

BILL ANALYSIS

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By: Madla
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DIGEST AND PURPOSE

Currently, federal laws make significant changes to the delivery of financial services in the Gramm-Leach-Bliley Act, which requires increased uniformity in insurance agent licensing criteria among the various states. As proposed, S.B. 414 revises the insurance agent licensing framework to allow proper implementation of the Gramm-Leach-Bliley Act in Texas.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTIONS 1.01, 1.02, 1.03, 1.05, 1.06, 1.11, 4.05, 6.02 and 6.05 (Section 4, Article 21.01; Sections 1 and 3, Article 21.01–1; Section 1A and 3A, Article 21.01–2, Section 2, Article 21.07; Section 5, Article 21.11; and Sections 2 and 3A, Article 1.14–2, Insurance Code), of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. GENERAL PROVISIONS APPLICABLE TO ALL INSURANCE AGENTS

SECTION 1.01. Amends Article 21.01, Insurance Code as follows:

Article 21.01. New heading: PURPOSE; CONSOLIDATION OF LICENSES; APPLICATION; CERTIFICATE OF AUTHORITY OR LICENSE REQUIRED; RULEMAKING AUTHORITY.

Section 1. PURPOSE. Sets forth legislative purpose.

Section 2. CERTIFICATE OF AUTHORITY OR LICENSE REQUIRED. Provides that it is unlawful for any person to act, as an agent or otherwise, in soliciting or receiving applications for insurance of any kind whatever in this state, or in any manner to aid in the transaction of the business of any insurance company incorporated in this state, or out of it, without first procuring a license or certificate or authority from the Texas Department of Insurance (department), rather than the State Board of Insurance(board).

Section 3. APPLICATION. Provides that except as otherwise provided by this code, this subchapter applies to each person licensed in accordance with certain provisions.

Section 4. RULES. Authorizes the commissioner of insurance (commissioner) to adopt rules as necessary to implement this subchapter and to meet the minimum requirements of federal law and regulations.

SECTION 1.02. Article 21.01–1, Insurance Code, is amended to read as follows:

Article 21.01–1. New heading: AGENTS' QUALIFYING EXAMINATION; CONTINUING EDUCATION REQUIREMENTS FOR AGENTS.

Section 1. EXAMINATION ADMINISTRATION. (a) Authorizes the commissioner, rather

than the board of insurance, to accept examinations administered by a testing service as satisfying the examination requirements of persons seeking license as agents, counselors, or adjusters under this code. Requires the commissioner, prior to negotiating and making any agreement with any testing service authorized hereby, to hold a public hearing in accordance with Chapter 2001 (Administrative Procedure), Government Code, and to adopt such rules and standards as may be deemed appropriate by the commissioner to implement the authority granted in this article. Makes conforming changes.

(b) Makes conforming change.

(c) Requires the department of insurance, in the absence of an agreement with a testing service, to administer any required qualifying examination in accordance with this article. Authorizes the commissioner to adopt rules relating to the scope, type, and conduct of the written examinations and the time and places in this state at which the examinations will be conducted. Authorizes the commissioner's rules to designate textbooks, manuals, and other materials to be studied by applicants in preparation for examinations conducted under this subsection. Authorizes those textbooks, manuals, or other materials to consist of material prepared at the direction of the commissioner and distributed to an applicant on request and on payment of the reasonable cost of the material. Requires all examination questions to be prepared from the contents of the textbooks, manuals, and other materials designated or prepared by the commissioner under this subsection.

(d) Requires the department to notify, if an examination is graded or reviewed by a testing service, each examinee of the results of the examination not later than the 14th day after the date on which the department receives the results from the testing service.

Section 2. EXAMINATION OF LICENSE APPLICANT. (a) Requires each applicant, except as provided otherwise by this code, for a license to act as an insurance agent in this state to submit to a personal written examination that is prescribed by the commissioner and to pass the examination to the satisfaction of the department. Required the examination to determine the applicant's competence with respect to certain issues.

(b) Requires the department to charge each applicant an examination fee in an amount determined by the department as necessary for administration of the examination. Requires the fee to meet certain conditions.

(c) Requires the commissioner to prescribe a limited written licensing examination for applicants for a limited license under Article 21.07-1 or 21.14 of this code. Requires a limited examination to be administered according to the provisions of this article and to determine the applicant's competence and understanding of certain matters.

(d) Prohibits the department from requiring a person to take an examination under this Article under specified circumstances.

(e) Requires that a license to which the exemption authorized under Subsection (d)(9) of this section applies to be held by the applicant in an individual capacity and provides that it is not transferable.

(f) Requires each examination under this article to be offered in English and Spanish.

Section 3. CONTINUING EDUCATION REQUIREMENTS. (a) Provides that the department has exclusive jurisdiction for all matters relating to the continuing education of insurance agents who are licensed under this code.

(b) Requires each individual, except as provided by Subsection (d) of this section, who

holds a license issued by the department to complete continuing education. Requires that all required continuing education hours be completed before the expiration date of the individual's license. Requires an individual who holds a general life, accident, and health license, and life and health insurance counselor license, or general property and casualty license to complete 15 hours of continuing education annually. Prohibits the agent from being required to complete more than 15 continuing education hours annually as a result of holding more than one license for which continuing education is required. Requires an individual who holds a limited life, accident, and health license or a limited property and casualty license to complete five hours of continuing education annually. Requires each individual who holds a license issued by the department to complete four hours of continuing education in ethics during each license renewal period. Requires that at least 50 percent of all required continuing education hours be completed in a classroom setting or a classroom equivalent setting approved by the department. Authorizes the department to accept continuing education hours completed in other professions or in association with professional designations in an insurance-related field.

(c) Authorizes the department, on a timely written request of an agent, to extend the time for the agent to comply with the continuing education requirements of this section or to exempt the agent from some or all of the requirements for a licensing period if the department finds the agent is unable to comply with the requirements because of illness, medical disability, or another extenuating circumstance beyond the control of the agent. Requires the commissioner, by rule, to prescribe the criteria for an exemption or extension under this subsection.

(d) Exempts an individual who has continuously held a license issued under this code from operating as an insurance agent for at least 20 years from the continuing education requirements of this section. Authorizes the commissioner by rule to provide for other reasonable exemptions.

(e) Requires the department to certify continuing education programs for agents. Authorizes only a program that satisfies the criteria established by rule by the commissioner to receive certification. Requires the certification criteria to be designed to ensure that continuing education programs enhance the knowledge, understanding, and professional competence of the license holder. Requires a nonrefundable certification fee, in an amount set by the commissioner as necessary for administering this section, to accompany each application for certification of a continuing education program. Requires the fee to be established by rule and based on a graduated scale according to the number of hours required to complete the program.

(f) Requires that each continuing education program provider register with the department as a course provider. Requires the department to assess a registration fee for each application for registration as a provider, set by the commissioner in an amount necessary for the proper administration of this section. Authorizes the commissioner to adopt rules establishing the requirements for continuing education program providers. Authorizes the department to enter into agreements with independent contractors under which the independent contractors certify and register continuing education programs and providers. Authorizes the department to require those independent contractors to correspond directly with providers with regard to the administration of continuing education programs, and the contractors to collect fees from the providers for administration of the courses. Provides that the department retains the authority to establish the scope and type of continuing education requirements for each type of license.

