

INSURANCE CODE

TITLE 7. LIFE INSURANCE AND ANNUITIES

SUBTITLE A. LIFE INSURANCE IN GENERAL

CHAPTER 1112. CERTAIN GUARANTEES IN LIFE INSURANCE POLICIES

Sec. 1112.001. CERTAIN GUARANTEES NOT PROHIBITED. Section 841.253 does not prohibit the issuance of a life insurance policy that guarantees, by coupons or otherwise, definite payments or reductions in premiums.

Added by Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 1F.001, eff. April 1, 2009.

Sec. 1112.002. CERTAIN GUARANTEES CONSTITUTE DEFINITE CONTRACT BENEFIT; VALUATION OF BENEFIT. (a) Except as provided by Subsection (e), a guarantee described by Section 1112.001 that is in a policy or coupon issued after September 5, 1955, shall be treated as a definite contract benefit and valued according to this section and the reserve requirements of Chapter 425.

(b) Except as provided by Subsection (c), for a policy or coupon issued before the date determined under Section 1105.002(a) or (b), as applicable to the company, a contract benefit described by Subsection (a) shall be valued using the reserve valuation net premium for the benefits that is a uniform percentage of the gross premiums.

(c) A policy described by Subsection (b) that contains a contract benefit described by Subsection (a) may be valued on a basis that provides for not more than one year preliminary term insurance.

(d) For a policy or coupon issued on or after the date determined under Section 1105.002(a) or (b), as applicable to the company, a contract benefit described by Subsection (a) shall be valued using the commissioners reserve valuation method described by Section 425.064.

(e) A provision of this section relating to reserves does not apply to a policy issued before September 7, 1955.

Added by Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 1F.001, eff. April 1, 2009.