

1-1 By: Eltife S.B. No. 876
 1-2 (In the Senate - Filed March 2, 2015; March 4, 2015, read
 1-3 first time and referred to Committee on Business and Commerce;
 1-4 March 30, 2015, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 8, Nays 0; March 30, 2015,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13			X	
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 876 By: Watson

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the licensing of insurance agents and adjusters;
 1-22 providing a penalty.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Sections 4001.006(a) and (b), Insurance Code,
 1-25 are amended to read as follows:

1-26 (a) The department shall collect from each agent of an
 1-27 insurer writing insurance in this state under this code:

1-28 (1) a nonrefundable license application fee; and

1-29 (2) a nonrefundable appointment fee for each
 1-30 appointment of the agent by an insurer.

1-31 (b) The department shall deposit the fees described by
 1-32 Subsection (a), together with other license application fees,
 1-33 examination fees, and license renewal application fees, to the
 1-34 credit of the Texas Department of Insurance operating account.

1-35 SECTION 2. Section 4001.162, Insurance Code, is amended to
 1-36 read as follows:

1-37 Sec. 4001.162. RESTRICTION ON APPOINTMENT OF TEMPORARY
 1-38 LICENSE HOLDERS. (a) Except as provided by Subsection (b), an
 1-39 [An] agent, insurer, or health maintenance organization may not
 1-40 appoint more than 500 temporary license holders during a calendar
 1-41 year.

1-42 (b) The commissioner shall adopt reasonable rules setting
 1-43 standards for an agent, insurer, or health maintenance organization
 1-44 to appoint more than 500 temporary license holders during a
 1-45 calendar year. The standards must include consideration of the
 1-46 ability of an agent, insurer, or health maintenance organization to
 1-47 monitor appointed temporary agents.

1-48 SECTION 3. Section 4003.001, Insurance Code, is amended by
 1-49 amending Subsection (a) and adding Subsections (c) and (d) to read
 1-50 as follows:

1-51 (a) Unless a staggered renewal system is adopted under
 1-52 Section 4003.002, each [agent] license issued or renewed by the
 1-53 department under Chapter 981 or Subtitle A, B, or C and not
 1-54 suspended or revoked by the commissioner expires on:

1-55 (1) the second anniversary of the date the license is
 1-56 issued to or renewed by a person that is not an individual; or

1-57 (2) except as provided in Subsection (c):

1-58 (A) for a license issued or renewed in an
 1-59 even-numbered year, the individual license holder's birthday each
 1-60 even-numbered year; or

2-1 (B) for a license issued or renewed in an
 2-2 odd-numbered year, the individual license holder's birthday each
 2-3 odd-numbered year.

2-4 (c) If a person holds more than one license, all licenses
 2-5 issued to the person expire on the earliest expiration date of the
 2-6 licenses held. Thereafter, all licenses expire in accordance with
 2-7 Subsection (a).

2-8 (d) Notwithstanding Section 4003.002(b), the commissioner
 2-9 may not prorate the initial application fee for a license based on
 2-10 the expiration period of the license under Subsection (c).

2-11 SECTION 4. Section 4003.006, Insurance Code, is amended to
 2-12 read as follows:

2-13 Sec. 4003.006. CONTINUATION OF ORIGINAL LICENSE. The
 2-14 original license of a person who has applied for license renewal in
 2-15 compliance with Section 4003.004 [~~4003.004~~] remains in effect from
 2-16 the date the renewal application is filed until the date:

2-17 (1) the department issues the renewal license; [~~or~~]
 2-18 (2) the license is not renewed under Section 4004.055;
 2-19 or

2-20 (3) the commissioner issues an order revoking the
 2-21 license.

2-22 SECTION 5. Section 4003.008(b), Insurance Code, is amended
 2-23 to read as follows:

2-24 (b) The person must pay to the department a fee equal to the
 2-25 license application fee.