(g) Authorizes the commissioner to appoint an advisory council to provide the

commissioner with information and assistance in the conduct of the continuing education program for agents licensed under this subchapter. Requires that if an advisory council is appointed, it must be composed of nine members, four of whom must be public members. Provides that a public member is entitled to reimbursement for the member's travel expenses as provided by Chapter 660 (Travel Expenses), Government Code, and the General Appropriations Act. Prohibits a public member from meeting certain requirements.

SECTION 1.03. Amends Section 2, Article 21.01–2, Insurance Code, for redesignation as Section 1A, Article 21.01–2, Insurance Code, as follows:

Section 1A. New heading: EXPIRATION AND RENEWAL OF LICENSES. (a) Provides that except as provided by a staggered renewal system adopted under Subsection (j) of this section, each agent license issued by the department expires on the second anniversary of the date of issuance unless suspended or revoked by the commissioner. Authorizes the commissioner, by rule, to change the two-year expiration period if the commissioner finds that the change is necessary to promote a uniform license period among this state and the other states. Authorizes a person to renew a license that has not expired or has not been suspended or revoked, rather than an unexpired license, by filing a properly completed renewal application with the department in the form prescribed by the department and paying to the department in the form prescribed by the department and paying to the department before the expiration date of the license the required renewal fee.

(b) Provides that on the filing of a completed renewal application not later than the expiration date of the license accompanied by the renewal fee set by the commissioner, the original continues in force until, the department issues the license renewal or the commissioner issues an order revoking the license.

(c) Authorizes, if a person's license has been expired for 90 days or less, the person can renew the license by filing a renewal application with the department in the form prescribed by the department and paying to the department the required renewal fee and an additional fee that is equal to one-half of the renewal, rather than license, fee for the license.

(d) Prohibits a person from renewing the license, if a person's license has been expired for more than 90 days but less than one year, but entitles the person to a new license without taking the applicable examination if the person submits to the department a new application, the license fee, and an additional fee equal to one-half of the license fee.

(e) Prohibits a person from renewing a license, if the person's license has been expired for one year or more, rather than 90 days.

(f) Authorizes the department to renew without reexamination an expired license of a person who was licensed in this state, and is currently licensed and has been in continual practice in the other state preceding, rather than for the two preceding years, the date of the application.

(g) Requires a nonresident or resident agent licensed in this state, not later than the 30th day after moving from one state to another state, to file with the department certain information.

(h) Prohibits the department from charging a fee or requiring a license application under subsection (g) of this section.

(i) Specifies that notice of impending license expiration will be sent to the person's last known mailing address.

(j) Requires that for the licensing period in which the license expiration is changed, license fees

to be prorated so that each license holder is required to pay only that portion of the license fee that is allocable to the period during which the license is valid. Deletes language regarding number of months.

SECTION 1.04. Amends Article 21.01–2, Insurance Code, by adding Section 2A as follows:

Section 2A. PROHIBITED ACTIVITIES. (a) Prohibits a person licensed under this code who receives a commission or other consideration for services as an insurance agent from receiving an additional fee for those services provided to the same client except for a fee described by Article 21.35A or 21.35B of this code.

(b) Prohibits an insurer or licensed agent engaged in the business of insurance in this state from paying, directly or indirectly, and from accepting any commission or other valuable consideration to or from any person for services performed by that person as an insurance agent in this state unless the person holds a license to act as an insurance agent as required by the laws of this state. Provides that this subsection does not prevent the payment or receipt of renewal or other deferred commissions to or by any person solely because the person has ceased to hold a license to act as an insurance agent.

(c) Prohibits an insurance agent licensed under this code from paying, allowing or giving, or offering to pay, allowing or giving directly or indirectly to any person who is not a licensed insurance agent any rebate or premiums payable, commission, paid employment, or contract for service, or any other valuable consideration or inducement, that is not specified in the policy or contract of insurance for or on account of the solicitation or negotiation of contracts of insurance.

(d) Provides that in addition to any other penalty imposed under this code, a person who is determined by the department to have committed conduct described by this subsection is barred from receiving a license as an insurance agent before the fifth anniversary of the date of the determination. Provides that this subsection applies to a person who commits certain acts.

(e) Prohibits a person who has an insurance license revoked in this state or any other state from soliciting or otherwise transacting business under Chapter 10 of this code unless it is determined by the department to be in the public interest, for good cause shown, to allow the person to act in that capacity.

(f) Prohibits a person who has had an insurance license revoked in this state or any other state from acting as an officer, director, member, manager, or partner, or as a shareholder with a controlling interest, on an entity licensed under this subchapter unless it is determined by the department to be in the public interest, for good cause shown, to allow the person to act in that capacity.

(g) Prohibits a property and casualty agent from knowingly granting, writing, or permitting a greater amount of insurance against loss by fire than the reasonable value of the subject of the insurance.

(h) Prohibits an insurance agent licensed under this code from paying, allowing, or giving, or offering to pay, allow, or give, directly or indirectly, to a person who is not a licensed insurance agent, a fee or other valuable consideration for the referral of a customer who seeks to purchase, or seeks an opinion on or advice regarding an insurance product, based on the purchase of insurance by that customer.

(i) Provides that this section does not apply to a person who is licensed under or holds

a certificate of authority issued under Chapter 9 or this code.

SECTION 1.05. Amends Section 5, Article 21.01–2, Insurance Code, by amending and redesignating it as Section 3A, Article 21.01–2, Insurance Code, as follows:

Section 3A. New heading: DENIAL OR REFUSAL OF LICENSE APPLICATION; SUSPENSION OR REVOCATION OF LICENSES; DISCIPLINE OF LICENSE HOLDERS. (a) Authorizes the department, in addition to any other remedy available under Chapter 82 of this code, to refuse to issue an original license, revoke, suspend, or refuse to renew a license, place on probation a person whose license has been suspended, assess an administrative penalty, or reprimand a license holder for a violation of this code, another insurance law of this state, or a rule of the commissioner. Deletes language regarding the board.

(b) Provides that if the department proposes to refuse to issue an original license, or to suspend, revoke, or refuse to renew a license, the person affected is entitled to a hearing conducted by the State Office of Administrative Hearing in accordance with Chapter 40, rather than Article 1.33B, of this code.

(c) Authorizes the department to discipline a license holder of deny a license application under this article if the department determines that the applicant or license holder, individually or through any officer, director or shareholder has performed certain actions or omissions.

(d) Prohibits an individual whose license application is denied or whose license has been revoked under this article from applying for any license as an insurance agent before the fifth anniversary of certain dates.

(e) Authorizes the commissioner to deny a timely application filed under Subsection (d) of this section if the applicant does not show good cause why the denial or revocation of the previous license application or license should not be considered a bar to the issuance of a new license. Provides that this subsection does not apply to an applicant whose license application was denied for failure to pass a required written examination or submit a properly completed license application.

(f) Authorizes the department, instead of or in addition to taking disciplinary action under this section, to order a license holder who is currently afflicted with a disability to be placed on disability probation under the terms and conditions specified under Article 21.15–6 of this code and department rules.

