

SUBJECT: Single license for HMO and legal reserve life insurance agents

COMMITTEE: Insurance — favorable, with amendment

VOTE: 8 ayes — Smithee, Duncan, Averitt, Counts, De la Garza, Driver, Dutton, Shields
0 nays
1 present, not voting — G. Lewis

WITNESSES: For — E. Kenneth Tooley, Texas Association of Life Underwriters
Against — None

DIGEST: HB 222, as amended, would require that sales representatives of health maintenance organizations be licensed as legal reserve life insurance agents. The Texas Department of Insurance would be required to develop and implement a single procedure to license both types of agents. Principles related to small employer health insurance would be added to the joint licensing exam requirements.

SUPPORTERS SAY: HB 222 would eliminate needless bureaucrat duplication by allowing agents with one license sell both HMO plans and other health benefit plans. Currently, individuals must submit two applications, take two exams and pay for two licenses in order to qualify as HMO agents and as agents for legal reserve life insurance companies ("Group 1 agents"). Legal reserve companies set aside liquid assets to assure payments of life and health benefits, and HMOs arrange for and provide health care plans. About 1,500 agents hold both licenses.

The current requirements create duplication of requirements for agents and for the Texas Department of Insurance. This bill would simplify licensing procedures while maintaining all standards for agents.

OPPONENTS SAY: No apparent opposition.

NOTES:

The committee amendment would require that principles related to small employer insurance, found in Chapter 26 of the Insurance Code, be included in the exam Group 1 and HMO agents take.

The fiscal note indicates the bill would cause a \$36,000 annual revenue loss from licensing fees.