2-26 SECTION 6. Section 4004.051(a), Insurance Code, is amended
 2-27 to read as follows:

2-28 (a) Except as provided by Section 4004.052 or other law,
 2-29 each individual who holds a license issued by the department shall
 2-30 complete, as a condition of licensure, continuing education as
 2-31 provided by this chapter.

2-32 SECTION 7. Section 4004.053(a), Insurance Code, is amended
 2-33 to read as follows:

2-34 (a) An individual who holds a general life, accident, and
 2-35 health license, a life agent license, a life and health insurance
 2-36 counselor license, an adjuster license, a managing general agent
 2-37 license, a general property and casualty license, or a personal
 2-38 lines property and casualty license must complete 24 [~~15~~] hours of
 2-39 continuing education during the license period [~~annually~~]. If the
 2-40 individual holds more than one license for which continuing
 2-41 education is otherwise required, the individual is not required to
 2-42 complete more than 24 [~~15~~] continuing education hours for all
 2-43 licenses during the license period [~~annually~~]. An individual who
 2-44 is required under rules adopted under Chapter 4008 to hold a
 2-45 certificate to sell a designated product or product line may use
 2-46 continuing education programs administered under Section 4004.151
 2-47 to satisfy the [~~annual~~] continuing education requirements under
 2-48 this subsection.

2-49 SECTION 8. Subchapter B, Chapter 4004, Insurance Code, is
 2-50 amended by adding Section 4004.055 to read as follows:

2-51 Sec. 4004.055. CONSEQUENCES OF FAILURE TO COMPLETE
 2-52 CONTINUING EDUCATION REQUIREMENT. (a) The department may not
 2-53 renew a license issued under this title if the license holder fails
 2-54 to:

2-55 (1) complete an applicable continuing education
 2-56 requirement not later than the 90th day after the last day of the
 2-57 licensing period; or

2-58 (2) pay an applicable fine related to the failure to
 2-59 timely complete continuing education.

2-60 (b) The department may not issue a new license under this
 2-61 title to an individual who was previously licensed under this title
 2-62 if the individual fails to:

2-63 (1) provide evidence of completion of an applicable
 2-64 continuing education requirement for the expired, nonrenewed,
 2-65 canceled, or revoked license; or

2-66 (2) pay an applicable fine related to the failure to
 2-67 timely complete continuing education.

2-68 (c) Completion of continuing education after expiration of
 2-69 a license is not a defense in a disciplinary action under Section

3-1 4005.101, Section 4005.109, or another provision of this code
 3-2 against an individual who failed to complete continuing education
 3-3 as required by this chapter.

3-4 SECTION 9. Section 4004.101(a), Insurance Code, is amended
 3-5 to read as follows:

3-6 (a) The department shall certify continuing education
 3-7 programs for agents and adjusters. The certification criteria must
 3-8 be designed to ensure that continuing education programs enhance
 3-9 the knowledge, understanding, and professional competence of the
 3-10 license holder.

3-11 SECTION 10. Subchapter C, Chapter 4004, Insurance Code, is
 3-12 amended by adding Section 4004.105 to read as follows:

3-13 Sec. 4004.105. ADJUSTER CONTINUING EDUCATION PROGRAM
 3-14 CONTENTS. A continuing education program for adjusters licensed
 3-15 under Chapter 4101 must include education relating to:

3-16 (1) Chapter 541;

3-17 (2) Chapter 547;

3-18 (3) Subchapter A, Chapter 542;

3-19 (4) Subchapter E, Chapter 17, Business & Commerce
 3-20 Code; and

3-21 (5) any other similar laws specified by the
 3-22 department.

3-23 SECTION 11. Section 4005.105(d), Insurance Code, is amended
 3-24 to read as follows:

3-25 (d) Subsections (b) and [Subsection] (c) do [does] not apply
 3-26 to an applicant whose license application was denied or revoked for
 3-27 failure by the applicant to:

3-28 (1) pass a required written examination; [or]

3-29 (2) complete continuing education or pay an applicable
 3-30 fine under Section 4004.055(a); or

3-31 (3) submit a properly completed license application.

