

Group Life Insurance Checklist

Every effort has been made to ensure the accuracy of the information in this document. All parties should consult the Texas Insurance Code (TIC), the Texas Administrative Code (TAC), and other applicable laws.

Important Note:

Use **in addition to, not in lieu of**, appropriate product checklist, i.e., Term and Whole Life Checklist, Universal Life Checklist, Variable Life Checklist, Individual Deferred Annuities, Group Annuities, etc.

Eligible Groups - [TIC Section 1131.002](#); [28 TAC Section 3.3\(b\)\(2\)\(K\)](#), and [Section 3.6\(c\)](#)

Page _____ : The transmittal must define the eligible group. Use of forms for more than one group type is prohibited.

Employers - [TIC Section 1131.051](#)

Page _____ : The policyholder is the employer or trustee of a fund established by an employer to insure the employer's employees for the benefit of persons other than the employer. The insured is the employee.

Page _____ : The eligible employees shall be all of the employees of the employer, or all of any class or classes of employees determined by conditions relating to their employment. [Section 1131.202](#)

Page _____ : The premium must be paid by the policyholder wholly from the employers fund or funds contributed by the employer; partly from the employers fund and partly from funds contributed by the insured employees, or wholly from funds contributed by the insured employees. [Section 1131.203](#)

Page _____ : The policy must cover at least 2 employees on the date of issue. [Section 1131.204\(a\)](#)

Labor Unions - [TIC Section 1131.052](#)

Page _____ : The policyholder is the labor union. For purposes of [TIC Chapter 1131](#), the labor union is considered to be an employer and a member of a labor union is considered to be an employee of the union. The insureds are the members of the labor union who are actively engaged in the same occupation.

Funds Established by Employers or Labor Unions - [TIC Section 1131.053](#)

Page _____ : The policyholder is the trustee of the fund and the insureds are the employees of the employers or the members of the union.

Page _____ : A group life insurance policy under [TIC Section 1131.053](#) may be issued to the trustees of a fund established or adopted by:

- two or more employers in the same industry;
- one or more labor unions;
- one or more employers in the same industry and one or more labor unions;
- or one or more employers and one or more labor unions whose members are in the same or related trades or occupations. [Section 1131.053\(a\)](#)

Page _____ : A policy to which [TIC Section 1131.053](#) applies may provide that "employee" includes:

- an individual proprietor or partner, if the employer is an individual proprietorship or partnership that is actively engaged in and devotes a substantial part of their time to conducting the business of the proprietorship or partnership. ([Section 1131.053\(b\)\(1\)](#) and [Section 1131.252\(c\)](#)); or
- a trustees, an employee of the trustee, or both if the person's duties are principally connected with the trusteeship ([Section 1131.053\(b\)\(2\)](#)); or a retired employee ([Section 1131.053\(b\)\(3\)](#)).

Page _____ : The individuals eligible for insurance under the policy are:

- all employees of the employers and the employees of the trade association of those employers ([Section 1131.252\(a\)\(1\)](#));
- all members of the labor union ([Section 1131.252\(a\)\(2\)](#)); or
- all of any class or classes of employees or members determined by conditions relating to their employment, to their membership in the unions, or both ([Section 1131.252\(a\)\(3\)](#)).

Note: The director of a corporate employer is also eligible for insurance under this section providing the director is otherwise eligible as a bona fide employee of the corporation by performing services other than the usual duties of a director. [Section 1131.252\(b\)](#)

Page _____ : The premiums are to be paid by the policyholder from funds contributed either ([Section 1131.253](#)):

- entirely by the employer, union, or both (must insure 100% of all the eligible employees that provide satisfactory evidence of insurability); [Section 1131.254\(c\)](#); or
- partially by the employer, union, or both and partly by the insured (must insure at least 75%

of eligible employees that can provide satisfactory evidence of insurability on the date the policy takes effect). [Section 1131.254\(b\)](#)

