

Consumer Bill of Rights for Credit Life, Credit Disability & Involuntary Unemployment Insurance

AVISO: Este documento es un resumen de sus derechos como asegurado. Usted tiene el derecho a llamar a su compañía y pedir una copia de estos derechos en español.

What is the Bill of Rights?

Texas and federal law give you certain rights regarding credit life, credit disability (also called credit accident and health) and involuntary unemployment insurance. This Bill of Rights identifies 40 of your most important rights, but it does not include all of your rights. Additionally, there are some exceptions to the rights listed here.

The Texas Department of Insurance (TDI) requires insurance companies to provide a copy of this Bill of Rights with each credit insurance policy or certificate they issue. The Bill of Rights, however, is not a part of the insurance policy or certificate.

This Bill of Rights does not address your responsibilities. Your responsibilities concerning your insurance can be found in your policy. Failure to meet your obligations will most likely affect your rights.

Tex. Dep't of Ins., 28 TEX.ADMIN.CODE § 3.6011

The Bill of Rights

Getting Information from TDI and Your Insurance Company

1. You can call TDI free of charge at 1-800-252-3439 or 463-6515 in Austin to learn more about:

- your rights as an insurance consumer,
- the license status of an insurance company or agent,
- the financial condition of an insurance company,
- the complaint ratio and type of consumer complaints filed against an insurance company,
- insurance companies' rates filed with TDI, and
- other consumer concerns.

You can also find some of this information on the TDI website at www.tdi.state.tx.us.

TEX. INS. CODE ANN. §§ 521.051-052

Tex. Dep't of Ins., 28 TEX.ADMIN.CODE § 1.601

2. Your insurance company must maintain a toll-free number to receive your questions and complaints and include the number on your policy or certificate. This requirement does not apply to small insurance companies.

TEX. INS. CODE ANN. §§ 521.102-103
Tex. Dep't of Ins., 28 TEX.ADMIN.CODE § 1.601

Before You Buy Insurance

3. An insurance company, agent, or creditor may not make untrue, misleading, or deceptive statements relating to insurance.

TEX. INS. CODE ANN. §§ 541.051-053
Tex. Dep't of Ins., 28 TEX.ADMIN.CODE §§ 21.3-4
TEX. BUS. & COM. CODE ANN. §§ 17.46(b)(5) AND (12)

4. An insurance company cannot refuse to insure you, limit your coverage, or charge a different rate for the same coverage because of your race, color, religion, or national origin.

TEX. INS. CODE ANN. §§ 544.001-002(a)(1)
42 U.S.C. §§ 1981 AND 3604

5. An insurance company cannot refuse to insure you, limit your coverage, or charge a different rate for the same coverage because of your age, gender, marital status, geographic location, or disability or partial disability, unless the decision is justified by sound underwriting or actuarial principles.

TEX. INS. CODE ANN. §§ 544.001; 544.002(a)(2) AND 544.003(b)
42 U.S.C. §§ 1981 AND 3604

6. You may sue an insurance company if you sustain economic damages as a result of unfair discrimination based on class or hazard. You must file suit in Travis County district court prior to the second anniversary of the date the unfair act occurred or the date you reasonably should have discovered the occurrence of the unfair act. In addition to economic damages, you may sue for court costs, attorney fees, and any necessary expert witness fees. The court may award an additional \$25,000 per claimant if the company knowingly violated your rights.

TEX. INS. CODE ANN. §§ 544.051-054

Privacy Rights

7. When you apply for a policy, an insurance company or financial institution must send an initial privacy notice to you if it intends to share your personal financial information with unaffiliated businesses.

TEX. INS. CODE ANN. § 601.002
Tex. Dep't of Ins., 28 TEX.ADMIN.CODE §§ 22.8(a)(1) AND (c)
15 U.S.C. SECTIONS 6802 and 6803

8. When you become a policyholder your insurance company or financial institution must send you an initial privacy notice before it shares your personal financial information with unaffiliated businesses. The company must provide you with a privacy notice annually thereafter.