3-32 SECTION 12. Section 4005.109(b), Insurance Code, is amended
 3-33 to read as follows:

3-34 (b) A violation for which a fine may be assessed under this
 3-35 section includes a failure to:

3-36 (1) obtain the total number of continuing education
 3-37 hours before the expiration [renewal] date of a license;

3-38 (2) timely report a change of address to the
 3-39 department; or

3-40 (3) notify the department of an administrative action
 3-41 against the agent by a financial or insurance regulator of another
 3-42 state or of the federal government.

3-43 SECTION 13. Subchapter B, Chapter 4056, Insurance Code, is
 3-44 amended by adding Section 4056.059 to read as follows:

3-45 Sec. 4056.059. TRANSITION TO RESIDENT AGENT LICENSE.

3-46 (a) This section applies only to an individual who is a
 3-47 nonresident agent licensed under Section 4056.052 and who has moved
 3-48 from the other state that licensed the individual to this state.

3-49 (b) A nonresident agent may apply to the department for a
 3-50 comparable license for residents of this state. An application
 3-51 must include:

3-52 (1) a notification of the agent's change of address and
 3-53 contact information;

3-54 (2) a clearance letter from the state authority of the
 3-55 state that issued the agent's prior resident license demonstrating
 3-56 the agent's good standing with that authority; and

3-57 (3) fingerprint forms in the format prescribed by the
 3-58 department, which may be electronic.

3-59 (c) If a nonresident agent submits a satisfactory
 3-60 application in accordance with Subsection (b), the department shall
 3-61 issue a comparable resident agent license to the agent and cancel
 3-62 the agent's nonresident agent license.

3-63 SECTION 14. Sections 4101.057(a), (b), and (d), Insurance
 3-64 Code, are amended to read as follows:

3-65 (a) Before issuing or renewing a license under this chapter,
 3-66 the department shall set and collect a nonrefundable license
 3-67 application fee in an amount not to exceed \$50.

3-68 (b) An applicant for a renewal license must remit the fee
 3-69 required by Subsection (a) before the expiration of the [biennially]

4-1 ~~after the issuance of the original]~~ license being renewed. If the
 4-2 applicant's license has been expired for not more than 90 days, an
 4-3 applicant for a renewal license must remit, in addition to the fee
 4-4 assessed under Subsection (a), a fee equal to one-half of the
 4-5 original application [~~license~~] fee.

4-6 (d) Before issuing a duplicate license requested by an
 4-7 adjuster, the department shall set and collect a duplicate license
 4-8 application fee.

4-9 SECTION 15. Section 4101.059(a), Insurance Code, is amended
 4-10 to read as follows:

4-11 (a) To renew a license under this chapter, a licensed
 4-12 adjuster must participate in a continuing education program under
 4-13 Chapter 4004 [~~relating to consumer protection~~]. [~~The program must~~
 4-14 ~~include education relating to consumer protection laws, including:~~

- 4-15 [~~(1) Chapter 541;~~
- 4-16 [~~(2) Chapter 547;~~
- 4-17 [~~(3) Subchapter A, Chapter 542;~~
- 4-18 [~~(4) Subchapter E, Chapter 17, Business & Commerce~~
- 4-19 ~~Code; and~~
- 4-20 [~~(5) any other similar laws specified by the~~
- 4-21 ~~department.]~~

4-22 SECTION 16. Section 4101.061, Insurance Code, is amended to
 4-23 read as follows:

4-24 Sec. 4101.061. EXPIRATION; RENEWAL. Expiration and renewal
 4-25 of a license issued under this chapter are governed by Sections
 4-26 4003.001 and 4004.055, rules adopted by the commissioner, and [~~or~~]
 4-27 any applicable provision of this code or another insurance law of
 4-28 this state.

