

House Bill 519

By: Representatives Brockway of the 102<sup>nd</sup>, Hawkins of the 27<sup>th</sup>, and Gasaway of the 28<sup>th</sup>

A BILL TO BE ENTITLED  
AN ACT

1 To amend Chapter 25 of Title 33 of the Official Code of Georgia Annotated, relating to life  
2 insurance, so as to provide for notice of certain premium increases; to provide for definitions;  
3 to provide for disclosure; to provide for a mandatory statement; to provide for penalties; to  
4 provide for related matters; to provide for applicability; to repeal conflicting laws; and for  
5 other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Chapter 25 of Title 33 of the Official Code of Georgia Annotated, relating to life insurance,  
9 is amended by adding a new Code section to read as follows:

10 "33-25-15.

11 (a) As used in this Code section, the term:

12 (1) 'Cost of insurance' means the portion of the total periodic premium charged by a life  
13 insurance company for the insurance cost of a potential death benefit under a life  
14 insurance policy.

15 (2) 'Universal life insurance policy' means a type of whole life insurance policy that  
16 offers additional features and advantages that include, in addition to accumulating cash  
17 value through investment of premium payments, variable premiums, benefits, and  
18 payment schedules which are tied to market interest rates and the performance of an  
19 investment portfolio. Such policies also provide periodic disclosure to an insured that  
20 includes an itemization of the payment into insurance company overhead expenses,  
21 reserves, policy proceed payments, and amounts retained and invested for the insured's  
22 personal savings.

23 (b)(1) Any life insurance company that delivers, issues for delivery, renews, amends, or  
24 continues a universal life insurance policy or similar policy that reserves the right to  
25 periodically increase the cost of insurance shall, not later than 120 calendar days prior to

26 the effective date of a proposed cost of insurance increase, disclose in writing and in a  
 27 conspicuous manner to each policyholder the following:

28 (A) The dollar amount of such proposed cost of insurance increase, including any  
 29 increase because of the insured's age or change in age rating classification;

30 (B) The specific class or classes of insureds that will be subject to the cost of insurance  
 31 increase;

32 (C) The applicable policy language governing the cost of insurance and the specific  
 33 term or terms therein on which the cost of insurance increase is based;

34 (D) A description of the events or circumstances that triggered the insurance company's  
 35 decision to propose the cost of insurance increase;

36 (E) The methodology and assumptions used to develop the proposed cost of insurance  
 37 increase; and

38 (F) A copy of any illustration provided to the policyholder at the time the policy was  
 39 issued and a revised illustration that reflects the proposed cost of insurance increase.

40 The provisions of this paragraph shall apply to such insurance policy that is in force as  
 41 of July 1, 2015.

42 (2) At the time of an application for such insurance policy, the insurer shall provide a  
 43 disclosure in a conspicuous manner on the same document as the policy quote and on any  
 44 illustration provided to the applicant with such policy quote.

45 (3) The disclosure required pursuant to paragraph (2) of this subsection shall contain the  
 46 following statement: '(Name of the insurance company) may, in the future, increase the  
 47 cost of insurance that you pay for this policy for the following reasons: (insert relevant  
 48 policy language). Please see (insert section number or page number for the relevant  
 49 policy provision) of your policy.'

50 (c) A violation of this Code section shall be deemed an unfair trade practice under Chapter  
 51 6 of this title and shall be subject to such penalties as provided for in Code Section 33-6-8."

52 **SECTION 2.**

53 This Act shall apply to any policies in force or issued on or after July 1, 2015.

54 **SECTION 3.**

55 All laws and parts of laws in conflict with this Act are repealed.