

Informal Working Draft and Request for Informal Comments on Life Rule

Texas Administrative Code, Title 28, Chapter 4

Posting date: July 13, 2018
Comments due: August 17, 2018

The Texas Department of Insurance has prepared an informal working draft of a rule primarily relating to life insurance, but that also includes some provisions applicable to both life insurance and annuities. The informal working draft proposes to reorganize and consolidate multiple subchapters within 28 TAC Chapter 3 by pulling most life insurance regulations together and moving them to new Chapter 4, updating life insurance-related sections, and adding new life insurance rules to provide insurers with clear guidance regarding certain types of life insurance products and provisions.

Updating obsolete references and consolidating and clarifying the requirements will help ensure that the rules are clear, current, accurate, and consistently applied. The working draft of the rules is intended to support current review requirements and make updates consistent with the national and industry standards with which insurance companies already comply.

TDI invites your input on the informal working draft. This is an informal posting intended to gather comments from stakeholders and the general public. It is not a formal publication for rulemaking.

TDI will also host a stakeholder meeting to discuss the draft rule at 10:00 a.m Central time, on July 26, 2018 in Room H3-100 at 333 Guadalupe, Austin, Texas.

Written comments on the informal working draft are due by 5 p.m., Central time, on August 17, 2018. Submit comments to TDI by email at lhcomments@tdi.texas.gov. If you have questions about this informal draft, you may contact Philip Reyna in the Life, Annuity, and Credit Program of the Life and Health Lines Office at 512-676-6679.

Under Texas Government Code Chapter 2001, TDI's formal rule proposals must analyze the potential economic costs of compliance. However, often only the industry is in the best position to determine what costs will result from rules. In order to prepare its analysis, TDI requests that insurance industry stakeholders provide specific information regarding the costs of each provision contained in the informal draft. It is TDI's position that the industry is already complying with the vast majority of the provisions in the draft, so TDI does not anticipate much in the way of new costs. If you feel this is incorrect, please take this opportunity to provide your input.

TDI is also considering revising the consumer disclosure notices related to reinstatement, acceleration of life benefits, replacement, and indeterminate premium reduction policies.

Continue to informal working draft of Life Rule Document A - table that outlines the planned rule transfer. It is anticipated that after the transfer is effective, the department would open up the transferred subchapters to update citations, addresses, and make edits to conform to agency style. Chapter 3, Subchapters B, C, and K may be repealed.

Continue to informal working draft of Life Rule Document B – includes new draft subchapters for both life and annuity. For convenience, new draft Subchapter A and Subchapter E are shown side by side with select provisions from current Chapter 3, Subchapter B.

Continue to informal working draft of Life Rule Document C – these subchapters are life-related provisions that would be transferred to new Chapter 4. It is anticipated that after the transfer is effective, the department would open up the moved subchapters to update citations, addresses, and make edits to conform to agency style.

Continue to informal working draft of Life Rule Document D – these subchapters are life and annuity mortality table provisions that would be transferred to new Chapter 4 and combined into a single subchapter. It is anticipated that after the transfer is effective, the department would open up the transferred subchapters to update citations, addresses, and make edits to conform to agency style.

Continue to informal working draft of Life Rule Document E – these subchapters are life and annuity reserve provisions that would be transferred to new Chapter 4 and combined into a single subchapter. It is anticipated that after the transfer is effective, the department would open up the transferred subchapters to update citations, addresses, and make edits to conform to agency style.