(g) Authorizes the department to institute a disciplinary action proceeding against a license holder for conduct that the license holder committed before the effective date of a voluntary surrender or automatic forfeiture of the license. Provides that in the proceeding, the fact that the license holder has surrendered or forfeited the license does not affect the license holder's culpability for that conduct.

(h) Provides that Subsections (c)-(f) of this section do not apply to a person who is licensed under or holds a certificate of authority issued under Chapter 9 of this code. Deletes language regarding license revocation.

SECTION 1.06. Amends Article 21.01–2, Insurance Code, by adding Sections 4A, 5A, and 6A as follows:

Section 4A. JUDICIAL REVIEW. Authorizes a license applicant or license holder to appeal as provided by Chapter 36 of this code if certain conditions are met.

Section 5A. AUTOMATIC FINES. (a) Authorizes the commissioner, to expedite the department's processing of certain violations of this code, to establish by rule monetary fines for certain violations. Provides that violations for which the fines to be assessed include certain failures.

Section 6A. ENFORCEMENT OF SUBCHAPTER. Authorizes the attorney general, a district or county attorney, or the department acting through the commissioner to institute an injunction proceeding or any other proceeding to enforce this subchapter and to enjoin any person, firm, corporation or depository institution from engaging or attempting to engage in the business of insurance in violation of this code or any other insurance law of this state. Provides that the provisions of this section are cumulative of the other penalties or remedies provided by this article.

SECTION 1.07. Amends Article 21.02, Insurance Code, as follows:

Article 21.02. (b) Provides that the referral by an unlicensed person of a customer or potential customer to a licensed insurance agent is not an act of an agent under this article, unless the unlicensed person discusses insurance policy terms or conditions with the customer or potential customer. Makes a conforming change.

SECTION 1.08. Amends Article 21.04, Insurance Code, as follows:

Article 21.04. New heading: LICENSE HOLDER DEEMED COMPANY'S AGENT.

SECTION 1.09. Amends Section 1, Article 21.07, Insurance Code, as follows:

Section 1. New heading: APPLICABILITY OF ARTICLE. (a) Prohibits any person from acting as an agent of any insurance company, health maintenance organization, or other type of insurance carrier licensed to do business in the State of Texas and which insurance carrier's agents are required to be licensed under the provisions of this code, unless that person is required to have first procured a license from the department as provided by this subchapter, and prohibits any such insurance carrier from appointing any person to act as its agent unless such person has obtained a license under the provisions of this subchapter, prohibits any such person who obtains a license from engaging in business as an agent until that person has been appointed to act as an agent by some duly authorized insurance carrier designated by the provisions of this code and authorized to do business in the State of Texas. Deletes language regarding corporations and other business types desiring to act as an agent of any insurance carrier. Makes conforming changes.

(b) Provides that this subchapter does not apply to certain employees, attorneys, businesses and companies. Deletes language regarding directly or indirectly paying of commissions. Deletes language regarding license revocation.

SECTION 1.10. Amends Section 1A, Article 21.07, Insurance Code, as follows:

Section 1A. DEFINITIONS. Defines, "agent," "depository institution," "control," "corporation," "individual," "insurance company," "subagent," "partnership," and "person,"

SECTION 1.11. Amends Section 2, Article 21.07, Insurance Code as follows:

Section 2. APPLICATION FOR LICENSE; TO WHOM LICENSE MAY BE ISSUED. (a) Requires that any person that desires to become an agent for an insurance company or health maintenance organization, the agents of which are to be licensed under this subchapter, submit to the department an application for a license in the form required by the department. Deletes language regarding certain forms of companies. Deletes language regarding certain

corporations, banks, and other companies.

(b) Requires that each applicant for a license to act as an insurance agent in this state file with the department a completed application in the format prescribed by the department. Requires the commissioner to establish by rule the requirements for a properly completed application.

(c) Prohibits the department from granting a license as an insurance agent to write any form of insurance unless the department finds certain factors.

(d) Provides that this section does not prohibit an applicant from insuring property that the applicant owns or in which the applicant has an interest, but it is the intent of this section to prohibit coercion of insurance and to preserve to each individual the right to choose that individual's own agent or insurance company, and to prohibit the licensing of a person to engage in the insurance business principally to handle business that the applicant controls only through ownership, mortgage or sale, family relationship, or employment. Requires an applicant for an original license to have a bona fide intention to engage in business in which, in any calendar year, at least 25 percent of the total volume of premiums is derived from persons other than the applicant and from property other than that on which the applicant controls the placing of insurance through ownership, mortgage, sale, family relationship, or employment.

(e) Prohibits the department from denying a license application solely on the ground that the applicant will act only part-time as an agent.

(f) Requires the department to issue a license to an individual to engage in the business of insurance if the department finds that the individual meets certain requirements. Deletes language regarding signed endorsement.

(g) Authorizes an individual engaging in the business of insurance as a sole proprietorship under the authority of a license issued under this subchapter to incorporate, but provides that the corporation does not have greater license authority than that granted to the license holder in the holder's individual capacity.

(h) Requires each individual license holder to notify the department on a monthly basis of certain matters.

(i) Requires the department to issue a license to a corporation or partnership if the department finds that the corporation or partnership meets certain requirements. Deletes language regarding the Texas Business Corporation Act, individual license requirements, and a deposit of cash or securities.

(j) Requires that nothing contained in this section be construed to permit any unlicensed employee or agent of any corporation or partnership to perform any act of an agent under this subchapter without obtaining a license.

(k) Requires that each corporation or partnership licensed as an agent under this subchapter file, under oath, on a form developed by the department, biographical information for each of its executive officers and directors or unlicensed partners who administer the entity's operations in this state, and shareholders who are in control of the corporation, or any other partners who have the right or ability to control the partnership. Requires that if any corporation or partnership is owned, in whole or in part, by another entity, a biographical form for each individual who is in control of the parent entity be given. Deletes language regarding maintaining the qualifications to obtain a license, an unlicensed person acquiring shares in a corporation, and redeeming

powers of a shareholder.

(l) Requires that each corporation or partnership notify the department not later than the 30th day after the date of certain circumstances.

(m) Requires the department to issue a license to a depository institution in the manner provided for the licensing of a corporation under this section.

(n) Prohibits a person from acquiring in any manner any ownership interest in an entity licensed as an agent under this subchapter if the person is, or after the acquisition would be, directly or indirectly, in control of the license holder, or otherwise acquire control of or exercise any control over the license holder, unless the person has filed certain information with the department under oath.

(o) Authorizes the commissioner, if a person required to file a statement under Subsection (n) of this section is a partnership, limited partnership, syndicate, or other group, to require that the information required by subdivisions (1)-(4) of that subsection for an individual be provided regarding each partner of the partnership or limited partnership, each member of the syndicate or group, and each person who controls the partner or member. Authorizes the commissioner to require, if the partner, member, or a person is a corporation or the person required to file the statement under Subsection (n) of this section is a corporation, that the information required by Subdivisions (1)-(4) of that subsection be provided regarding certain entities or individuals.

(p) Authorizes the department to disapprove an acquisition of control if, after notice and opportunity for hearing, the commissioner determines certain effects would take place.

(q) Provides that notwithstanding Subsection (o) of this section, a change in control is considered approved if the department has not proposed to deny the requested change before the 61st day after the date of receipt by the department of all information required by this section.

