

1-1 By: Brimer, Van de Putte S.B. No. 1263
1-2 (In the Senate - Filed March 6, 2007; March 14, 2007, read
1-3 first time and referred to Committee on Business and Commerce;
1-4 March 21, 2007, reported favorably by the following vote: Yeas 9,
1-5 Nays 0; March 21, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to regulation and licensing of certain insurance agents.

1-9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-10 ARTICLE 1. LICENSING OF CERTAIN INSURANCE AGENTS

1-11 SECTION 1.01. Chapter 4051, Insurance Code, is amended by
1-12 adding Subchapter I to read as follows:

1-13 SUBCHAPTER I. PERSONAL LINES PROPERTY AND CASUALTY AGENT

1-14 Sec. 4051.401. PERSONAL LINES PROPERTY AND CASUALTY
1-15 LICENSE; LICENSE REQUIRED. A person is required to hold a personal
1-16 lines property and casualty license if the person acts as:

1-17 (1) an agent who writes property and casualty
1-18 insurance sold to individuals and families primarily for personal
1-19 or household use for an insurer authorized to engage in the business
1-20 of property and casualty insurance in this state; or

1-21 (2) a subagent of a person who holds a license as an
1-22 agent under this subchapter who solicits and binds insurance risks
1-23 for that agent.

1-24 Sec. 4051.402. AUTHORITY TO WRITE ADDITIONAL LINES. (a) A
1-25 person who holds a personal lines property and casualty license may
1-26 write the kind of insurance contracts described by:

1-27 (1) this subchapter;

1-28 (2) Subchapters C and E; and

1-29 (3) Chapter 4055.

1-30 (b) In addition to any of the insurance contracts described
1-31 by Subsection (a), a person who holds a personal lines property and
1-32 casualty license may write accident and health insurance contracts
1-33 for individuals and families for personal, family, or household
1-34 purposes for a property and casualty insurer authorized to sell
1-35 those insurance products in this state.

1-36 Sec. 4051.403. PERSONAL LINES INCLUDED IN GENERAL PROPERTY
1-37 AND CASUALTY LICENSE. Notwithstanding Section 4051.401, a person
1-38 who holds a general property and casualty license under Subchapter
1-39 B may write the kinds of insurance described by this subchapter.

1-40 SECTION 1.02. Chapter 4054, Insurance Code, is amended by
1-41 adding Subchapter G to read as follows:

1-42 SUBCHAPTER G. LIFE AGENT

1-43 Sec. 4054.301. LICENSE REQUIRED. (a) Except as provided
1-44 by Subsection (b), a person is required to hold a life agent license
1-45 if the person does not hold a general life, accident, and health
1-46 license under Subchapter B and the person acts as:

1-47 (1) an agent who writes insurance coverage on human
1-48 lives, including endowment benefits and annuities, benefits in the
1-49 event of death or dismemberment by accident, and benefits for
1-50 disability income;

1-51 (2) an industrial life insurance agent for an insurer
1-52 that writes only weekly premium life insurance on a debit basis
1-53 under Chapter 1151;

1-54 (3) an agent who writes fixed or variable annuity
1-55 contracts or variable life contracts;

1-56 (4) an agent who writes for a stipulated premium
1-57 company only life insurance in excess of \$15,000 on any one life; or

1-58 (5) an agent who writes any other kind of insurance as
1-59 required by the commissioner for the protection of the insurance
1-60 consumers of this state.

1-61 (b) A person who holds a limited license under Subchapter C
1-62 and who engages in the business of insurance only within the scope
1-63 of that license is not required to hold a life agent license. A
1-64 person who holds a life agent license may write the insurance

2-1 described by that subchapter.

2-2 (c) A person who holds a funeral prearrangement life
 2-3 insurance license under Subchapter D and who engages in the
 2-4 business of insurance only within the scope of that license is not
 2-5 required to hold a life agent license. A person who holds a life
 2-6 agent license may write the insurance described by that subchapter.

2-7 (d) A person who holds a license to write life insurance not
 2-8 exceeding \$15,000 under Subchapter E and who engages in the
 2-9 business of insurance only within the scope of that license is not
 2-10 required to hold a life agent license. A person who holds a life
 2-11 agent license may write the insurance described by that subchapter.

2-12 (e) This subchapter does not apply to a person who holds a
 2-13 specialty license under Chapter 4055 and who engages in the
 2-14 business of insurance only within the scope of the specialty
 2-15 license.

2-16 Sec. 4054.302. AUTHORITY TO WRITE SPECIFIED COVERAGES. A
 2-17 person who holds a license under this subchapter may write only
 2-18 insurance described by Sections 4054.301(a)-(d).

2-19 Sec. 4054.303. APPLICABILITY OF CERTAIN REQUIREMENTS.
 2-20 Except as otherwise provided by this code, the provisions of this
 2-21 title that apply to the holder of a general life, accident, and
 2-22 health license apply to the holder of a license issued under this
 2-23 subchapter.

