

**SUBCHAPTER W. Miscellaneous Rules for Group and Individual Accident and Health Insurance**

**28 TAC 3.3602**

**1. INTRODUCTION.** The Texas Department of Insurance proposes to repeal 28 TAC Chapter 3, Subchapter W, §3.3602, concerning Minimum Standards for Notice of Conversion or Group Continuation Privilege under Group Accident and Health Policies. As the 1993 adoption of amendments to §3.3602 notes, the section was amended to apply only to coverage issued for delivery or renewed before January 1, 1994, as a result of statutory changes and because the rule was replaced by the rules in Chapter 3, Subchapter F, which govern policies issued or renewed after that date. Because policies are renewed yearly, the rule no longer applies to any policies and can safely be repealed.

**2. FISCAL NOTE.** Jan Graeber, director and chief actuary, Rate and Form Review Office, in the Life, Accident, and Health Section, has determined that for each year of the first five years after the repeal, there will be no fiscal impact to state and local governments. There will be no measurable effect on local employment or the local economy resulting from the proposed repeal.

**3. PUBLIC BENEFIT AND COST NOTE.** Ms. Graeber has also determined that for each year of the first five years the proposed repeal is effect, the public will benefit from

a more compact and consistent body of rules and the conformity of the rules to changes in related statutes. There is no anticipated cost to persons required to comply with the proposal because it is a repeal of requirements that do not apply to existing policies.

#### **4. ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS**

**FOR SMALL AND MICRO BUSINESSES.** As required by Government Code §2006.002, the department has determined that the proposed repeal will not have an adverse economic impact on small and micro businesses. As a result, the department is not required to prepare a regulatory flexibility analysis.

**5. TAKINGS IMPACT ASSESSMENT.** The department has determined that no private real property interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to property that would otherwise exist in the absence of government action and so does not constitute a taking or require a takings impact assessment under the Government Code §2007.043.

**6. REQUEST FOR PUBLIC COMMENT.** If you wish to comment or request a hearing on this proposal, you must do so in writing no later than 5 p.m. Central time, August 4, 2014. Send your written comments or hearing request by email to [chiefclerk@tdi.texas.gov](mailto:chiefclerk@tdi.texas.gov), or by mail to Sara Waitt, General Counsel, Mail Code 113-2A, Texas Department of Insurance, P.O. Box 149104, Austin, Texas 78714-9104. A hearing request must be on a separate page from any written comments. You must simultaneously submit an additional copy of the comments or hearing request by email

to [Ihlcomments@tdi.texas.gov](mailto:Ihlcomments@tdi.texas.gov) or by mail to Jan Graeber, Director and Chief Actuary, Rate and Form Review Office, Mail Code 107-2A, Texas Department of Insurance, P.O. Box 149104, Austin, Texas 78714-9104.

**7. STATUTORY AUTHORITY.** The department proposes this repeal under Insurance Code §§36.001, 1251.008, 1251.251, 1251.253, 1251.258, and 1251.260.

Section 36.001 provides that the commissioner may adopt any rules necessary and appropriate to implement the powers and duties of the department under the Insurance Code and other laws of this state.

Section 1251.008 states, “The commissioner may adopt rules necessary to administer this chapter. A rule adopted under this section is subject to notice and hearing as provided by Section 1201.007 for a rule adopted under Chapter 1201.”

Section 1251.251 states, “(a) An insurer or group hospital service corporation that issues policies that provide hospital, surgical, or major medical expense insurance coverage or any combination of those coverages on an expense incurred basis shall, as required by this subchapter, provide continuation of group coverage for employees or members and their eligible dependents, subject to the eligibility provisions prescribed by Section 1251.252.”

Section 1251.253 states, “An employee, member, or dependent must provide to the employer or group policyholder a written request for continuation of group coverage not later than the 60th day after the later of: (1) the date the group coverage would otherwise terminate; or (2) the date the individual is given, in a format prescribed by the

commissioner, notice by either the employer or the group policyholder of the right to continuation of group coverage.”

Section 1251.258 states, “The commissioner by rule shall establish minimum standards for benefits under converted policies issued under this subchapter.”

Section 1251.260 states, “(a) An employer that provides to its employees group accident and health insurance coverage that includes a group continuation or conversion privilege on termination of coverage shall give written notice of the continuation or conversion privileges under the policy to each employee or dependent insured under the group and affected by the termination. (b) The commissioner by rule shall establish minimum standards for the notice required by this section.”

Section 1701.060(a) provides that the commissioner may adopt reasonable rules necessary to implement the purposes of Chapter 1701.

**8. CROSS REFERENCE TO STATUTE.** The following statutes are affected by this proposal:

Insurance Code Chapter 1251

Insurance Code Chapter 1701

**9. TEXT.**

**§3.3602 Minimum Standards for Notice of Conversion or Group Continuation  
Privilege under Group Accident and Health Policies**

**10. CERTIFICATION.** This agency certifies that legal counsel has reviewed the proposal and found it to be within the agency's legal authority to adopt.

Issued at Austin, Texas, on June 17, 2014.



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Texas Department of Insurance