

## **BILL ANALYSIS**

Senate Research Center  
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C.S.H.B. 1947  
By: Meyer; Fallon (Taylor, Van)  
Administration  
5/24/2015  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Insurance agents or adjusters commonly hold several different licenses, each with a different renewal date. The different renewal dates make it difficult for licensees to keep all of their licenses current and to comply with continuing education requirements. Multiple license renewal dates can cause confusion for license holders to properly renew all of their insurance licenses. That confusion can result in inefficient license renewal management for thousands of insurance license holders as well as more time expended by the Texas Department of Insurance (TDI) for multiple renewal requests from individual agents.

TDI processes requests for 23 individual insurance licenses. Over the past decade, the agency experienced a 60 percent increase in insurance agent and adjuster license requests. The increased demand for agent and adjuster licenses in Texas, and the greater complexity of certain filings, strains agency resources.

H.B. 1947 aligns individual license renewal dates for the same date every two years, removing an unnecessary regulatory burden on Texas agents and adjusters, as well as the insurers and agencies that employ and regulate them. It also simplifies fees and continuing education requirements for subsequent new licenses. (Original Author's / Sponsor's Statement of Intent)

C.S.H.B. 1947 amends current law relating to licenses for insurance agents and adjusters.

### **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 Sections 4001.006(a) and (b), Insurance Code, to change references to license fees to license application fees, and to change a reference to license renewal fees to license renewal application fees.

SECTION 2. Amends Section 4003.001, Insurance Code, by amending Subsection (a) and adding Subsections (c) and (d), as follows:

(a) Provides that, unless a staggered renewal system is adopted under Section 4003.002 (Staggered Renewal System), each license, rather than each agent license, issued or renewed by the Texas Department of Insurance (TDI) under Chapter 981 (Surplus Lines Insurance) or Subtitles A (General Provisions), B (Agents), or C (Adjusters) and not suspended or revoked by the commissioner of insurance (commissioner) expires on:

(1) the second anniversary of the date the license is issued to or renewed by a person that is not an individual; or

(2) except as provided in Subsection (c):

(A) for a license issued or renewed in an even-numbered year, the individual license holder's birthday each even-numbered year; or

(B) for a license issued or renewed in an odd-numbered year, the individual license holder's birthday each odd-numbered year.

(c) Provides that, if a person holds more than one license, all licenses issued to the person expire on the earliest expiration date of the licenses held. Provides that, thereafter, all licenses expire in accordance with Subsection (a).

(d) Prohibits the commissioner, notwithstanding Section 4003.002(b) (requiring license fees, for a licensing period in which the license expiration is changed, to be prorated so that each license holder pays only that portion of the license fee allocable to the period during which the license is valid), from prorating the initial application fee for a license based on the expiration period of the license under Subsection (c).

SECTION 3. Amends Section 4003.008(b), Insurance Code, to change a reference to license fee to license application fee.

SECTION 4. Amends Subchapter B, Chapter 4004, Insurance Code, by adding Section 4004.055, as follows:

Sec. 4004.055. CONSEQUENCES OF FAILURE TO COMPLETE CONTINUING EDUCATION REQUIREMENT. (a) Prohibits TDI from renewing a license issued under this title if the license holder fails to:

(1) complete an applicable continuing education requirement not later than the 90th day after the last day of the licensing period; or

(2) pay an applicable fine related to the failure to timely complete continuing education.

(b) Prohibits TDI from issuing a new license under this title to an individual who was previously licensed under this title if the individual fails to:

(1) provide evidence of completion of an applicable continuing education requirement for the expired, nonrenewed, canceled, or revoked license; or

(2) pay an applicable fine related to the failure to timely complete continuing education.

(c) Provides that completion of continuing education after expiration of a license is not a defense in a disciplinary action under Section 4005.101 (Grounds for License Denial or Disciplinary Action), Section 4005.109 (Fines), or another provision of this code against an individual who failed to complete continuing education as required by this chapter.

SECTION 5. Amends Sections 4107.057(a), (b), and (d), Insurance Code, as follows:

(a) Requires TDI, before issuing or renewing a license under this chapter, to set and collect a nonrefundable license application fee in an amount not to exceed \$50.

