

## **BILL ANALYSIS**

S.B. 876  
By: Eltife  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Interested parties note that the Texas Department of Insurance (TDI) has experienced an unprecedented increase in insurance agent and adjuster license requests over the last decade. These parties contend that the increased demand for agent and adjuster licenses in Texas, and the greater complexity of certain filings, has strained agency resources and TDI's ability to deliver licensing services in a timely manner, while simultaneously providing high-quality customer service. S.B. 876 seeks to address this issue by revising provisions relating to the licensing of insurance agents and adjusters.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the commissioner of insurance in SECTION 2 of this bill.

### **ANALYSIS**

S.B. 876 amends the Insurance Code to require the commissioner of insurance to adopt reasonable rules setting standards for an agent, insurer, or health maintenance organization (HMO) to appoint more than 500 temporary license holders during a calendar year. The bill requires the standards to include consideration of the ability of an agent, insurer, or HMO to monitor appointed temporary agents.

S.B. 876 subjects license renewals for a license issued by the Texas Department of Insurance (TDI) for surplus lines agents, insurance agents, and insurance adjusters to the same expiration schedule as newly issued licenses and specifies that each such license expires on the second anniversary of the date the license is issued to or renewed by a person that is not an individual. The bill sets the expiration date of licenses issued to or renewed by individual license holders at the individual license holder's birthday so that the expiration date for a license issued or renewed in an even-numbered year is the individual license holder's birthday each even-numbered year and the expiration date for a license issued or renewed in an odd-numbered year is the individual license holder's birthday each odd-numbered year. The bill subjects all licenses issued to a person who holds more than one license to the earliest expiration date of the licenses held and, after that, to the expiration schedule established by the bill. The bill prohibits the commissioner of insurance from prorating the initial application fee for a license based on the license expiration period for a person who holds more than one license. The bill clarifies that a license fee is a license application fee and an applicant for a renewal license is required to remit a license application fee before the expiration of the license being renewed.

S.B. 876 makes completion of required continuing education a condition of licensure for individuals licensed by TDI. The bill changes from 15 hours annually to 24 hours during the license period the continuing education required to be completed by an individual who holds a general life, accident, and health license; a life agent license; a life and health insurance counselor license; a general property and casualty license; a personal lines property and casualty license; or a public insurance adjusters license. The bill clarifies that an individual who holds an adjuster license or managing general agent license is subject to such a continuing education requirement.

S.B. 876 prohibits TDI from renewing an insurance professional's license if the license holder fails to complete an applicable continuing education requirement not later than the 90th day after the last day of the licensing period or fails to pay an applicable fine related to the failure to timely complete continuing education. The bill prohibits TDI from issuing a new insurance professional's license to an individual who was previously licensed as an insurance professional if the individual fails to provide evidence of completion of an applicable continuing education requirement for the expired, nonrenewed, canceled, or revoked license or fails to pay an applicable fine related to the failure to timely complete continuing education. The bill establishes that completion of continuing education after expiration of a license is not a defense in a disciplinary action under statutory provisions relating to grounds for license denial or disciplinary action, statutory provisions authorizing the establishment of fines, or another provision of the Insurance Code against an individual who failed to complete required continuing education.

S.B. 876 expands TDI's duty to certify continuing education programs for insurance agents to include certification of such programs for insurance adjusters and clarifies that the continuing education program for licensed insurance adjusters must include education relating to state law regarding unfair methods of competition and unfair or deceptive acts or practices, state law regarding false advertising by unauthorized insurers, the Unfair Claim Settlement Practices Act, the Deceptive Trade Practices–Consumer Protection Act, and any other similar laws specified by TDI.

S.B. 876 clarifies that statutory provisions relating to the waiting period for an individual applying for an agent license after denial of a license application or revocation of a license do not apply to an applicant whose license application was denied or revoked for failure by the applicant to pass a required written examination, to complete continuing education or pay an applicable fine, or to submit a properly completed license application.

S.B. 876 authorizes a licensed nonresident agent who has moved to Texas from the other state that licensed the individual to apply to TDI for a comparable license for residents of Texas. The bill requires such an application to include a notification of the agent's change of address and contact information, a clearance letter from the state authority of the state that issued the agent's prior resident license demonstrating the agent's good standing with that authority, and fingerprint forms in the format prescribed by TDI, which may be electronic. The bill requires TDI to issue a comparable resident agent license to a nonresident agent and to cancel the agent's nonresident agent license if the agent submits a satisfactory application in accordance with those requirements.

S.B. 876 establishes that its provisions affecting application for and expiration and renewal of certain insurance professional licenses apply only to a license issued or renewed on or after January 1, 2016. The bill establishes that on January 1, 2016, each license held on that date under statutory provisions relating to surplus lines insurance, insurance agents, and insurance adjusters issued to a person that is not an individual expires on the expiration date of the license with the longest remaining term held by that person on January 1, 2016, and each license issued to an individual expires, or may be extended to expire, on the individual's next birthday after the expiration date of the license with the longest remaining term held by that person on January 1, 2016. The bill specifies that after the expiration of such licenses, the licenses renew and expire as

provided by the bill.

S.B. 876 prohibits TDI from charging an additional fee or requiring a renewal application before the established renewal date to the extent that the term of an existing license is extended beyond its original expiration date. The bill exempts a licensee from any requirement to complete additional continuing education hours for a license during any period the license was extended beyond its original expiration date. The bill makes its provisions establishing consequences for a failure to complete required continuing education and its provisions conforming to that establishment applicable only to completion of continuing education requirements for a license issued or renewed on or after November 1, 2015.

**EFFECTIVE DATE**

September 1, 2015.