

BILL ANALYSIS

Senate Research Center

S.B. 1837
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Business & Commerce
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Job protection insurance is provided by a very small number of insurers authorized by Chapter 962 (Job Protection Insurance), Insurance Code. It is a very narrow marketplace which involves members of the occupation selling the coverage to other coworkers of the occupation.

Historically, individuals selling the coverage had not been required to be licensed as an insurance agent, as these sales occur between a small number of people working together in a very narrow and specific occupation. However, with the recent recodification of the Texas Insurance Code, small categories of individual licensing exemptions, such as job protection insurance for railroad employees, were inadvertently caught up and subjected to agent licensing requirements.

This bill is intended to correct the impact of recodification, and exempt individuals from the agent licensing requirement, returning them to the status they had prior to recodification. This bill will add a limited licensing exemption to the agent licensing section of the Insurance Code, and is substantially similar to a small number of other exemptions from agent licensing requirements that were done for certain specialized insurance coverages after the initial Insurance Code recodification.

This new exemption will remove licensing requirements for individual agents who generate less than \$40,000 in direct premium. This exemption is only partial, as individuals selling more than the \$40,000 cap will still be required to hold the property and casualty license.

As proposed, S.B. 1837 amends current law relating to exemptions to persons required to hold a limited property and casualty license.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 4051.101, Insurance Code, as follows:

Sec. 451.101 LICENSE REQUIRED. (a)-(b) Makes no changes to these subsections.

(c) Provides that this section does not apply to a person who wrote for the previous calendar year certain policies, including policies authorized by Chapter 962 (Job Protection Insurance) for an insurance company that generated, in the aggregate, less than \$40,000 in direct premium.

SECTION 2. Effective date: September 1, 2011.