INSURANCE CODE

TITLE 7. LIFE INSURANCE AND ANNUITIES

SUBTITLE A. LIFE INSURANCE IN GENERAL

CHAPTER 1103. LIFE INSURANCE POLICY BENEFICIARIES

SUBCHAPTER A. STATUTORY LIFE INSURANCE BENEFICIARIES; INSURABLE INTEREST

Sec. 1103.001.  APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a life insurance policy issued by a legal reserve life insurance company.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 2, eff. June 1, 2003.

Sec. 1103.002.  INSURABLE INTEREST OF BENEFICIARY. A beneficiary described by this subchapter who is designated in a life insurance policy has an insurable interest for the face amount of the policy and is entitled to collect that amount.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 2, eff. June 1, 2003.

Sec. 1103.003.  CORPORATION, JOINT STOCK ASSOCIATION, OR TRUST ESTATE AS BENEFICIARY. A corporation, a joint stock association, or a trust estate that is engaging in business for profit may be designated as a beneficiary in a policy that insures the life of an officer or stockholder of the corporation, joint stock association, or trust estate.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 2, eff. June 1, 2003.

Sec. 1103.004.  PARTNERSHIP OR PARTNER AS BENEFICIARY. A partnership or a member of a partnership may be designated as a beneficiary in a policy that insures the life of a member of the partnership.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 2, eff. June 1, 2003.

Sec. 1103.005.  RELIGIOUS, EDUCATIONAL, ELEEMOSYNARY, CHARITABLE, OR BENEVOLENT INSTITUTION OR UNDERTAKING AS BENEFICIARY. A religious, educational, eleemosynary, charitable, or benevolent institution or undertaking may be designated as a beneficiary in a policy that insures the life of an individual.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 2, eff. June 1, 2003.

SUBCHAPTER B. DESIGNATION OF BENEFICIARY OR OWNER OF LIFE INSURANCE POLICY; INSURABLE INTEREST

Sec. 1103.051.  APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a life insurance policy issued by:

(1)  a legal reserve life insurance company; or

(2)  a mutual assessment life insurance company.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 2, eff. June 1, 2003.

Sec. 1103.052.  LIBERAL CONSTRUCTION. This subchapter shall be liberally construed to implement the purposes of this subchapter.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 2, eff. June 1, 2003.

Sec. 1103.053.  INSURABLE INTEREST OF BENEFICIARY, OWNER, TRANSFEREE, OR ASSIGNEE. (a)  Except as provided by Subsection (b) or (c), a beneficiary or owner of a life insurance policy who is designated in accordance with this subchapter or an entity to which a life insurance policy or an interest, benefit, right, or title in a life insurance policy is transferred or assigned in accordance with this subchapter has, at all times after the designation, an insurable interest in the life of the individual who is insured under the policy.

(b)  An individual, partnership, association, corporation, or other legal entity that is directly or indirectly engaged in the business of burying the dead does not directly or indirectly have an insurable interest in the life of an individual unless the interest is established under other applicable statutory law or under common law.

(c)  Notwithstanding Section 1103.051, this subsection applies to a life insurance policy issued under Chapter 1101.  A person providing care to an individual with a disability, including an intellectual disability, at a state supported living center, as defined by Section 531.002, Health and Safety Code, an assisted living facility licensed under Chapter 247, Health and Safety Code, an intermediate care facility licensed under Chapter 252, Health and Safety Code, or a group home, as defined by Section 591.003, Health and Safety Code, does not directly or indirectly have an insurable interest in the life of an individual unless the person is a relative of the individual.

(d)  In this section, "relative" means an individual who is related to the insured within the third degree by consanguinity or affinity as determined under Chapter 573, Government Code.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 2, eff. June 1, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. 728 (H.B. [2018](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02018F.HTM)), Sec. 11.0225, eff. September 1, 2005.

Acts 2025, 89th Leg., R.S., Ch. 245 (H.B. [1041](http://capitol.texas.gov/tlodocs/89R/billtext/html/HB01041F.HTM)), Sec. 1, eff. May 29, 2025.

Sec. 1103.054.  DESIGNATION OF BENEFICIARY OR OWNER IN POLICY APPLICATION. An individual of legal age may:

(1)  apply for a policy insuring the individual's life; and

(2)  designate in writing in the application for the policy any individual, partnership, association, corporation, or other legal entity as:

(A)  a beneficiary of the policy;

(B)  an absolute or partial owner of the policy; or

(C)  both a beneficiary and an absolute or partial owner of the policy.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 2, eff. June 1, 2003.