4-29 SECTION 17. Section 4102.062, Insurance Code, is amended to
 4-30 read as follows:

4-31 Sec. 4102.062. EXPIRATION. A license issued under this
 4-32 chapter expires as provided by Chapter 4003 [~~on the second~~
 4-33 ~~anniversary of the date of issuance]~~ unless suspended or revoked by
 4-34 the commissioner.

4-35 SECTION 18. Section 4102.064, Insurance Code, is amended to
 4-36 read as follows:

4-37 Sec. 4102.064. RENEWAL OF UNEXPIRED LICENSE. (a) A
 4-38 license holder may renew a license that has not expired and has not
 4-39 been suspended or revoked by filing with the department a properly
 4-40 completed renewal application, in the form prescribed by the
 4-41 commissioner, that demonstrates continued compliance with the
 4-42 license requirements imposed under this chapter or adopted by rule
 4-43 by the commissioner. The completed renewal application must be
 4-44 accompanied by:

- 4-45 (1) a renewal application fee in the amount determined
- 4-46 by the commissioner under Section 4102.066(b); and
- 4-47 (2) evidence of compliance with the continuing
- 4-48 education requirements imposed under Section 4102.109.

4-49 (b) A license holder must submit the completed renewal
 4-50 application, evidence of compliance with the continuing education
 4-51 requirements, and the renewal application fee to the commissioner
 4-52 not later than the 30th day before the second anniversary date of
 4-53 the license.

4-54 (c) On the filing of a completed renewal application, a
 4-55 renewal application fee, and, if applicable, evidence of compliance
 4-56 with the continuing education requirements, the original license
 4-57 continues in force until:

- 4-58 (1) the department issues the renewal license; [~~or~~]
- 4-59 (2) the license is not renewed under Section 4004.055;
- 4-60 or
- 4-61 (3) the commissioner issues an order revoking the
- 4-62 license.

4-63 SECTION 19. Section 4102.065, Insurance Code, is amended to
 4-64 read as follows:

4-65 Sec. 4102.065. RENEWAL OF EXPIRED LICENSE. (a) A person
 4-66 whose license has been expired for 90 days or less may renew the
 4-67 license by:

- 4-68 (1) submitting to the department:
- 4-69 (A) a completed renewal application in the form

5-1 prescribed by the commissioner; and

5-2 (B) evidence of compliance with the continuing
5-3 education requirements and eligibility for renewal under Section
5-4 4004.055; and

5-5 (2) paying to the department the required renewal
5-6 application fee and an additional fee that is equal to one-half of
5-7 the renewal application fee for the license.

5-8 (b) Except as provided by Section 4004.055, a [A] person
5-9 whose license has been expired for more than 90 days but less than
5-10 one year may not renew the license but is entitled to a new license
5-11 without taking the applicable examination if the person submits to
5-12 the department:

5-13 (1) a new application;

5-14 (2) evidence of compliance with the continuing
5-15 education requirements;

5-16 (3) the license application fee; and

5-17 (4) an additional fee equal to one-half of the license
5-18 application fee.

5-19 (c) A person whose license has been expired for one year or
5-20 more may not renew the license. The person may obtain a new license
5-21 by:

5-22 (1) submitting to reexamination, if examination is
5-23 required for original issuance of the license;

5-24 (2) [~~and by~~] complying with the requirements and
5-25 procedures for obtaining an original license; and

5-26 (3) if applicable, submitting evidence of completion
5-27 of any outstanding continuing education requirement and payment of
5-28 any associated fine related to the expired license.

5-29 (d) The department may renew without reexamination an
5-30 expired license of a person who was licensed in this state, moved to
5-31 another state, and is currently licensed and has been in continual
5-32 practice in the other state up to and including the date of the
5-33 application. The person must pay to the department a fee that is
5-34 equal to the license application fee.

