

Texas Statutes for Accident and Health Insurance

1. Advertisements

- a. Responsibility of the Insurer - maintain content and control of dissemination

2. Life, Accident and Health and Hospital Service Guaranty Association

- a. Protects insureds in case insurers become insolvent

3. Required Provisions

- a. **Entire Contract** – Application, Policy, Riders and Amendments
- b. **Time Limit on Certain Defenses** – Incontestable Provision – Fraudulent misstatements can be contested as long as a health policy is in force
- c. **Grace Period** – Mode: Weekly – 7 Monthly – 10 All Other Modes – 31
- d. **Reinstatement** – Pay back premiums, prove insurability. Accidents covered immediately, Illness after 10 days
- e. **Notice of Claim** – 20 days
- f. **Claim Forms** – 15 days – doesn't have to be on forms from insurer
- g. **Proof of Loss** – 90 days, not to exceed 1 year
- h. **Time of Payment of Claims** – The When – Claims are to be made within 60 days. Disability claims must be paid at least monthly
- i. **Payment of Claims** – The Who – Insured, Beneficiary, Estate, unless otherwise assigned to a doctor or hospital
- j. **Physical Exam and Autopsy Provision** – Insurer can have insured examined as many times as necessary while a claim is pending...at insurers expense
- k. **Legal Action** – Wait 60 days, no later than 3 years
- l. **Change of Beneficiary** – Owner can change unless set up as Irrevocable
- m. **Free Look** – 10 days or 30 days for Med Supp or LTC (Guaranteed Renewable)

4. Dependent Child – up to age 26

5. Newborns – covered from moment of birth, notify insurer within 31 days

6. Small Employer – 2 to 50 employees

7. Medicare Supplements

- a. Guaranteed Renewable, 30 day Free Look
- b. Plans A – N: Plan A contains core or basic benefits
 - i. Core benefits must be found in all plans
 - ii. Sold by private insurers – must sell at least Plan A (not all plans)
 - iii. Plan A does not cover Medicare Part A Deductible
- c. Guaranteed Issue as long as enrolled in Parts A&B of Medicare – 6 month open enrollment period
- d. Can have a 6 month pre-existing limitation – after 6 months has to be covered
- e. Twisting – Illegal business practice. Trying to convince an applicant to cancel their current coverage and take yours by misrepresenting benefits

8. Long Term Care

- a. Guaranteed Renewable – 30 day Free Look
- b. Must have at least a 12 month benefit period

Texas Accident and Health Law Key Facts

- Except for fraud, a health policy is incontestable after two (2) years.
- If you pay your premium monthly the minimum grace period on an individual health insurance policy is 10 days.
- After applying for reinstatement, the applicant will be automatically reinstated after 45 days unless he is rejected or is approved sooner.
- Notice of claim must be given within 20 days.
- Claim forms must be sent within 15 days.
- Proof of loss must be submitted within 90 days.
- Covered claims must be paid immediately.
- If an insurer requests a physical exam, it must be paid for by the insurance company.
- The Other Insurance Clause protects the insurer from those who attempt to over-insure.
- The “free look” is 10 days (except on Medicare Supplements and Long-Term Care where it is 30 days).
- Dependent children may be covered on their parent’s policy up to age 26.
- Newborns must be covered from the moment of birth.
- Terminated group coverage must provide for conversion to an individual policy or for continuation in the group (COBRA).
- Small group coverage may not be terminated due to too many claims.
- Applicants for Medicare Supplements may not be rejected or uprated if they apply for coverage within the 6-month open enrollment period which begins when they are at least 65 and enroll in Medicare Part B.
- Long-Term Care insurance must provide coverage for at least 12 consecutive months.
- A Long-Term Care policy may not condition coverage on prior hospitalization.
- Agents must give out an Outline of Coverage (policy summary) and a Long-Term Care Guide when selling Long-Term Care insurance.
- Long-Term Care and Medicare Supplement policies may contain up to a six-month probationary period for pre-existing conditions.
- Medicaid is a government-sponsored program for people with low income.
- If you sell a Medicare supplement to someone who already has one, they must sign a form agreeing to cancel the first policy.
- Handicapped (mental or physical) children may continue to be covered as dependents on health insurance policies regardless of age.

- If an insured wants to continue dependents' coverage for a handicapped child at age 26, he must submit proof of continued dependency to the Insurer within 31 days of the child's 26th birthday.
- The Coordination of Benefits clause on health insurance is an optional provision. If the insured is covered by more than one (1) group policy, this clause states which one is primary and which one is excess.
- Medicaid is funded by federal, state and local moneys and has an income/asset test in order to qualify. It is Medical Welfare regardless of age.
- Medicare is available to persons 65 and over, disabled workers under 65 who have been entitled to Social Security health benefits for 24 months or more, and those who need kidney dialysis.
- Refusing to make maternity benefits available on Individual Medical Expense policies when it is available on family type policies is Unfair Sex Discrimination.
- The Commissioner may disapprove any health insurance policy if the benefits provided are unreasonable in relation to the premium charged.
- Blanket Health Insurance policies (little league, church camps, etc.) cover accidents and sickness.
- When selling Medicare Supplements, the agent may not imply he is affiliated with the federal government, Medicare or the Social Security Administration.
- On Long-Term Care policies, the maximum pre-existing condition clause for clients under age 65 is 24 months. For those 65 and over, it is six (6) months.
- Federal regulations (COBRA) require employers who have over 20 employees to continue Group Medical Expense benefits to terminated workers and their dependents up to 18 months as long as they pay their own premiums. Dependents of a covered worker who dies may continue up to 36 months.
- HIV testing requires advance written consent of the applicant.
- HIV test results may not be released without consent of the applicant.