Sec. 1103.055.  DESIGNATION OF BENEFICIARY OF POLICY; TRANSFER OR ASSIGNMENT OF POLICY OR INTEREST. An individual of legal age who is insured under a life insurance policy may in writing:

(1)  in a manner and to the extent permitted by the policy, designate any individual, partnership, association, corporation, or other legal entity as a beneficiary of the policy; and

(2)  in a manner and to the extent not prohibited by the policy, transfer or assign to any entity described by Subdivision (1):

(A)  the policy; or

(B)  an interest, benefit, right, or title in the policy.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 2, eff. June 1, 2003.

Sec. 1103.056.  PURCHASE OF OR APPLICATION FOR POLICY BY THIRD PARTY. An individual of legal age may in a single written document:

(1)  consent to the purchase of or application for an individual or group life insurance policy by a third party; and

(2)  designate or consent to the designation of any individual, partnership, association, corporation, or other legal entity as:

(A)  a beneficiary of the policy;

(B)  an absolute or partial owner of the policy; or

(C)  both a beneficiary and an absolute or partial owner of the policy.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 2, eff. June 1, 2003.

SUBCHAPTER C. PAYMENT OF PROCEEDS

Sec. 1103.101.  APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a life insurance policy issued by a legal reserve life insurance company.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 2, eff. June 1, 2003.

Sec. 1103.102.  PAYMENT TO DESIGNATED BENEFICIARY. (a) Except as provided by Subsection (b) or (c), if an individual obtains a policy insuring the individual's life, designates in writing a beneficiary to receive the proceeds of the policy, and files the written designation with the company, the company shall pay the proceeds that become due on the death of the insured to the designated beneficiary.

(b)  A company that issues a life insurance policy is not required to pay the proceeds of the policy to a designated beneficiary under Subsection (a) if the company receives notice of an adverse claim to the proceeds from a person who has a bona fide legal claim to all or part of the proceeds.

(c)  A private placement contract issued under Section 1152.110 may provide that:

(1)  settlement of that portion of the contract attributable to separate account assets is subject to the liquidity of those assets; and

(2)  the portion of the contract described by Subdivision (1) must be settled by the insurer when the separate account assets are converted to cash under any applicable terms, which may be a period longer than the two-month period described by Section 1101.011(a).

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 2, eff. June 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 737 (H.B. [2765](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB02765F.HTM)), Sec. 3, eff. September 1, 2007.

Sec. 1103.103.  DISCHARGE OF LIABILITY. In the absence of notice under Section 1103.102(b) received by the company before the date of payment, a company that issues a life insurance policy is discharged from all liability under the policy if the company pays the proceeds of the policy to a designated beneficiary under Section 1103.102(a).

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 2, eff. June 1, 2003.

Sec. 1103.104.  INTEREST ON PROCEEDS. (a) Interest on the proceeds of a life insurance policy accrues from the date the company that issues the policy receives due proof of loss until the date the company accepts the claim and offers to pay.

(b)  Interest that accrues under this section shall be paid at the same time that the proceeds of the policy are paid under this subchapter.

(c)  The interest rate under this section is the rate provided in the policy or, if a rate is not provided in the policy, the rate at which interest accrues on proceeds that are left on deposit with the company that issues the policy.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 2, eff. June 1, 2003.

SUBCHAPTER D. FORFEITURE OF BENEFICIARY'S RIGHTS

Sec. 1103.151.  FORFEITURE. A beneficiary of a life insurance policy or contract forfeits the beneficiary's interest in the policy or contract if the beneficiary is a principal or an accomplice in wilfully bringing about the death of the insured.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 2, eff. June 1, 2003.

Sec. 1103.152.  PAYMENT OF PROCEEDS TO CONTINGENT BENEFICIARY OR TO RELATIVE. (a) Except as provided by Subsection (b), if a beneficiary of a life insurance policy or contract forfeits an interest in the policy or contract under Section 1103.151, a contingent beneficiary named by the insured in the policy or contract is entitled to receive the proceeds of the policy or contract.

(b)  A contingent beneficiary is not entitled to receive the proceeds of a life insurance policy or contract if the contingent beneficiary forfeits an interest in the policy or contract under Section 1103.151.

(c)  If there is not a contingent beneficiary entitled to receive the proceeds of a life insurance policy or contract under Subsection (a), the nearest relative of the insured is entitled to receive those proceeds.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 2, eff. June 1, 2003.