

**Subchapter S. Minimum Standards and Benefits and Readability for Individual
Accident and Health Insurance Policies
28 TAC §3.3052**

INTRODUCTION. The Texas Department of Insurance (TDI) proposes to amend 28 TAC §3.3052, concerning standards for termination of insurance provision. The amendment to §3.3052 implements House Bill 446, 88th Legislature, 2023.

EXPLANATION. Section 3.3052 implements Insurance Code §1201.059 as amended by HB 446. Section 1201.059 addresses termination of coverage based on a child's age in an accident and health insurance plan. The proposed amendment to §3.3052 replaces the term "mental retardation" in subsection (h)(1) with "intellectual disability," in alignment with HB 446, which updated references to "mental retardation" in the Insurance Code.

In a separate rulemaking, as part of the implementation of HB 446, TDI proposes to amend 28 TAC §19.1703 and §19.2003, concerning utilization reviews for health care, to similarly update references to "mental retardation." The proposed Chapter 19 amendments are also published in this issue of the *Texas Register*.

In addition, the proposed amendments include nonsubstantive rule drafting and formatting changes to conform the section to the agency's current style and to improve the rule's clarity. These changes include adding a comma in subsection (b)(1) after "Medical" in the reference to the heading for §3.3038 to conform the reference to the current heading, correcting capitalization of "coverage" in subsection (b)(2)(A) and (B), inserting the titles of cited Insurance Code provisions in subsections (b)(2)(B) and (d) and punctuation revisions related to the change in subsection (b)(2)(B), and adding a comma in subsections (b)(2)(A) and in (f).

FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT. Rachel Bowden, director of Regulatory Initiatives in the Life and Health Division, has determined that during each year of the first five years the proposed amendments are in effect, there will be no measurable fiscal impact on state and local governments as a result of enforcing or administering the amendments, other than that imposed by statute. Ms. Bowden made this determination because the proposed amendments do not add to or decrease state revenues or expenditures, and because local governments are not involved in enforcing or complying with the proposed amendments.

Ms. Bowden does not anticipate any measurable effect on local employment or the local economy as a result of this proposal.

PUBLIC BENEFIT AND COST NOTE. For each year of the first five years the proposed amendments are in effect, Ms. Bowden expects that administering or enforcing the proposed amendments will have the public benefit of ensuring that TDI's rules align with changes made by HB 446.

Ms. Bowden expects that the proposed amendments will not increase the cost of compliance because they do not impose any requirements.

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS. TDI has determined that the proposed amendments will not have an adverse economic effect on small or micro businesses or on rural communities because the amendments merely update statutory language by replacing an out-of-date term and make other nonsubstantive changes that do not affect costs. As a result, and in accordance with Government Code §2006.002(c), TDI is not required to prepare a regulatory flexibility analysis.

EXAMINATION OF COSTS UNDER GOVERNMENT CODE §2001.0045. TDI has determined that this proposal does not impose a possible cost on regulated persons. Therefore, no additional rule amendments are required under Government Code §2001.0045.

GOVERNMENT GROWTH IMPACT STATEMENT. TDI has determined that for each year of the first five years that the proposed amendments are in effect, the proposed rule:

- will not create or eliminate a government program;
- will not require the creation of new employee positions or the elimination of existing employee positions;
- will not require an increase or decrease in future legislative appropriations to the agency;
- will not require an increase or decrease in fees paid to the agency;
- will not create a new regulation;
- will not expand, limit, or repeal an existing regulation;
- will not increase or decrease the number of individuals subject to the rule's applicability; and
- will not positively or adversely affect the Texas economy.

TAKINGS IMPACT ASSESSMENT. TDI 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. As a result, this proposal does not constitute a taking or require a takings impact assessment under Government Code §2007.043.

REQUEST FOR PUBLIC COMMENT. TDI will consider any written comments on the proposal that are received by TDI no later than 5:00 p.m., central time, on September 22, 2025. Send your comments to ChiefClerk@tdi.texas.gov or to the Office of the Chief Clerk, MC: GC-CCO, Texas Department of Insurance, P.O. Box 12030, Austin, Texas 78711-2030.