Note: The insured person must not contribute more than \$0.40 per month for each \$1,000 of insurance coverage. [Section 1131.253](#)

Page _____ : The policy must cover at least 100 individuals at the date of issue unless the policy is issued to the trustees of a fund established by employers through a collective bargaining agreement or one or more labor unions. [Section 1131.254](#)

Page _____ : The policy may **not** be issued to insure employees of:

- an employer that becomes eligible because of a business relationship with another employer (regardless of whether such other employer participates in the fund); [Section 1131.053\(d\)\(1\)](#); or
- an employer who is not located in Texas unless the majority of the employees are located in Texas; or the policy is issued to the trustees of a fund established or adopted by one or more labor unions. [Section 1131.053\(d\)\(2\)](#)

Governmental Entities or Associations of Public Employees - [TIC Section 1131.054](#)

Page _____ : The policyholder is one of the governmental entities or associations of public employees listed below. The insureds are the governmental entity's employees or the association's members, as appropriate.

- "employee" includes an elected or appointed officer of the state. [Section 1131.054\(a\)](#) and [Section 1131.054\(b\)](#)
- a municipality, independent school district, or common school district;
- a department of state government;
- a state college or university; or
- an association of public employees, including an association of:
 - employees of the United States government, if the majority of the members of the association reside in this state;
 - state employees; or
 - any combination of state, county, and municipal employees.

Page _____ : The eligible insureds will be:

- all of the employees of the employers, or all of any class or classes of employees determined by conditions relating to their employment. [Section 1131.202](#); or
- all of the members of the association. [Section 1131.302](#)

Page _____ : Premiums may be paid wholly or partly from funds contributed by:

- the employer;
- the individual insureds; or
- the insured employees who are members of the association of employees. [Section 1131.303](#)

Note: The policy may be placed in force only if 75% of the eligible insureds at the date of issue elect to make the required premium contributions. [Section 1131.304](#)

Page _____ : The policy must cover at least 10 employees or members at the date of issue. [Section 1131.304](#)

Spouses and Children of Employees of the United States Government - [TIC Section 1131.055](#)

Page _____ : Group term life insurance may be extended to the spouse and minor children of insured employees of the United States government, providing that the policy constitutes a part of the employee benefit program and the spouse or children of other employees covered by the same employee benefit program in other states may be covered.

Page _____ : The premiums must be paid by the policyholder from funds solely contributed by the insured employee. [Section 1131.352](#)

Page _____ : The maximum amount of insurance is the lesser of \$10,000 or 50% of the amount of the insured's insurance on the life of the insured employee.

Page _____ : Insurance on the life of an employee's minor child may not exceed \$2,000. [Section 1131.353](#)

Page _____ : The spouse must have the same rights of conversion as the insured when the insurance terminates. [Section 1131.354](#)

Page _____ : Only one certificate needs to be issued to the insured if the dependent coverage is listed on the certificate. [Section 1131.355](#)

Principals - [TIC Section 1131.056](#)

Page _____ : The policyholder is the principal and the insureds are the agents of the principal. A minimum of 10 agents is required to be covered on the date the policy is issued. [Section 1131.404](#)

Page _____ : Agent includes a general agent, subagent, or salesperson. [Section 1131.056](#)

Page _____ : Eligible agents must be under a contract to render personal services for the principal in return for a commission or other compensation. [Section 1131.402](#)

Page _____ : The premium for the policy may either be paid:

- wholly by the principal, who must insure 100% of the eligible agents; [Section 1131.403\(1\)](#) and [Section 1131.404\(d\)](#) or
- partly by the insured agents and partly by the principal, who must insure 75% of the eligible agents, or class of agents, on the date of issue. [Section 1131.403\(2\)](#) and [Section 1131.404\(b\)](#)

Page _____ : The amounts of insurance must be based on a group plan that precludes individual selection by the principal or by the agents. [Section 1131.405\(a\)](#)

Page _____ : The insurance must be for the benefit of persons other than the principal. [Section 1131.056\(b\)](#)

Creditors - [TIC Section 1131.057](#)

Page _____ : The policyholder is the creditor and the insureds are the debtors of the creditor.