(r) Provides that the commissioner is the corporation's or partnership's agent for service of process in the manner provided by Section 3, Article 1.36, of this code in a legal proceeding against the corporation or partnership if certain conditions are met.

(s) Requires the department to revoke, if a license holder does not maintain the qualifications necessary to obtain the license, or suspend the license or deny the renewal of the license under Article 21.01-2 of this code.

(t) Requires a person licensed under this subchapter to maintain all insurance records, including all records relating to customer complaints, separate from the records of any other business in which the person may be engaged.

(u) Requires that a subagent be licensed to write each type of insurance that the subagent is employed to write, but the subagent is not required to hold each type of license issued to the agent for whom the subagent acts. Deletes language regarding corporate ownership of an insurance license and conditions under which the department is required to issue a license to a bank.

SECTION 1.12. Amends Article 21.07, Insurance Code, by adding Section 3A, as follows:

Section 3A. TEMPORARY LICENSE. Authorizes the department to issue temporary licenses and sets forth conditions for their issuance, renewal, usage, cancellation, suspension or

revocation, applicants training, approval of training programs, and license examination.

SECTION 1.13. Amends Section 6, Article 21.07, Insurance Code, as follows:

Section 6. New Heading: **FILING OF ADDITIONAL APPOINTMENTS**. (a) authorizes, except as specifically prohibited by another provision of this code, an agent licensed under this subchapter to represent and act as an agent for more than one insurance carrier at any time while the agent's license is in force, if the agent so desires. Requires any such agent and the insurance carrier involved to notify the department, in a form prescribed by the department, of any additional appointment authorizing the agent to act as agent for an additional insurance carrier or carriers not later than the 30th day after the effective date of the appointment. Requires the filing to include a nonrefundable fee in an amount determined by the commissioner for each additional appointment for which the insurance carrier applies. Deletes language regarding certificates of appointment.

(b) Requires that if the agent is terminated for cause, the insurance carrier to follow the procedures established under Section 6B of this Article.

(c) Authorizes an agent appointed under this section to act on behalf of the appointing carrier before the department receives the filing made under this section.

(d) Requires that if a general life, accident, and health agent or general property and casualty agent who has been appointed by an insurance carrier authorized to engage in the business of insurance in this state appoints a subagent, the general agent should notify the department about the appointment in writing on a form prescribed by the department. Requires the notice to be accompanied by a nonrefundable fee in an amount determined by the commissioner.

(e) Provides that an insurance carrier is not required to separately appoint a subagent who has been designated in writing to the department as a subagent by an agent.

(f) Requires that if an agent terminates a subagent for any reason other than for cause, the agent is to promptly report the termination to the department. Provides that the termination ends the subagent's authority to act for the licensed agent or the insurance carrier for whom the agent is acting. Provides that if the subagent is terminated for cause, Section 6B of this article applies.

SECTION 1.14. Amends Article 21.07, Insurance Code, by adding Sections 6B and 6C, as follows:

Section 6B. **INSURANCE CARRIER TO NOTIFY DEPARTMENT OF TERMINATION OF CONTRACT FOR CAUSE; COMMUNICATION PRIVILEGED**. (a) Requires that each insurance carrier or agent, on termination of the appointment of an agent for cause, immediately file with the department a statement of the facts relating to the termination of the appointment and the date and cause of the termination. Requires that on receipt of the statement, the department records the termination of the appointment of that agent to represent the insurance carrier in this state.

(b) Provides that a document, record, statement, or other information required to be disclosed to the department under this section is a privileged and confidential communication and is not admissible in evidence in any court action or proceeding except under a subpoena issued by a court of record.

(c) Provides that an insurance agent, insurance carrier, an employee or agent of the carrier, or any other person, acting without malice, is not liable for providing the

information required to be disclosed under this section.

Section 6C. FEES; USE OF FUNDS. (a) Requires the department to collect from each agent of an insurance carrier writing insurance in this state under this code a nonrefundable license fee and a nonrefundable appointment fee for each appointment by an insurance carrier. Requires that these fees, together with examination fees, license fees, and license renewal fees to be deposited to the credit of the department's operating fund.

(b) Authorizes the department to use any portion of the fees collected to enforce this subchapter, to employ persons as it considers necessary to investigate and make reports regarding alleged violations of this code and misconduct on the part of agents, and to pay the salaries and expenses of those persons and office employees and other expenses necessary to enforce this subchapter from the fees collected. Authorizes a person employed by the department under this section to administer the oath and examine under oath any person considered necessary in gathering information and evidence and to have that information and evidence reduced to writing if considered necessary, and requires all related expenses to be paid from the fees.

(c) Requires the department to set the fees in amounts reasonable and necessary to implement this subchapter.

ARTICLE 2. LIFE, ACCIDENT AND HEALTH LICENSES

SECTION 2.01. Amends Chapter 21A, Insurance Code, by adding Article 21.07-1, as follows:

Article 21.07-1. TEXAS LIFE, ACCIDENT, AND HEALTH AGENTS LICENSE ACT.

Section 1. SHORT TITLE; APPLICATION. (a) Authorizes this article to be cited as the Texas Life, Accident, and Health Agents License Act.

(b) Provides that each agent of an insurance company authorized to provide life, accident, and health insurance coverage in this state is subject to this article. Provides that this article applies to each person who meets certain criteria.

Section 2. GENERAL LIFE, ACCIDENT, AND HEALTH LICENSE; LICENSE REQUIRED. (a) Provides that a general life, accident, and health license is required for each person who acts as a certain enumerated agent.

(b) Defines for the purposes of this section a "combination company". Requires that a general life, accident and health license for each person who acts as a combination life insurance agent for a combination company. Authorizes a combination company and a combination life insurance agent to write ordinary contracts of life insurance.

Section 3. AUTHORITY TO WRITE ADDITIONAL PRODUCT LINES. Authorizes a person who holds a general life, accident, and health license issued under the requirements of this subchapter, without obtaining an additional license, to write additional types of insurance contracts as provided under certain sections.

Section 4. LIMITED LIFE, ACCIDENT, AND HEALTH LICENSE. (a) Requires an agent to hold a limited life, accident, and health license if the agent writes certain types of insurance.

(b) Authorizes a person who holds a limited life, accident, and health license issued under this section to write only the types of insurance products designated on the license by the department.

(c) Provides that an applicant for a limited life, accident, and health license is eligible for a temporary license under Section 3A, Article 21.07, of this code.

Section 5. FUNERAL PREARRANGEMENT LIFE INSURANCE AGENT. (a) Defines “funeral prearrangement life insurance agent.”

(b) Requires the department to issue a license to act as a funeral prearrangement life insurance agent to an individual after receiving certification from an insurance company authorized to write life insurance and annuities in this state that the applicant has completed a course of study and instruction on life insurance and fixed annuities for applicants offered by the insurance company and passed without aid a written examination administered by the insurance company. Requires the course of study and instruction to include at least a five-hour course and include instruction on the policies to be sold and the laws relating to funeral prearrangement.

