 2018.