Page _____ : A minimum of 50 debtors are required to be covered. [Section 1131.454](#)

Page _____ : The eligible debtor must be a borrower, a purchaser of securities, merchandise, or other property under an agreement to pay indebtedness. [Section 1131.452](#)

Exception: Educational, Agricultural and Horticultural Loans, under which the debtor becomes personally liable for the payment, may be insured in an initial amount not to exceed the total amount repayable under the contract of indebtedness. When indebtedness is repayable in substantially equal installments, the amount of insurance shall at no time exceed the scheduled or actual amount of unpaid indebtedness, whichever is greater. Insurance on credit commitments not exceeding one year in duration may be written up to the amount of the loan commitment on a non-decreasing or level term plan. [Section 1131.455](#)

Page _____ : The premium must be paid either by the policyholder from the creditor's fund, or from charges collected from insured debtors, or by some combination of both. [Section 1131.453](#)

Page _____ : Insurance shall not include annuities or endowment insurance. [Section 1131.457](#)

Page _____ : The beneficiary must be the policyholder. [Section 1131.456](#)

Veterans Land Board - [TIC Section 1131.058](#)

Page _____ : The policyholder is the Veterans Land Board of the State of Texas and the insureds are the persons purchasing land under the Texas Veterans Land Program.

Associations or Trusts for Payment of Funeral Expenses - [TIC Section 1131.059](#)

Page _____ : The policyholder is an association or trust for a group of individuals for the payment of future funeral expenses.

NOTE: [TIC Section 1131.059](#) allows insurance companies to establish a trust for the payment of funeral expenses. This cite does not require companies to file as a group type. Companies may file prepaid funeral related forms as Individual or Group, based on the company's business practices.

Nonprofit Organizations or Associations - [TIC Section 1131.060](#)

Page _____ : The policyholder must be the nonprofit service, association, or organization. The insureds must be the members or employees of the association or organization.

Page _____ : An organization or association must provide documentation that it has been active for at least two years, has a constitution or bylaws; and was formed for purposes other than to obtain insurance. [Section 1131.060\(b\)](#)

Page _____ : The eligible persons must be:

- all members of the organization or association; or
- all of any class of members determined by conditions relating to their membership in the organization or association. [Section 1131.502](#)

Page _____ : The amounts of insurance must be based upon a plan which prohibits individual selection. [Section 1131.505](#)

Page _____ : The premium must be paid by the policyholder either entirely from the policyholder's own funds, funds contributed by the employees or members specifically for their insurance; or both from the policyholder's funds and funds contributed by the employees or members. [Section 1131.503](#)

Page _____ : The policy must cover at least 25 individuals on the date of issue. [Section 1131.504](#)

Other Groups (Discretionary) - [TIC Section 1131.064](#)

Page _____ : Group life insurance coverage may not be offered in this state under TIC [Section 1131.064](#) by an insurer under a policy issued in another state unless this state or another state having requirements substantially similar to those prescribed by [Section 1131.064\(a\)\(1\)-\(3\)](#) has determined that those requirements are met.

Page _____ : The premium for the policy shall be paid either from the policyholder's funds or from funds contributed by the insureds or from both. [Section 1131.702](#)

Page _____ : The employer may insure the lives of officers, directors, employees and retirees under TIC [Section 1131.064](#) for the purpose of and in an amount necessary to provide funds to offset fringe benefit-related liabilities. [Section 1131.703\(a\)](#)

Page _____ : Evidence of the purpose of the policy shall be submitted. [Section 1131.703\(b\)](#)

Page _____ : The policy and certificate must be completed with the actual name of the policyholder and not filled in as "ABC Group" or similar generic language.