(c) Requires the commissioner to authorize an insurance company to administer a funeral prearrangement life insurance agent examination as provided by Subsection (b) of this section after approval by the commissioner of a complete outline and explanation of the course of study and instruction and the nature and manner of conducting the examination for applicants. Requires the commissioner to prescribe a uniform examination for applicants that fairly addresses the information contained in the approved course of study and instruction.

(d) Authorizes the commissioner to investigate as necessary the manner of instruction and the examination administered by an insurance company under this section. Authorizes the commissioner to withdraw from an insurance company the authority under this section to offer instruction and administer an examination.

(e) Prohibits a funeral prearrangement life insurance agent licensed under this section from doing certain things.

(f) Provides that a license issued under this section to act as an agent for an insurance company is canceled when the license holder ceases to act as an agent for an insurance company. Requires that, not later than the 15th day after the date on which the license holder ceases to act as an agent for an insurance company, the insurance company or agent send written notification to the department.

(g) Provides that except as specifically provided by this section, the provisions of this subchapter that apply to a limited license apply to a license issued under this section.

Section 6. LIFE INSURANCE NOT EXCEEDING \$15,000. (a) Requires the department to issue a license to act as an agent to an individual who writes only life insurance not to exceed \$15,000 on any one life after receiving certification from certain entities, that the applicant has completed a course of study and instruction on life insurance and fixed annuities offered by the insurer and passed without aid a written examination administered by the insurer. Requires the course of study and instruction to be at least a five-hour course and include instruction on certain issues.

(b) Requires the commissioner to authorize an insurer described by Subsection (a) of this section to administer an agent examination as provided by Subsection (a) of this section after approval by the commissioner of a complete outline and explanation of the course of study and instruction and the nature and manner of conducting the examination for applicants. Requires the commissioner to prescribe a uniform examination for applicants that fairly addresses the information contained in the approved course of study and instruction.

(c) Authorizes the commissioner to investigate as necessary the manner of instruction and the examination administered by an insurer under this section. Authorizes the commissioner to withdraw from an insurer the authority under this section to offer instruction and administer an examination.

(d) Prohibits an insurance agent licensed under this section from writing any coverage or combination of coverages with an initial guaranteed death benefit that exceeds \$15,000 on any life.

(e) Provides that this section does not apply to an agent who wrote policies that generated, in the aggregate, less than \$20,000 in direct premium in the previous calendar year.

(f) Provides that except as specifically provided by this section, the provisions of this subchapter that apply to a limited license apply to a license issued under this section.

ARTICLE 3. PROPERTY AND CASUALTY LICENSES

SECTION 3.01. Amends Article 21.14, Insurance Code, as follows:

Article 21.14. TEXAS PROPERTY AND CASUALTY AGENTS LICENSE ACT.

Section 1. SHORT TITLE; APPLICATION. (a) Authorizes this article to be cited as the Texas Property and Casualty Agents License Act.

(b) Provides that each agent of an insurance company in this state is subject to this article. Provides that this article applies to each person who performs the acts of an agent, as defined by Article 21.02 of this code, whether through oral, written, or electronic communications or otherwise, by the solicitation of negotiation for, procurement of, or collection of premiums on an insurance contract offered by any type of insurance carrier authorized to sell property and casualty insurance products in this state, including certain companies.

Section 2. GENERAL PROPERTY AND CASUALTY LICENSE; LICENSE REQUIRED. Provides that a general property and casualty license is required for each person who acts as a certain agent.

Section 3. AUTHORITY TO WRITE ADDITIONAL PRODUCT LINES. Authorizes a person who holds a general property and casualty license issued under this subchapter to write additional types of insurance contracts as provided under Section 6 and 9 of this article, or Article 21.09 of this code.

Section 4. AUTHORITY TO WRITE ACCIDENT AND HEALTH INSURANCE. Authorizes a person who holds a general property and casualty license issued under this subchapter to write health and accident insurance for a property and casualty insurer authorized to sell those insurance products in this state without holding a license issued under Article 21.07-1 of this code.

Section 5. EMERGENCY LICENSE WITHOUT EXAMINATION. Authorizes the department, in the event of the death or disability of a property and casualty agent or if a property and casualty agent is found to be insolvent and unable to pay for premiums as they become due to an insurer, to issue to an applicant for a property and casualty license an emergency property and casualty license without examination if it is established to the

satisfaction of the department that the emergency license is necessary for the preservation of the agency assets of a deceased, disabled, or insolvent property and casualty agent. Provides that an emergency license is valid for 90 days in any 12 consecutive months and authorizes it to be renewed by the department for an additional 90 days during the 12-month period if the other requirements of this subchapter are met.

Section 6. LIMITED PROPERTY AND CASUALTY LICENSE. (a) Requires a limited property and casualty license for each person who desires to act as an agent writing certain types of insurance.

(b) Provides that Subsection (a)(2) of this section applies to a production credit association or bank for a cooperative, as provided under the farm credit system under 12 U.S.C. 2001 et seq. (Congressional Declaration of Policy and Objectives), as amended.

(c) Authorizes a person who holds a limited property and casualty license under this subchapter to write only the types of insurance products designated on the license by the department.

(d) Provides that this policy does not apply to a person who wrote certain policy types.

Section 7. FULL-TIME HOME OFFICE EMPLOYEES: MANDATORY REGISTRATION, CONTINUING EDUCATION REQUIREMENTS, AND NOTIFICATIONS TO CONSUMERS; DISCIPLINARY ACTIONS. (a) Requires that each actual full-time home office salaried employee of an insurance carrier licensed to do business in this state who solicits or receives an application for the sale of insurance through oral, written, or electronic communication register with the department.

(b) Requires an insurance carrier to do business in this state whose general plan or operation includes the use of employees described by Subsection (a) of this section to certify to the department that each of those employees receives at least 15 hours of continuing education annually. Requires that each continuing education course provided by the insurance carrier be submitted to the department for approval as provided by Section 3, Article 21.01–1, of this code. Requires a person registered under this section to comply with the continuing education requirements adopted under Section 3, Article 21.01–1, of this code, as if the person were a licensed agent. Requires the education to give the employee certain skills and knowledge.

(c) Requires the registration of an actual full-time home office salaried employee to be suspended and the employer insurance carrier to be disciplined for any act for which an agent is authorized to be disciplined under Article 21.01–2 of this code.

(d) Requires that each registrant under this section disclose the fact of the registration when making an oral, written, or electronic communication to solicit or review an application for the sale of insurance.

(e) Requires that each person who registers under this section submit a nonrefundable registration fee in an amount determined by the department.

Section 8. INSURANCE SERVICE REPRESENTATIVE LICENSE. (a) Provides that an insurance service representative license is required for each person who is employed on a salaried basis to perform assigned duties only in the office of a property and casualty agent, including explaining coverage, describing an insurance product, quoting insurance premium rates, and issuing insurance binders only with the express approval of the property and casualty

agent who supervises the insurance service representative.

(b) Provides that the provisions of this subchapter that apply to a general license apply to a license issued under this section, except that proof of financial responsibility is not required of a person licensed only as an insurance service representative.

Section 9. COUNTY MUTUAL AGENT LICENSE. (a) Requires the department to issue a license to act as an agent for a county mutual insurance company under Chapter 17 of this code to an individual applicant after receiving certification from the insurance company that the applicant has completed certain requirements.

