

## **BILL ANALYSIS**

H.B. 2549

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Insurance

Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Insurance Code Section 1131.802 authorizes but does not require a carrier issuing group life coverage to extend coverage to dependent children. The section defines “dependent” to include natural or adopted children younger than age 21, or older than 21 years of age if enrolled as a full-time student at an educational institution or physically or mentally disabled and under a parent’s supervision. This section does not include dependent children who are 21 years of age, creating a coverage gap for that one year time period.

Various Insurance Code sections define dependent children for purposes of accident and health coverage, including unmarried children under 25, unmarried grandchildren under 25 who are dependents of the insured for federal income tax purposes, newborns, court-ordered dependents, adopted children, and children of a spouse. In the case of small employer coverage, dependent coverage is a requirement.

Groups often provide life insurance in addition to accident and health coverage. Current definitions of dependent result in some persons being eligible for accident and health coverage but not life coverage. These different definitions of dependent may cause confusion and create challenges for groups attempting to make coverage consistent across all lines.

This bill amends Section 1131.802 of the Insurance Code to eliminate the age 21 gap in life policies and allow dependent coverage consistent with that provided by accident and health policies, at the insured policyholder’s request (i.e., “may” not “shall”).

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

SECTION 1 of the bill seeks to amend Section 1131.802 of the Texas Insurance Code. Section 1131.802 now states that insurance under a group life insurance policy may be extended to cover the spouse of each individual eligible to be insured under the policy; or a natural or adopted child of each individual eligible to be insured under the policy if the child is: unmarried; and younger than 25 years of age; or physically or mentally disabled and under the parents' supervision; or a natural or adopted grandchild of each individual eligible to be insured under the policy if the child is: unmarried and; younger than 25 years of age; and a dependent of the insured for federal income tax purposes at the time the application for coverage of the grandchild is made.

SECTION 2 states that this Act takes effect September 1, 2007.

### **EFFECTIVE DATE**

September 1, 2007.