Page _____ : The following list provides descriptions of the types of policies that have been previously approved:

- A policy issued for the purpose of providing the benefit (pension plan, fringe benefits).
- A policy issued to a single employer or multiple employer trust that offers supplementary group life insurance to an employer's existing base life insurance plan.
- A policy issued to an association when a trustee rather than the association holds the policy.
- A policy issued to a trustee to cover members of participating associations (a multiple association trust).
- A policy issued to credit card holders (not related to indebtedness under the credit card).
- A policy issued to brokerage firms.
- A policy issued to members of a bank (not related to indebtedness).

Wholesale, Franchise or Employee Life Insurance - [TIC Section 1131.065](#)

Page _____ : The policyholder is the employer, labor union, or credit union. The insured is the employee or member.

Page _____ : These plans must cover at least five employees, members of a credit union, or labor union on the date the policy is issued. [Section 1131.753](#)

Page _____ : The premiums for the policy shall be paid wholly from funds contributed by the employer, labor union, or credit union; or partially from funds contributed by the employer, labor union or credit union and the insured. [Section 1131.752\(a\)](#)

Page _____ : In no event shall the contribution by an insured person exceed \$0.40 per month for each \$1,000 of insurance coverage. [Section 1131.752\(b\)](#)

Page _____ : If an insured person's coverage ceases because of termination of employment or of membership in the union, each insured person shall be entitled to an individual policy without disability or other supplementary benefits. [Section 1131.756\(b\)](#)

Page _____ : No evidence of insurability may be required other than to receive any disability or other supplementary benefits. [Section 1131.756\(c\)](#)

Page _____ : The application for the individual policy must be made, and the first premium paid to the insurer, not later than 31 days after the date the individual's employment or membership terminates. [Section 1131.756\(d\)](#)

Page _____ : The policy may contain any of the following provisions:

- renewability is allowed only at the option of the insurer;
- coverage may be terminated by the insurer upon termination of employment or
- membership of the insured employee or member; or
- evidence of insurability must be furnished to the insurer as a condition to coverage.

[Section 1131.757](#)

Required Provisions - [TIC Section 1131.101](#)

A group life insurance policy must:

Page _____ : contain nonforfeiture provisions that, in the commissioner 's opinion, are equitable to the insured and the policyholder, with the exception of a group term life policy. [Section 1131.102\(a\)](#)

Page _____ : provide that the policyholder or premium payer is entitled to a 31-day grace period for the payment of premium, other than the first. During this period, the policy will remain in force and the premium payer may be held liable for the unpaid premium. [Section 1131.103](#)

Page _____ : specify that it is incontestable after two years from the issue date except for nonpayment of premiums.

Page _____ : provide that a statement made by any insured under the policy relating to the insured's insurability may not be used to contest validity of the insurance with respect to which the statement was made after the insurance has been in force before the contest for a period of two years from its date of issue during the insured's lifetime and unless the statement is contained in a written instrument signed by the insured making the statement. [Section 1131.104](#)

Page _____ : specify that a copy of any application must be attached to the policy when issued. [Section 1131.105](#)

Page _____ : provide that a statement made by the policyholder, or an insured is considered a representation and not a warranty. [Section 1131.105](#)

Page _____ : provide that no statement made by an insured may be used in any contest under the policy unless a copy of the instrument containing the statement is or has been furnished to the person or beneficiary. [Section 1131.105](#)

Page _____ : specify the conditions, if any, under which evidence of insurability must be furnished. [Section 1131.106](#)

Page _____ :specify that an equitable adjustment of premiums, benefits, or both, to be made if the age of an insured has been misstated and contain a clear statement of the method of

adjustment to be used. [Section 1131.107](#)

Page _____ : provide that any death benefit must be payable to the beneficiary designated by the insured or the beneficiary's assignee, subject to [Section 1131.109\(a\)\(1\)-\(2\)](#).