(b) Requires that the course completed under Subsection (a) of this section to be at least a five-hour course and include instruction of certain policies and laws.

(c) Requires the commissioner to authorize a county mutual insurance company to administer an agent examination as provided by Subsection (a) of this section after approval by the commissioner of a complete outline and explanation of the course of study and instruction and the nature and manner of conducting the examination for applicants. Requires the commissioner to prescribe a uniform examination for applicants that fairly addresses the information contained in the approved course of study and instruction.

(d) Authorizes the department to investigate as necessary the manner of instruction and the examination administered by an insurance company under this section. Authorizes the department to withdraw from an insurance company the authority under this section to offer instruction and administer an examination.

(e) Provides that except as specifically provided by this section, the provisions of the subchapter that apply to a limited license apply to a license issued under this section. Deletes language regarding licensing of certain agents.

Deletions of existing Sections:

Deletes existing Section 1 (CLASSES OF AGENTS).

Deletes existing Section 2 (DEFINITIONS; CERTAIN ORDERS, SOCIETIES OR ASSOCIATIONS NOT AFFECTED).

Deletes existing Section 3 (APPLICATION FOR LICENSE; TO WHOM LICENSE MAY BE ISSUED).

Deletes existing Section 3a (PERSONS OTHER THAN LICENSED LOCAL RECORDING AGENTS WHO MAY SHARE IN PROFITS OF LOCAL RECORDING AGENT).

Deletes existing Section 4 (ACTING WITHOUT A LICENSE FORBIDDEN).

Deletes existing Section 5 (ACTIVE AGENTS OR SOLICITORS ONLY TO BE LICENSED).

Deletes existing Section 5a (REQUIREMENTS AS TO KNOWLEDGE OR INSTRUCTION FOR LOCAL RECORDING AGENT'S LICENSE).

Deletes existing Section 5b (CONTINUING EDUCATION).

Deletes existing Section 5c (ADVISORY COUNCIL).

Deletes existing Section 5d (JURISDICTION FOR CONTINUING EDUCATION).

Deletes existing Section 6 (EXAMINATION REQUIRED; EXCEPTIONS).

Deletes existing Section 6a (DEATH, DISABILITY OR INSOLVENCY; EMERGENCY LICENSE WITHOUT EXAMINATION).

Deletes existing Section 7 (CONDUCT OF EXAMINATIONS; NOTICE; MANUAL OF QUESTIONS AND ANSWERS).

Deletes existing Section 8 (EXPIRATION OF LICENSE; RENEWAL).

Deletes existing Section 9 (FEES PAYABLE BEFORE EXAMINATION).

Deletes existing Section 10 (RENEWAL FEES).

Deletes existing Section 11 (ISSUANCE OF LICENSE).

Deletes existing Section 12 (NOTICE TO COMMISSIONER OF INSURANCE OF APPOINTMENT OF LOCAL RECORDING AGENT BY INSURANCE COMPANY).

Deletes existing Section 13 (APPLICATION FOR SOLICITOR'S LICENSE).

Deletes existing Section 14 (NOTICE TO INSURANCE COMMISSIONERS OF SOLICITOR'S APPOINTMENT, AUTHORITY TO SOLICIT).

Deletes existing Section 15 (FIRE INSURANCE IN EXCESS OF VALUE, WRITING OF FORBIDDEN).

Deletes existing Section 16 (SUSPENSION OR REVOCATION OF LICENSE).

Deletes existing Section 18 (APPEAL).

Deletes existing Section 20 (LIFE, HEALTH AND ACCIDENT INSURANCE, INAPPLICABLE TO OTHER EXCEPTIONS).

Deletes existing Section 20a (FULL TIME HOME OFFICE SOLICITORS: MANDATORY REGISTRATION, CONTINUING EDUCATION, AND NOTIFICATION TO CONSUMERS; DISCIPLINARY ACTIONS).

Deletes existing Section 21 (FEES, DISPOSITION OF; APPROPRIATIONS).

Deletes existing Section 22 (REBATES OR INDUCEMENTS FORBIDDEN).

Deletes existing Section 23 (REPEAL; LAWS NOT IN CONFLICT NOT AFFECTED; ACT CUMULATIVE).

Deletes existing Section 24 (VIOLATION OF ACT).

Deletes existing Section 25 (ENFORCEMENT OF ARTICLE).

Deletes existing Section 26 (ADMINISTRATION OF ARTICLE).

Deletes existing Section 27 (RULES).

ARTICLE 4. NONRESIDENT AGENT LICENSE

SECTION 4.01. Amends Section 1, Article 21.11, Insurance Code, as follows:

Section 1. NONRESIDENT AGENT LICENSE. (a) Requires the department to license a person who is not a resident of this state to act as a nonresident agent if certain requirements are met. Makes a conforming change.

(b) Authorizes the commissioner to enter into an agreement with the appropriate official of another state as necessary to implement the reciprocal licensing of nonresident agents. Deletes language regarding Article 21.14. Makes a conforming change.

(c) Authorizes the department to waive any license requirements for an applicant with a valid license from another state of jurisdiction if certain requirements are met. Makes a conforming change.

(d) Provides that the commissioner is the agent for service of process in the manner provided by Section 3, Article 1.36, of this code in a legal proceeding against a nonresident agent licensed to transact business in this state if certain conditions are met.

(e) Requires an applicant for a nonresident agent's license from this state who does not hold an insurance agent's license in the applicant's state of residence, through the law enforcement agency of the state of residence, to submit a copy of the applicant's criminal history records to the department. Requires the department to use criminal history records to determine eligibility for issuance of a license in accordance with this subchapter and other laws of this state.

SECTION 4.02. Amends Article 21.11, 2(a) and (b), Insurance Code, as follows:

(a) Provides that except as otherwise specifically provided by this code, a license issued under this article to an individual who is not a resident of this state grants the same rights and privileges afforded to a resident license holder. Makes a conforming change.

(b) Provides that a person who holds a license issued under this article and who is in compliance with the continuing education requirements of the person's home state of residence is exempt from the continuing education requirements imposed under Article 21.01–1 of this code. Deletes language regarding certain business activities.

SECTION 4.03. Amends Section 2(c), Article 21.11, Insurance Code, as follows:

(c) Requires a person licensed as a nonresident agent in this state who does not hold an insurance agent's license in the person's state of residence to comply with the continuing education requirements imposed under Article 21.01–1 of this code. Deletes language regarding imposition of requirements and restrictions.

SECTION 4.04. Amends Section 3, Article 21.11, Insurance Code, as follows:

Section 3. LIMITATIONS. (a) Authorizes the department to issue a reciprocal nonresident license to an applicant if the authority granted by the license issued by the applicant's state of residence is generally comparable to the authority granted by a license issued by this state.

Deletes language regarding certain holders of licenses.

(b) Prohibits a nonresident agent licensed under the reciprocal licensing provisions of this code from engaging in a line of insurance business in this state for which the agent is not authorized in the agent's state of residence. Deletes language regarding license revocation.

(c) Provides that this subchapter applies to licensing of a nonresident agent under this article.

SECTION 4.05. Amends Sections 4 and 5, Article 21.11, Insurance Code, as follows:

Section 4. Makes a conforming change.