TEX. INS. CODE ANN. § 601.002
Tex. Dep't of Ins., 28 TEX.ADMIN.CODE §§ 22.8(a)(2) AND (c); 22.9
15 U.S.C. SECTIONS 6802 AND 6803

9. An insurance company or financial institution must give you at least 30 days from the date you receive the initial privacy notice to object, or “opt out,” of the disclosure of your personal financial information. You have the right to opt out at any time and your decision remains in effect until you revoke it. You may not prevent the release of information that is publicly available, information the company must share in order to conduct ordinary business activities, or when disclosure is required by law.

TEX. INS. CODE ANN. §601.002
Tex. Dep't of Ins., 28 TEX.ADMIN.CODE §§ 22.11 AND 22.14
15 U.S.C. §§6802 AND 6803

10. An insurance company or financial institution that changes its privacy policy must send you a revised privacy notice and a new opt out notice.

TEX. INS. CODE ANN. §601.002
Tex. Dep't of Ins., 28 TEX.ADMIN.CODE § 22.12
15 U.S.C. §§ 6802 and 6803

Purchasing Credit Insurance

11. If your creditor requires you to obtain credit insurance, you may use an existing policy to meet this requirement or purchase the insurance from any company. Your creditor cannot require you to purchase credit insurance from a particular company. The creditor must notify you of your right to obtain credit insurance from other sources before the completion of your credit transaction.

TEX. INS. CODE ANN. §1153.161
Tex. Dep't of Ins., 28 TEX.ADMIN.CODE § 3.5101
TEX. FIN. CODE ANN. §§ 342.404-405

12. Your creditor must give you a copy of your application for insurance, coverage binder, or policy on the date you incur the debt. If you do not receive a copy of your policy on that date, your creditor must send it to you within 45 days.

TEX. INS. CODE ANN. § 1153.158
Tex. Dep't of Ins., 28 TEX.ADMIN.CODE § 3.5105(b)(7)

13. Your application must include your signature, the name and home office address of the company, the name of each debtor, your cost for credit insurance shown separately from any other charges, and the amount, term, and a brief description of the coverage to be provided.

TEX. INS. CODE ANN. § 1153.159
Tex. Dep't of Ins., 28 TEX.ADMIN.CODE § 3.5105(b)(1)-(6)

14. Your credit insurance policy must include:

- the name and home office address of the insurance company,
- the name of each debtor,
- the identity of each insured, in the case of a certificate under a group policy,
- the cost for credit insurance shown separately from any other charges,
- the amount, term, and a brief description of the coverage to be provided,
- each exception, limitation to, or restriction on the coverage, and
- a statement that policy benefits are first paid to the creditor to reduce or eliminate unpaid debt and any benefits that exceed the unpaid debt are paid to you or a beneficiary.

TEX. INS. CODE ANN. § 1153.052
Tex. Dep't of Ins., 28 TEX.ADMIN.CODE § 3.5103 (1)-(8)

15. A creditor cannot charge you more for credit insurance than the amount the creditor pays the insurance company for that insurance.

TEX. INS. CODE ANN. § 1153.201
Tex. Dep't of Ins., 28 TEX.ADMIN.CODE § 3.5109

16. A creditor cannot require you to purchase credit life insurance to cover more than the total amount of your debt. If the debt is repayable in equal installments, the amount of coverage cannot exceed the scheduled balance or the unpaid balance of the debt, whichever is greater.

TEX. INS. CODE ANN. § 1153.155
TEX. FIN. CODE ANN. § 348.203

17. A creditor cannot require you to purchase credit disability insurance to cover more than the total amount of your debt. If the debt is repayable in periodic payments, the premium portion of the payment cannot be greater than the scheduled amount designated for payment on the debt.