Page _____ : provide that the insurer will issue to the policyholder for delivery to each insured an individual certificate stating:

- the insurance protection to which the insured is entitled,
- the beneficiary,
- the name of the policyholder. [Section 1131.108](#)

Page _____ : provide that the insured individual must be entitled to have the insurer issue an individual life policy if the individual's employment or membership terminates.

Page _____ : provide that an individual must apply for an individual policy and pay the first premium to the insurer not later than the 31st day after the date of termination of employment or membership in an eligible class. Evidence of insurability must not be required. Disability and any other supplementary benefits are not required to be converted. Term insurance may not be offered. The amount of the benefit shall not exceed the terminated benefit. The premium must be based on the attained age and class of the insured on the date of conversion. [Section 1131.110\(a\)-\(g\)](#)

Page _____ : must provide that portability may be offered due to the termination of either employment or membership in an eligible class. If the insured is offered and then elects portability (continuation), he/she must be given the right to convert again in the event of termination of the group policy. Supplemental benefits may be excluded. This conversion is required only for those insureds whose coverage has been in force for the previous five (5) years. [Section 1131.111](#)

Page _____ : may provide that the amount of an individual policy may not exceed the lesser of \$2,000 or the amount of the terminated benefit reduced by the amount of any insurance for which the individual may be eligible for under any group policy issued or reinstated by the same or another insurer not later than the 31st day after termination or amendment. [Section 1131.111\(b\)](#)

Page _____ : must provide that the death benefit during the conversion period will be payable as a claim under the group policy if the individual policy has not yet taken effect. [Section 1131.112](#)

Continuation of Benefits for Family Members After Death of Insured - [TIC Section 1131.151](#)

Page _____ : The policy may provide for continuation of benefits of any dependents or members of the family after the death of the insured.

Extension of Group Life Insurance to Spouses and Children - [TIC Section 1131.802](#)

Page _____ : Insurance under a group life insurance policy may be extended to cover:

- The spouse of each individual eligible to be insured under the policy;
- A natural or adopted child of each individual eligible to be insured under the policy if the child is:
 - younger than 25 years of age or an older age stated in the policy; or
 - physically or mentally disabled and under the parents' supervision.
- A natural or adopted grandchild of each individual eligible to be insured under the policy if the child is: younger than 25 years of age or an older age stated in the policy.

Page _____ : The amounts of insurance must be based on a plan precluding individual selection by the insured or the policyholder. [Section 1131.804](#)

Page _____ : The amount of insurance on the life of the spouse or a child may not exceed the amount of insurance for which the insured is eligible under the policy. [Section 1131.804](#)

Page _____ : The premium for the coverage of a spouse or child may be paid by the group policyholder, the insured under the policy, or by both jointly. [Section 1131.803](#)

Page _____ : The spouse shall have the same conversion rights as provided to the insured if the insured's coverage under the policy should terminate due to death, the insured's employment termination, termination of eligibility for the insured, or termination of the group life insurance policy. [Section 1131.805](#)

Page _____ : Only one certificate need be issued for delivery to an insured if a statement concerning any spouse's or child's coverage is included in the certificate. [Section 1131.806](#)

Binding Arbitration and Waiver of Jury Trial - [TIC Chapter 1701](#) and [28 TAC Section 3.2\(9\)\(C\)](#)

Page _____ : The Texas Department of Insurance is required to verify that approved forms allow consumers all statutory protections granted by the legislature, including rights, benefits, and remedies relating to court access in insurance actions. Mandatory binding arbitration and waiver of jury trial clauses are prohibited because they deny consumers statutorily guaranteed access to courts. Statutory consumer protections include: Texas Insurance Code [Chapters 541](#), [542](#), and [544](#).

Prohibited Provisions - [TIC Section 1701.062](#) and [28 TAC Section 3.1202-Section 3.1203](#)

Page _____ : Discretionary clauses are prohibited.