Section 5. Authorizes the commissioner to adopt rules as necessary to implement the article and to meet the minimum requirements of federal law and regulations.

ARTICLE 5. ADJUSTER LICENSE

SECTION 5.01. Amends Sections 1(a) and (b), Chapter 407, Acts of the 63rd Legislature, Regular Session, 1973 (Article 21.07–4, V.T.I.C.), as follows:

(a) Redefines “adjuster”.

ARTICLE 6. SURPLUS LINES

SECTION 6.01. Amends Section 2(a)(1), Article 1.14–2, Insurance Code, as follows:

(1) Redefines “surplus lines agent.”

SECTION 6.02. Amends Section 2(a)(2), Article 1.14–2, Insurance Code, as follows:

(2) Requires a surplus lines agent as a condition of being licensed as a surplus lines agent and as a condition of continuing to be licensed as a surplus lines agent, to offer the proof of financial responsibility in respect of transactions with insureds under policies of surplus lines insurance as required by reasonable rules of the commissioner. Deletes language regarding solvency.

SECTION 6.03. Amends Section 2(a)(3), Article 1.14–2, Insurance Code, as follows:

(3) Requires any surplus lines license granted to an agency authorized under the Managing General Agent's Licensing Act (Article 21.07–3, V.T.I.C.), but not licensed under Article 21.14 of this code, to be limited to the acceptance of business originating through a regularly licensed general property and casualty agent and prohibits the surplus lines agency from transacting business directly with the applicant for insurance.

SECTION 6.04. Amends Section 3(a), Article 1.14–2, Insurance Code, to make a conforming change.

SECTION 6.05. Amends Section 3A, Article 1.14–2, Insurance Code, as follows:

Section 3A. New heading: **AUTHORITY OF COMMISSIONER.** (a) Authorizes the commissioner to adopt rules necessary to implement this article or satisfy requirements under federal law or regulations.

(b) Makes a conforming change.

SECTION 6.06. Amends Section 4(b), Article 1.14–2, Insurance Code, as follows:

(b) Authorizes the department, to issue a surplus lines license to an applicant if the applicant submits a properly completed license application and an application fee as determined by the department and the department determines that the applicant is an individual or form of business who meets certain requirements. Deletes language regarding passing an examination.

SECTION 6.07. Amends Section 4(c), Article 1.14–2, Insurance Code, as follows:

(c) Provides that in addition to the requirements of this article, the administration and regulation of a surplus lines agent's license is governed by Subchapter A, Chapter 21, of this code, except that Article 21.07 of this code does not apply to a license issued under this article. Deletes language regarding staggered renewal of licenses.

SECTION 6.08. Amends Section 4(d), Article 1.14–2, Insurance Code, as follows:

(d) Authorizes the department, if a license holder does not maintain the qualifications necessary to obtain the license, to revoke or suspend the license or deny the renewal of that license in accordance with Article 21.01–2 of this code. Deletes language regarding written applications and fees.

SECTION 6.09. Amends Section 15(a), Article 1.14–2, Insurance Code, as follows:

(a) Requires each surplus lines agent to maintain, rather than keep in his office in this state, a full and true record of each surplus lines contract procured by the agent, including a copy of the daily report, if any, and showing such of the following certain items. Makes conforming change.

ARTICLE 7. CONFORMING AMENDMENTS

SECTION 7.01. Amends Section 1, Article 3.71, Insurance Code, as follows:

Section 1. Authorizes any person who is licensed as a general life, accident, and health agent or as a general property and casualty agent under Article 21.07–1 or 21.14 of this code, to act as such agent in connection with policies of insurance or certificates of insurance issued by any unincorporated association, trust or other organization formed for the sole purpose of this Article without the necessity of notifying the department, that such a person is appointed to so act. Makes conforming changes.

SECTION 7.02. Amends Section 7, Article 3.75, Insurance Code, to make a conforming change. Deletes language regarding issuing a certificate.

(b) Provides that the licensing and regulation of a person acting as a variable agent is subject to the same provisions applicable to the licensing and regulation of other agents under Subchapter A, Chapter 21, of this code. Deletes language regarding collection of fees, determination of fees, suspension of license, denial of license, expiration and renewal of license, multiple representation, and duplicate license fees.

SECTION 7.03. Amends Article 5.13–1(c), Insurance Code, to make conforming changes.

SECTION 7.04. Amends Article 10.37–3, Insurance Code, as follows:

(a) Prohibits a person from soliciting or procuring insurance contracts for a society unless the person is licensed as a general life, accident, and health agent under Article 21.07–1 of this

code. Makes conforming changes.

(d) Provides that the licensing and regulation of agents for fraternal benefit societies is subject to Subchapter A, Chapter 21, of this code and other laws regulating those agents.

SECTION 7.05. Amends Article 16.24A, Insurance Code, as follows:

Article 16.24A. New heading: LICENSING OF AGENTS. (a) Makes conforming changes.

(b) Deletes language regarding an agent who qualifies for a license as an agricultural insurance agent.

SECTION 7.06. Amends Section 9, Article 17.25, Insurance Code, to make conforming changes.

SECTION 7.07. Amends Sections 4, 19 and 21, Managing General Agent's Licensing Act, (Article 21.07-3, V.T.I.C.), as follows:

Section 4 New heading: REDEMPTION OF SHARES. Deletes existing Section 4 (APPLICATION FOR LICENSE; TO WHOM LICENSE MAY BE ISSUED), with exception, redesignating existing Subsection (e).

Section 19. New heading: ADMINISTRATION AND REGULATION OF MANAGING GENERAL AGENTS; VIOLATIONS OF ACT. (a) Provides that Subchapter A, Chapter 21, Insurance Code, applies to the licensing and regulation of a person acting as a managing general agent.

(b) Provides that any person, firm, or corporation who violates any of the provisions of this Act or any rule, rather than regulation, or order adopted under this Act or Subchapter A, Chapter 21, Insurance Code, is subject to certain sections of this code, and Chapter 82, Insurance Code.

Section 21. Makes conforming changes.

SECTION 7.08. Amends Section 3(c), Article 21.07-6, Insurance Code, to provide that issuance, denial, suspension, cancellation, or revocation of a certificate of authority to act as an administrator is subject to certain sections of this code, and Chapter 82, Insurance Code. Makes a conforming change.

SECTION 7.09. Amends Section 1(2), Article 21.21-9. Insurance Code, as added by Chapter 596, Acts of the 75th Legislature, Regular Session, 1977, redefining "bank".

SECTION 7.10. Amends Article 22.14, Insurance Code, to make a conforming change.

SECTION 7.11. Amends Chapter 23, Insurance Code, by adding Article 23.23A, as follows:

ART. 23.23A. REGULATION OF AGENTS. Provides that the licensing and regulation of an agent authorized to solicit prepaid legal services contracts for corporations complying with this chapter is subject to Subchapter A, Chapter 21, of this code.

Section 7.12. Amends Article 25.06, Insurance Code, providing that Subchapter A, Chapter 21, of this code applies to the licensing and regulation of an agent authorized to solicit job protection insurance for an insurance carrier under this chapter. Deletes language regarding solicitation of insurance.