TEX. INS. CODE ANN § 1153.156
TEX. FIN. CODE ANN. § 348.203

18. If your premium payments are withdrawn directly from your bank account, your company must notify you at least 30 days prior to the effective date of any premium increase. To stop withdrawal of the new amount, you must object to the increase at least 4 days before it goes into effect. Your company must send the notice by U.S. mail and the notice must include a toll-free number and mailing address to accept your objection.

TEX. INS. CODE ANN. § 550.002

Credit Cards

19. A credit card company must give you 30 days prior written notice of its decision to change credit insurance providers. The notice must include any rate increase, an explanation of any substantial decrease in coverage resulting from the change, and a statement that you may cancel your insurance.

**U.S.C. § 1637(g)(1)-(3)
12 C.F.R. § 226.9(f)**

Auto and Home Loans

20. A creditor must provide you with written notice if credit insurance is required as a condition of an installment contract to purchase a motor vehicle.

TEX. FIN. CODE ANN. § 348.204(1)

21. A lender may not require credit insurance as a condition of closing your home loan.

TX FIN. CODE ANN. § 343.104

22. You have the right to pay for credit insurance in a home loan transaction on a monthly basis or with a single premium payment at the time of closing.

TX FIN. CODE ANN. § 343.104

23. If you purchase credit insurance as part of your home loan transaction, you have the right to cancel the policy at anytime and receive a full refund if you cancel within 30 days of the date of your closing.

TX FIN. CODE ANN. § 343.104

24. A lender may not offer credit insurance in conjunction with a home loan on a prepaid single premium basis unless it provides notice to each applicant no later than the third business day after the lender receives the application. The notice

must explain the premium payment options, the cancellation options, the estimated premium for the coverage, and that credit insurance is not required.

TX FIN. CODE ANN. § 343.104

Cancellation and Refunds

25. You have the right to cancel your credit insurance policy at any time if you bought optional credit insurance or if you have obtained substitute coverage for credit insurance required by your creditor.

TEX INS. CODE ANN. § 1153.202(a)

26. If you or your creditor terminates your insurance policy prior to the scheduled maturity date, the insurance company must refund any unearned premium, unless the amount is less than \$3. All credit insurance policies must have a description of the method used to calculate the refund of unearned premium.

TEX. INS. CODE ANN. § 1153.202

Tex. Dep't of Ins., 28 TEX.ADMIN.CODE §§ 3.5203; 3.5902; 3.5904; 3.5905

TEX. FIN. CODE ANN. ART. §§ 342.409; 345.210; and 348.211.

27. Your creditor must notify your insurance company within 60 days of the date you pay your debt in full. The notice must include the date the debt was eliminated, your name, and address. The insurance company must provide you with any unearned premium, unless the amount is less than \$3, no later than 30 days after receipt of this notice.

TEX INS. CODE ANN. § 1153.202

28. Your credit insurance term must end within 15 days of the scheduled maturity date of your policy. If you refinance your debt before this, any existing credit insurance must terminate before you obtain a new policy.

TEX INS. CODE ANN. § 1153.160

Tex. Dep't of Ins., 28 TEX.ADMIN.CODE § 3.5103(5)

Claims

29. An insurance company must treat you and your beneficiary fairly and honestly when handling your claim.

TEX. INS. CODE ANN. §§ 541.060; 1153.204

Tex. Dep't of Ins., 28 TEX.ADMIN.CODE § 21.203

30. When you file a claim, an insurance company must acknowledge receipt of the claim, request any additional information related to the claim, and commence any investigation within 15 days.

TEX. INS. CODE ANN. § 542.055
Tex. Dep't of Ins., 28 TEX.ADMIN.CODE § 21.203(2)

31. When the insurance company receives all the information it requires to process the claim, it has 15 business days (30 days if the company believes the loss occurred due to arson) to send a written explanation denying the claim or a written notice approving the claim. The company can extend this deadline for an additional 45 days if it sends you a written explanation of why it needs more time.

TEX. INS. CODE ANN. § 542.056
Tex. Dep't of Ins., 28 TEX.ADMIN.CODE § 21.203(9)

32. Your insurance company must pay a claim within 5 days of the date you receive written notice that the company approved your claim.

