

BILL ANALYSIS

C.S.H.B. 4203
By: Israel
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In response to a yearslong effort from stakeholders to get states to adopt uniform and reciprocal licensing requirements for insurance adjusters, the National Association of Insurance Commissioners (NAIC) adopted a simplified uniform adjuster license application and, through its affiliate, the National Insurance Producer Registry, built an electronic application submission portal that all states could access. To date, nearly all states have enrolled in this electronic licensing process, which simplifies the application process for the states themselves as well as for applicants. Unfortunately, Texas is one of the last remaining states not participating, causing applicants for an insurance adjuster license to have to use a different application process than they can in almost any other state in which they wish to seek licensure. C.S.H.B. 4203 seeks to remedy this issue by requiring that applicants be afforded the option to apply for licensure by electronically submitting the NAIC uniform application form.

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 3 of this bill.

ANALYSIS

C.S.H.B. 4203 amends the Insurance Code to require the commissioner of insurance to allow an individual to submit an application for an insurance adjuster license electronically using the National Association of Insurance Commissioners (NAIC) Uniform Application for Individual Adjuster or Apprentice License/Registration as it existed on May 1, 2021. The bill requires the commissioner to take any action necessary for Texas to participate in and adopt the application procedures of the NAIC national insurance producer registry for the purpose of licensing and license renewal for independent adjusters and requires the commissioner to adopt rules to implement this requirement not later than September 1, 2022.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 4203 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Whereas the original required that the commissioner prescribe the NAIC uniform application as the state's form for use in applying for an insurance adjuster license, the substitute instead requires that the commissioner offer an applicant the option to complete and submit their license application electronically using the NAIC application.

The substitute expands the applicability of the original's provisions to make them applicable to all insurance adjusters, whereas the original applied only with respect to an insurance adjuster who investigates, adjusts, supervises the handling of, or settles workers' compensation claims on behalf of an administrator or an insurance carrier. The substitute revises the bill's caption to reflect this change.

The substitute changes the deadline for the commissioner to adopt rules from December 1, 2022, as in the original, to September 1, 2022.