

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

AVISO: Este documento plantea sus derechos como asegurado. Usted tiene el derecho de llamar a su compañía y pedirle una copia en español de sus derechos como asegurado.

Introduction

This Bill of Rights is a summary of your rights and does not become a part of your policy or certificate. The Texas Department of Insurance adopted the Bill of Rights and requires insurance companies to provide you with a copy when they issue you a policy or certificate.

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 your most important rights, but it does not include all your rights. Also, there are some exceptions to the rights listed here. If your creditor, seller, agent, company, or adjuster tells you that one of these rights does not apply to you, contact the Texas Department of Insurance at 1-800-252-3439.

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 may affect your rights.

Information

1. You have the right to call the Texas Department of Insurance free of charge at 1-800-252-3439 to learn more about:
 - your rights as an insurance consumer;
 - the license status of an insurance company or agent;
 - an insurance company's financial condition;
 - the complaint ratio and type of consumer complaints filed against an insurance company;
 - an insurance company's rate as compared to the maximum rate set by the State; and
 - other consumer concerns.
2. You have the right to a toll-free number to call your insurance company free of charge with questions or complaints. You can find this number on a notice accompanying your policy or certificate. This requirement does not apply to small insurance companies.

Buying Insurance

3. You have the right to a written notice clearly stating whether you are required to provide insurance in order to receive credit, and if so, what type of insurance is required.
4. The total cost of credit means the total dollar amount you have to pay during the term of the loan in order to get a loan. Your creditor must tell you in writing the total cost of credit (finance charge) and the annual percentage rate (APR). If your creditor requires credit insurance, then these figures must include the credit insurance premiums.
5. Your creditor and insurance company cannot make untrue, misleading, or deceptive statements to you relating to insurance.
6. You have the right to use other insurance policies instead of buying credit insurance. For example, you can use a term life policy to satisfy the requirement for credit life insurance. If credit insurance is required, your creditor must tell you about this right before your credit transaction is completed.
7. If your creditor offers to sell you credit insurance, you have the right to be told in writing the full cost of the credit insurance before you buy it.
8. If you buy credit insurance, your creditor must give you a copy of your application for or notice of proposed insurance, a certificate, or a policy at the time your loan is made. If you are not given the policy or certificate at the time the loan is made, the insurance company must send you the policy or certificate within 45 days.

The policy, certificate, application or notice of proposed insurance must include the name and home office address of the insurance company and the amount and term of the policy. The application must also include a brief description of the coverages provided by the policy

9. The insurance company must use policy forms that have been approved by the Texas Department of Insurance. Rates must also be approved except for:
 - credit life or disability insurance where the term of the loan or other credit transaction is more than 10 years;
 - credit insurance on first mortgages and commercial property loans; and credit life and
 - credit disability insurance which is paid for by your creditor.
10. If the premium for your credit insurance has not been fixed or approved by the Texas Department of Insurance, you must be told this in writing.

Cancellation and Refunds

11. You have the right to cancel the insurance policy at any time if you bought optional credit insurance or if you have substitute coverage for required credit insurance. When you cancel:
 - you have the right to receive a premium refund for the remaining policy term if you were charged a premium for the full term of the credit contract. The refund may be credited to your account immediately or when you pay off your loan.
 - the creditor must discontinue the charge if the credit insurance premium is charged monthly on a credit card.
12. Even if your credit card account requires credit insurance, you have the right to cancel that insurance if your creditor changes insurance companies.

Thirty (30) days before the change takes effect, the creditor must give you written notice of:

 - its decision to change insurance companies;
 - any substantial decrease in coverage; and
 - any change in the premium.
13. If you:
 - pay off your loan early; or
 - cancel a policy,

the insurance company must calculate your refund using the refund formula set out in your policy or certificate of insurance. This right does not apply if your refund is less than one dollar.

Claims

14. When you or a beneficiary named in your credit insurance policy files a claim, the insurance company must process and pay the claim promptly. If the insurance company fails to meet the claims processing and payment deadlines in the Insurance Code and in the policy, you or the named beneficiary has the right to collect 18% annual interest and attorney's fees in addition to the claim amount.

Generally, your insurance company must approve or deny the claim within 36 days after the company receives notice of your claim (plus the time you or the named beneficiary take to provide requested information) unless the company notifies you or the named beneficiary that more time is needed and states the reason. This additional period of time cannot exceed 45 days.

If the claim is approved, your insurance company must pay the claim within 5 business days after they notify you they have accepted your claim.

15. Even if the beneficiary is not named in your credit life insurance policy, a claim on the policy must be processed and paid promptly. The insurance company must settle a claim within two months from the date it receives:
 - proof of death; and
 - proof that the claimant has the right to the proceeds.
16. You and your beneficiary have the right to reject any settlement amount offered by the insurance company. If the amount of your insurance coverage exceeds the loan pay-off, the settlement must include a cash payment for the excess amount.
17. If an insurer rejects a claim against your credit insurance policy, you and your beneficiary have the right to a written notice stating the reasons for the rejection.
18. You and your beneficiary have the right to be treated fairly and honestly when making a claim. If you believe an insurance company has treated you unfairly, call the Department of Insurance.
19. The credit insurance company cannot deny your claim or your beneficiary's claim because you made a false statement on your application unless the insurance company:
 - proves that the misstatement was material to your risk or actually contributed to the cause of your claim; and
 - notifies you that the contract will not be honored within 90 days of the date the company or its agent discovered the statement was false.

Enforcing Your Rights

20. You have the right to complain to the Texas Department of Insurance about any insurance company and/or insurance matter and to receive a prompt investigation and response to your complaint. To do so, you should:
 - call 1-800-252-3439;
 - write to the Texas Department of Insurance, Consumer Services (111-1A) P.O. Box 149091, Austin, TX 78714-9091; or
 - fax your complaint to (512) 475-1771.
21. If an insurance company violates your rights, you have the right to sue that company in court, including small claims court, with or without an attorney, or file a complaint with the Texas Department of Insurance.
22. You have the right to ask in writing that the Texas Department of Insurance make or change rules on any credit insurance issue that concerns you. Send your written request to: Texas Department of Insurance, Attn: Commissioner (112-1A), P.O. Box 149104, Austin, TX 78714-9104.