(b) Requires an applicant for a renewal license to remit the fee required by Subsection (a) before the expiration of the license being renewed, rather than biennially after the issuance of the original license. Requires an applicant for a renewal license, if the applicant's license has been expired for not more than 90 days, to remit, in addition to the fee assessed under Subsection (a), a fee equal to one-half of the original application fee, rather than original license fee.

(d) Requires TDI, before issuing a duplicate license requested by an adjuster, to set and collect a duplicate license application fee.

SECTION 6. Amends Section 4101.061, Insurance Code, as follows:

Sec. 4101.061. EXPIRATION; RENEWAL. Provides that expiration and renewal of a license issued under this chapter are governed by Chapter 4003 (License Expiration and Renewal), Section 4004.055, rules adopted by the commissioner, and any applicable provision of this code or another insurance law of this state.

SECTION 7. Amends Section 4102.062, Insurance Code, to provide that a license issued under this chapter expires as provided by Chapter 4003, unless suspended or revoked by the commissioner, rather than a license issued under this chapter expires on the second anniversary of the date of issuance unless suspended or revoked by the commissioner.

SECTION 8. Amends Section 4102.064, Insurance Code, as follows:

Sec. 4102.064. RENEWAL OF UNEXPIRED LICENSE. (a) Requires that the completed renewal application be accompanied by:

(1) a renewal application fee, rather than a renewal fee, in the amount determined by the commissioner under Section 4102.066(b) (requiring the amount of the fee for the renewal of a license or a certificate issued under this chapter to be determined by rule by the commissioner); and

(2) Makes no change to this subdivision.

(b) Changes a reference to renewal fee to renewal application fee.

(c) Provides that, on the filing of a completed renewal application, renewal application fee, rather than renewal fee, and, if applicable, evidence of compliance with the continuing education requirements, the original license continues in force until:

(1) Makes a nonsubstantive change in this subdivision;

(2) the license is not renewed under Section 4004.055; or

(3) Creates this subdivision from existing Subdivision (2) and makes no further change.

SECTION 9. Amends Sections 4102.065(a), (b), and (d), Insurance Code, as follows:

(a) Authorizes a person whose license has been expired for 90 days or less to renew the license by:

(1) submitting to TDI:

(A) Makes no change to this paragraph;

(B) evidence of compliance with the continuing education requirements and eligibility for renewal under Section 4004.055; and

(2) paying to TDI the required renewal application fee, rather than renewal fee, and an additional fee that is equal to one-half of the renewal application fee, rather than renewal fee, for the license.

(b) Prohibits a person whose license has been expired for more than 90 days but less than one year, except as provided by Section 4004.055, from renewing the license but entitles the person to a new license without taking the applicable examination if the person submits to TDI:

(1) and (2) Makes no change to these subdivisions;

(3) the license application fee, rather than the license fee; and

(4) an additional fee equal to one-half of the license application fee, rather than the license fee.

(d) Changes a reference to license fee to license application fee.

SECTION 10. (a) Provides that the change in law made by this Act applies only to a license issued or renewed on or after January 1, 2016. Makes application of this Act prospective to January 1, 2016.

(b) Provides that, on January 1, 2016, each license held on that date under Chapter 981, Insurance, and Subtitles A, B, and C, Title 13, Insurance Code, expires as follows:

(1) each license 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;

(2) each license issued to an individual expires, or may be extended to expire, on the individual's birthday in the year after the expiration date of the license with the longest remaining term held by that person on January 1, 2016; and

(3) after a license expires as described by Subdivision (1) or (2) of this subsection, the license renews and expires as provided by Section 4003.001, Insurance Code, as amended by this Act.

(c) Prohibits TDI, to the extent that the term of an existing license is extended under this section, from charging an additional fee or require a renewal application before the renewal date established under this section.

(d) Provides that, except as provided by Subsection (e) of this section, the change in law made by this Act does not change the continuing education requirement for a license issued or renewed on or after the effective date of this Act. Provides that, except as otherwise provided by provisions of this Act, the continuing education requirement for a license issued or renewed before the effective date of this Act is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

(e) Prohibits a licensee from being required to complete additional continuing education hours for a license during any period the license was extended under this section beyond its original expiration date.

(f) Provides that Section 4004.055, Insurance Code, as added by this Act, applies only to completion of continuing education requirements for a license issued or renewed on or after November 1, 2015. Makes application of Section 4004.055, as amended by this Act, prospective to November 1, 2015.

SECTION 11. Effective date: September 1, 2015.