5-35 SECTION 20. Section 4102.109(a), Insurance Code, is amended
5-36 to read as follows:

5-37 (a) Each license holder must [~~annually~~] complete at least 24
5-38 [~~15~~] hours of continuing education during the license period
5-39 [~~courses~~]. The commissioner by rule shall prescribe the
5-40 requirements for continuing education courses under this section.

5-41 SECTION 21. (a) Sections 4001.006, 4003.001, 4003.008,
5-42 4101.057, 4101.061, 4102.062, 4102.064, and 4102.065, Insurance
5-43 Code, as amended by this Act, apply only to a license issued or
5-44 renewed on or after January 1, 2016. A license issued or renewed
5-45 before January 1, 2016, is governed by the law as it existed
5-46 immediately before the effective date of this Act, and that law is
5-47 continued in effect for that purpose.

5-48 (b) On January 1, 2016, each license held on that date under
5-49 Chapter 981, Insurance Code, and Subtitles A, B, and C, Title 13,
5-50 Insurance Code, expires as follows:

5-51 (1) each license issued to a person that is not an
5-52 individual expires on the expiration date of the license with the
5-53 longest remaining term held by that person on January 1, 2016;

5-54 (2) each license issued to an individual expires, or
5-55 may be extended to expire, on the individual's next birthday after
5-56 the expiration date of the license with the longest remaining term
5-57 held by that person on January 1, 2016; and

5-58 (3) after a license expires as described by
5-59 Subdivision (1) or (2) of this subsection, the license renews and
5-60 expires as provided by Section 4003.001, Insurance Code, as amended
5-61 by this Act.

5-62 (c) To the extent that the term of an existing license is
5-63 extended under this section, the Texas Department of Insurance may
5-64 not charge an additional fee or require a renewal application
5-65 before the renewal date established under this section.

5-66 (d) Except as provided by Subsection (e) of this section,
5-67 the change in law made by the amendments listed in Subsection (a) of
5-68 this section and the provisions of this section do not change the
5-69 continuing education requirements for a license issued or renewed

6-1 on or after January 1, 2016. Except as otherwise provided by
6-2 provisions of this Act other than this section and the amendments
6-3 listed in Subsection (a) of this section, the continuing education
6-4 requirements for a license issued or renewed before January 1,
6-5 2016, are governed by the law as it existed immediately before the
6-6 effective date of this Act, and that law is continued in effect for
6-7 that purpose.

6-8 (e) A licensee may not be required to complete additional
6-9 continuing education hours for a license during any period the
6-10 license was extended under this section beyond its original
6-11 expiration date.

6-12 SECTION 22. Sections 4004.053 and 4102.109, Insurance Code,
6-13 as amended by this Act, apply only to continuing education
6-14 requirements for a license issued or renewed on or after the
6-15 effective date of this Act. Continuing education requirements for
6-16 a license issued or renewed before the effective date of this Act
6-17 are governed by the law as it existed immediately before the
6-18 effective date of this Act, and that law is continued in effect for
6-19 that purpose.

6-20 SECTION 23. Section 4004.055, Insurance Code, as added by
6-21 this Act, and Sections 4004.051, 4005.105, and 4005.109, Insurance
6-22 Code, as amended by this Act, apply only to completion of continuing
6-23 education requirements for a license issued or renewed on or after
6-24 November 1, 2015. Completion of continuing education requirements
6-25 for a license issued or renewed before November 1, 2015, is governed
6-26 by the law as it existed immediately before the effective date of
6-27 this Act, and that law is continued in effect for that purpose.

6-28 SECTION 24. Section 4056.059, Insurance Code, as added by
6-29 this Act, applies only to a nonresident agent who relocates to this
6-30 state on or after the effective date of this Act. An agent who
6-31 relocates to this state before the effective date of this Act is
6-32 governed by the law as it existed immediately before that date, and
6-33 that law is continued in effect for that purpose.

6-34 SECTION 25. This Act takes effect September 1, 2015.

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