TEX. INS. CODE ANN. §§ 542.056(c) and 542.057(a)
Tex. Dep't of Ins., 28 TEX.ADMIN.CODE § 21.203(9)

33. You may collect 18% annual interest and attorney's fees in addition to the claim amount, if the insurance company is liable for the claim and fails to meet the required claims processing or payment deadlines listed in Rights 30, 31, and 32.

TEX. INS. CODE ANN. § 542.060

34. An insurance company must settle a claim within two months from the date it receives both proof of death and proof that the claimant has a right to the proceeds.

TEX. INS. CODE ANN. § 1101.011

35. You can reject any settlement amount offered by the insurance company.

TEX. INS. CODE ANN. § 542.003(b)(4) and (5)
Tex. Dep't of Ins., 28 TEX.ADMIN.CODE §§ 21.203(4), (5), (12), & (13)

36. If there is a claim on your policy and the benefits paid exceed the debt pay-off, the settlement must include a payment to you for the excess amount.

TEX. INS. CODE ANN. § 1153.052(3)
Tex. Dep't of Ins., 28 TEX.ADMIN.CODE § 3.5103(8)

37. An insurance company cannot deny a claim because of a false statement on your application unless there is proof that the misstatement was material, or contributed,

to the cause of your claim. If the company discovers a false statement, they must notify you within 90 days in order to use the misrepresentation as a defense at trial.

TEX. INS. CODE ANN. §§ 705.001-002; 705.004-005; and 705.051

Enforcing Your Rights

38. You have the right to file a complaint with TDI about an insurance company and/or insurance matter and to receive a prompt investigation and response to your complaint. To do so, you should:

- call TDI's Consumer Help Line at 1-800-252-3439, (463-6515 in Austin) for service in English and Spanish,
- write to the Texas Department of Insurance, Consumer Protection, 111-1A, P.O. Box 149091, Austin, TX 78714-9091,
- send an e-mail to TDI at ConsumerProtection@tdi.state.tx.us,
- fax your complaint to 512-475-1771,
- download or complete a complaint form online from the TDI website at www.tdi.state.tx.us, or
- call the TDI Publications/Complaint Form order line at 1-800-599-SHOP (7467), (305-7211 in Austin). The order line is available 24 hours a day, 7 days a week.

TEX. INS. CODE ANN. §§ 521.005 and 521.051-056
Tex. Dep't of Ins., 28 TEX.ADMIN.CODE §1.601

39. You have the right to sue your insurance company with or without an attorney. The insurance company has the burden of proof as to any application of an exclusion in the policy and any exception to or other avoidance of coverage claimed by the company.

TEXAS CONSTITUTION ART. 1 §13
TEX. INS. CODE ANN. § 554.002

40. You have the right to ask that TDI make or change rules on any credit insurance issue. Send your written request to: Texas Department of Insurance, Attn: Commissioner 113-2A, P.O. Box 149104, Austin, TX 78714-9104.

TEX. GOV. CODE ANN. § 2001.021
U.S. CONSTITUTION, AMENDMENT 1
TEX. CONSTITUTION ARTICLE 1, § 27

CONTACT INFORMATION

For additional details concerning the specific laws or rules summarized in this Bill of Rights or if you have questions or comments pertaining to rights listed, you can contact the Office of Public Insurance Counsel.

**Office of Public Insurance Counsel
333 Guadalupe, Suite 3-120
Austin, TX 78701-3942**

**Phone: 512-322-4143
Fax: 512-322-4148
www.opic.state.tx.us**

If you feel that your rights as an insurance consumer have been violated or if your creditor, seller, agent, company, or adjuster tells you that one of these rights does not apply to you, please contact TDI.

**Consumer Protection Division
Texas Department of Insurance
111-1A, P.O. Box 149091
Austin, TX 78714-9091**

**Phone: 1-800-252-3439 (Statewide) or
463-6515 (in Austin)
ConsumerProtection@tdi.state.tx.us**