ARTICLE 8. REPEALER

SECTION 8.01. The following laws are repealed:

Repealer: Sections 4(f), (g), and (h), Article 1.14–2 (Surplus Lines Agent's License), Insurance Code.

Repealer: Section 15 (Violation by Agent), Article 17.25, Insurance Code.

Repealer: Sections 1 (Application), Section 3 (Licensing by Endorsement), Section 4 (Continuing Education), and Section 6 (Statutory References), Article 21.01–2, Insurance Code.

Repealer: Article 21.02–1 (Penalty for Unlawfully Acting as Agent), Insurance Code.

Repealer: Article 21.05 (Who May Not Be Agents), Insurance Code.

Repealer: Article 21.06 (Certificates for Agents), Insurance Code.

Repealer: Article 21.07 (Licensing of Agents), Insurance Code, the following sections:

Section 1B (Licensing of limited liability companies).

Section 1C (Licensing of Banks).

Section 3 (Issuance of License Under Certain Circumstances).

Section 3B (Resident Status; Certain Nonresidents Maintaining Office In State).

Section 4 (Examination of Applicant for License to Write Health and Accident Insurance).

Section 4A (Examination of Applicant for License to Write Life Insurance Upon Any One Life in Excess of \$15,000).

Section 5 (Failure of Applicant to Qualify for License).

Section 6A (Coverage for Vehicle Used as Security).

Section 7 (Expiration and Renewal of License).

Section 8 (Temporary License).

Section 9 (Insurance Carrier to Notify State Board of Insurance of Termination of Contract; Communications Privileged).

Section 10 (Denial, Refusal, Suspension or Revocation of Licenses).

Section 10A (Ineligibility Based on Felony Conviction).

Section 11. (Judicial Review of Acts of State Board of Insurance).

Section 12 (Penalty).

Section 13 (Texas Department of Insurance May Establish Rules and Regulations).

Section 14. (Fees and Use of Funds).

Section 15 (Dual Licensing).

Section 15A (Certain Agents for Stipulated Premium Companies).

Section 16. (Wording on license).

Section 17 (Expiration of Existing Licenses).

Section 18 (Assignment of Agent's Commissions).

Section 19 (Agent for United States Military Personnel in Foreign Countries).

Section 20 (Duplicate License; Fee).

Repealer: Article 21.07A. (Penalty for Acting As, or Employing, Life, Health, or Accident Insurance Agent Without License), Insurance Code.

Repealer: Chapter 213, Acts of the 54th Legislature, Regular Session, 1955 (Article 21.07–1, V.T.I.C.), (Legal Reserve Life Insurance Agents; Examination; Licenses).

Repealer: Article 21.07–3, V.T.I.C. (Managing General Agents' Licensing Act); The following sections:

Section 4A (Persons Other Than Licensed Managing General Agents Who May Share in Profits of a Managing General Agent).

Section 4B (Continuing Requirements for Licensed Corporations).

Section 4C (Security for Liability).

Section 5(h) (Issuance of Licenses to Those Presently Acting as Managing General Agents, Renewals).

Section 6 (Examination Required; Exceptions).

Section 6A (Continuing Education).

Section 8 (Conduct of Examinations).

Section 9 (Expiration of License; Renewal).

Section 10 (Fees).

Section 12 (Denial, Refusal, Suspension, or Revocation of Licenses).

Section 13 (Notice and Hearings).

Section 14 (Judicial Review of Acts of Commissioner).

Section 15 (Notice to Last Address).

Section 17 (Fees Collected).

Section 20 (Enforcement of Act).

Repealer: Section 2(d) (Rights of License Holder), Article 21.11 (Nonresident Holder), Insurance Code.

Repealer: Section 14 (Penalty), Article 21.14–1. (Licensing of Risk Managers), Insurance Code.

Repealer: Article 21.15 (Revocation of Agent's Certificate), Insurance Code.

Repealer: Article 21.15–2 (Penalty for Soliciting Without Certificate of Authority), Insurance Code.

Repealer: Article 21.15–3 (Agent Procuring by Fraudulent Representation; Penalty) Insurance Code.

Repealer: Article 21.15–4 (Agent or Physician Making False Statement; Penalty), Insurance Code.

Repealer: Article 21.15–7 (Interim Study of Agents and Agents' Licenses Statutes by Commissioner), Insurance Code.

Repealer: Section 10 (Unlawful and Prohibited Practices; Penalties), Article 21.58A, Insurance Code.

Repealer: Article 23.23 (Regulation of Agents), Insurance Code

ARTICLE 9. GRANDFATHER CLAUSE; TRANSITION

SECTION 9.01. Provides that on the effective date of this Act, a person who holds a license issued by the department that is in good standing is considered licensed under the applicable licensing law as amended by this Act, entitled to act as an agent under the new license type, subject to this article, and subject to the provisions of the Insurance Code as amended by this Act.

SECTION 9.02. (a) Provides that a person who, immediately before the effective date of this Act, holds an agent license issued by the department and who obtained that license by passing a written examination administered by any entity allowed by state law, including an insurance carrier, company, or state testing contractor, is entitled to the appropriate license as provided by Subchapter A, Chapter 21, Insurance Code, as amended by this Act, without further examination.

(b) Provides that a person who, immediately before the effective date of this Act, holds an agent license issued by the department, before January 1, 2001, and who obtained that license without taking a written examination or who solicited insurance on behalf of a stipulated premium company, farm mutual company, or county mutual insurance company before, January 1, 2001, is entitled to the appropriate license as provided by Subchapter A, Chapter 21, Insurance Code, as amended by this Act, but must pass the appropriate license examination not later than the second anniversary of the date of issuance to retain the license. Provides that the license of a person who does not pass the license examination as required by this subsection expires on the second anniversary of the date of issuance and the license may not be renewed.

(c) Provides that a person who, immediately before the effective date of this Act, holds an agent license issued by the department, before January 1, 2001, and who obtained that license without taking a written examination or who solicited insurance on behalf of a stipulated premium company, farm mutual company, or county mutual insurance company on or after January 1, 2001, but before the effective date of this Act, is entitled to the appropriate license as provided by Subchapter A, Chapter 21, Insurance Code, as amended by this Act, but is required to pass the appropriate license examination not later than May 31, 2002, to retain the license. Provides that the license of a person who does not pass the license examination as required by this subsection expires on May, 31, 2002.

(d) Provides that a person who has solicited insurance on behalf of a stipulated premium company, farm mutual company, or county mutual insurance company for at least 24 months before the effective date of this Act is entitled to the appropriate license and any renewal license as provided by Subchapter A, Chapter 21, Insurance Code, as amended by this Act, without further examination,

(e) Provides that the continuing education requirements of Subchapter A, Chapter 21, Insurance Code, as amended by this Act, do not apply to a person who, immediately before the effective date of this Act, has been licensed by the department as a resident insurance agent under Article 21.07–1, Insurance Code, the Managing General Agent’s Licensing Act (Article 21.07–3, V.T.I.C.), or Article 21.14, for at least 20 years.

ARTICLE 10. EFFECTIVE DATE; TRANSITION

SECTION 10.01. Effective date: September 1, 2001. Provides that Section 3, Article 21.01–1, Insurance Code, as amended by this Act, applies to continuing education requirements for insurance agents for a renewal of a license that occurs on or after January 1, 2003.