

Texas Department of Insurance Clarifies Position on Medical Stop Loss Coverage through Texas Captive Insurers



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The Texas Department of Insurance has clarified its position on medical stop loss coverage through Texas captive insurers.

The Department has confirmed that Texas captives may write coverage for the employer deductible or self-insured retention portions of a health benefit plan for employees. The coverage may be written as deductible reimbursement coverage payable by the captive to the parent as payor of the deductible benefits.

In addition, the Department has confirmed that Texas captives may directly insure stop loss coverage for an ERISA qualified employee health benefit plan.

With these clarifications, it is now clear that Texas captives can play a significant role in employee benefit plans for health benefits. The new legislation pending in the Texas Legislature will extend this employee benefit plan coverage to life insurance benefits.