

BILL ANALYSIS

Senate Research Center

S.B. 206
By: Madla
Economic Development
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As Filed

DIGEST

Currently, the Insurance Code exempts from licensing requirements officers or employees of an insurance company who engage in the solicitation of insurance. The problem is that licensing provisions of the Insurance Code do not apply equally to all persons engaged in the solicitation of insurance. This bill provides who can sell insurance and who must be licensed to sell insurance in the State of Texas.

PURPOSE

As proposed, S.B. 206 provides who is considered an insurance agent, which insurance employees are covered by the Act, and which insurance companies are excepted from the Act.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 21.02, Insurance Code, to provide that persons who make oral, written, or electronic communication to solicit insurance shall be held to be agents of the company for which the solicitation is done. Makes conforming changes.

SECTION 2. Amends Section 1, Article 21.07, Insurance Code, to require each officer or employee of an insurance company who negotiates or solicits business to be licensed under this article. Provides that a person negotiates or solicits insurance if by oral, written, or electronic communication that person communicates to another regarding insurance coverage, rates, benefits, or policies.

SECTION 3. Amends Article 21.09, Insurance Code, to require an officer or employee of an insurance company who solicits business to be licensed under Article 21.14, Insurance Code. Provides that a person negotiates or solicits insurance if by oral, written, or electronic communication that person communicates to another regarding insurance coverage, rates, benefits, or policies. Makes conforming changes.

SECTION 4. Amends Section 20, Article 21.14, Insurance Code, to provide that this article does not apply to life, health and accident business or the life, health and accident department of the companies engaged in that kind of business, and full-time salaried employees of insurance companies doing business in Texas, other than employees who negotiate or solicit insurance. Provides that a person negotiates or solicits insurance if by oral, written, or electronic communication that person communicates to another regarding insurance coverage, rates, benefits, or policies. Makes conforming changes.

SECTION 5. Effective date: September 1, 1997.
Applies only to negotiation or solicitation of insurance on or after January 1, 1998.

SECTION 6. Emergency clause.