To request a public hearing on the proposal, submit a request before the end of the comment period to ChiefClerk@tdi.texas.gov or to the Office of the Chief Clerk, MC: GC-CCO, Texas Department of Insurance, P.O. Box 12030, Austin, Texas 78711-2030. The request for public hearing must be separate from any comments and received by TDI no later than 5:00 p.m., central time, on September 22, 2025. If a public hearing is held, TDI will consider written and oral comments presented at the hearing.

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STATUTORY AUTHORITY. TDI proposes amendments to §3.3052 under Insurance Code §1201.006 and §36.001.

Insurance Code §1201.006 authorizes the commissioner to adopt reasonable rules as necessary to implement the purposes and provisions of Chapter 1201.

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

CROSS-REFERENCE TO STATUTE. The amendment of §3.3052 implements Insurance Code §1201.059.

TEXT.

§3.3052. Standards for Termination of Insurance Provision.

(a) A policy subject to this subchapter must include termination provisions that specify as to each eligible family member, as set out in §3.3051 of this title (relating to Initial and Subsequent Conditions of Eligibility Provision), the age, or event, if any, upon which coverage under the policy will terminate.

(b) In regard to individual hospital, medical or surgical coverage, a policy may only contain the following bases for termination of coverage:

(1) the bases for nonrenewal contained in §3.3038 of this title (relating to Mandatory Guaranteed Renewability Provisions for Individual Hospital, Medical, or Surgical Coverage; Exceptions);

(2) in regard to policies covering a spouse of the primary insured or dependents:

(A) coverage [~~Coverage~~] of the spouse may terminate upon the dissolution of the marriage through divorce or other lawful means, subject to this section, §21.407 of this title (relating to Continuance of Coverage), and other applicable law; and

(B) coverage [~~Coverage~~] of a dependent may terminate upon the dependent's attainment of a limiting age, subject to Insurance Code §1201.059, concerning Termination of Coverage Based on Age of Child in Individual, Blanket, or Group Policy; this section;[;] and other applicable law.

(c) A policy containing noncancellable, guaranteed renewable or limited guarantee of renewability provisions may not provide for termination of coverage of the spouse solely because of the occurrence of an event specified for termination of coverage of the

insured, other than nonpayment of premium. The provision must stipulate that in the event of the insured's death the spouse of the insured, if covered under the policy, will become the insured.

(d) The provision must stipulate that if the insurer accepts premium for coverage extending beyond the date, age, or event specified for termination as to an insured family member, then coverage as to such person will continue during the period for which an identifiable premium was accepted, except where such acceptance was predicated on a misstatement of age outlined in Insurance Code §1201.011, concerning Coverage for Premium Period with Limitations by Age or Date; Misstatement of Age of Insured.

(e) In the event of cancellation by the insurer or refusal to renew by the insurer of a policy providing pregnancy benefits, the provision must provide for an extension of benefits as to pregnancy commencing while the policy is in force and for which benefits would have been payable had the policy continued in force.

(f) The provision must stipulate that termination of the policy by the insurer will be without prejudice to any continuous loss which commenced while the policy was in force, but the extension of benefits beyond the period the policy was in force may be predicated upon the continuous total disability of the insured person limited to the duration of the policy benefit period, payment of the maximum benefits, or to a time period of not less than three months.

(g) The provision may provide for the termination or suspension of family members who become eligible for coverage provided by the federal government.

(h) A policy may not provide for termination of coverage of a dependent child on attainment of the limiting age for dependent children specified in the policy while the child is:

(1) incapable of self-sustaining employment due to intellectual disability [~~mental retardation~~] or physical handicap; and

(2) chiefly dependent upon the insured for support and maintenance. Proof of the incapacity and dependency must be furnished to the insurer by the insured within 31 days of the child's attainment of the limiting age and subsequently as may be required but not more frequently than annually after the two-year period following the child's attainment of the limiting age. Upon the attainment of the limiting age, the applicable adult premium may be charged.

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

Issued in Austin, Texas, on August 5, 2025.

Signed by:
Jessica Barta
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Jessica Barta, General Counsel
Texas Department of Insurance