2-24 ARTICLE 2. CONFORMING AMENDMENTS

2-25 SECTION 2.01. Subsection (a), Section 523.152, Insurance
 2-26 Code, is amended to read as follows:

2-27 (a) An originating agent shall share commissions with an
 2-28 issuing agent as required by the market assistance program plan of
 2-29 operation if the originating agent holds a license as:

2-30 (1) a general property and casualty agent or a
 2-31 personal lines property and casualty agent; or

2-32 (2) a salaried representative for one or more insurers
 2-33 whose plan of operation does not contemplate the use of general
 2-34 property and casualty agents or personal lines property and
 2-35 casualty agents.

2-36 SECTION 2.02. Subsection (b), Section 549.053, Insurance
 2-37 Code, is amended to read as follows:

2-38 (b) Subsection (a) does not:

2-39 (1) apply if the borrower provides the lender with
 2-40 specific written authority permitting or directing the particular
 2-41 use or disclosure of information before the use or disclosure
 2-42 occurs; or

2-43 (2) prevent a lender who is a licensed general
 2-44 property and casualty agent or a personal lines property and
 2-45 casualty agent from selling insurance to a borrower.

2-46 SECTION 2.03. Section 549.055, Insurance Code, is amended
 2-47 to read as follows:

2-48 Sec. 549.055. INSURANCE BINDER AS EVIDENCE OF INSURANCE.

2-49 (a) A lender that requires a borrower to secure insurance coverage
 2-50 before the lender will provide a residential mortgage or commercial
 2-51 real estate loan must accept an insurance binder as evidence of the
 2-52 required insurance and may not require the borrower to provide an
 2-53 original insurance policy instead of a binder if:

2-54 (1) the binder is issued by a licensed general
 2-55 property and casualty agent or a personal lines property and
 2-56 casualty agent who is appointed to represent the insurer whose name
 2-57 appears on the binder and who is authorized to issue binders;

2-58 (2) the binder is accompanied by evidence of payment
 2-59 of the required premium; and

2-60 (3) the binder will be replaced by an original
 2-61 insurance policy for the required coverage on or before the 30th day
 2-62 after the date the binder is issued.

2-63 (b) A ~~general~~ property and casualty agent who issues an
 2-64 insurance binder under Subsection (a) must, on request, provide the
 2-65 lender with appropriate evidence for purposes of Subsection (a)(1).

2-66 SECTION 2.04. Subsection (e), Section 549.056, Insurance
 2-67 Code, is amended to read as follows:

2-68 (e) Except as provided by this subsection, this subchapter
 2-69 does not prevent a lender from requiring, at or before the time of

3-1 delivery to the lender of an insurance policy by a general property
 3-2 and casualty agent or a personal lines property and casualty agent
 3-3 or by the insurer, ~~[of an insurance policy to the lender]~~ a written
 3-4 statement from the borrower designating the agent or insurer as the
 3-5 borrower's agent for the delivery of the policy. A lender may not
 3-6 require a statement described by this subsection when an agent or
 3-7 insurer is providing a renewal of an existing expiring insurance
 3-8 policy provided by the agent or insurer.

3-9 SECTION 2.05. Subdivision (2), Section 559.001, Insurance
 3-10 Code, is amended to read as follows:

3-11 (2) "Agent" means a person licensed or required to be
 3-12 licensed as a general property and casualty insurance agent or a
 3-13 personal lines property and casualty agent under Chapter 4051.

3-14 SECTION 2.06. The heading to Section 651.008, Insurance
 3-15 Code, is amended to read as follows:

3-16 Sec. 651.008. AUTHORITY OF CERTAIN ~~[GENERAL]~~ PROPERTY AND
 3-17 CASUALTY AGENTS TO CHARGE INTEREST TO CERTAIN PERSONS.

3-18 SECTION 2.07. Subsection (a), Section 651.008, Insurance
 3-19 Code, is amended to read as follows:

3-20 (a) Notwithstanding any other law, a general property and
 3-21 casualty agent or a personal lines property and casualty agent who
 3-22 holds a license under Chapter 4051 may enter into a written
 3-23 agreement with a purchaser of insurance from the agent that
 3-24 provides for the payment of interest to the agent on any amount due
 3-25 to the agent for the insurance purchased. The interest is computed
 3-26 at a rate not to exceed the greater of:

3-27 (1) a rate allowed by Chapter 303, Finance Code; or

3-28 (2) the rate of one percent a month.

3-29 SECTION 2.08. Section 885.351, Insurance Code, is amended
 3-30 to read as follows:

3-31 Sec. 885.351. AGENTS. (a) A fraternal benefit society may
 3-32 appoint an agent licensed by the department under Chapter 4054
 3-33 ~~[Article 21.07-1]~~ to sell benefits listed under Section 885.301(a)
 3-34 to society members.

3-35 (b) Except as provided by Section 885.352, a person may not
 3-36 solicit or procure benefit contracts for a fraternal benefit
 3-37 society unless the person is licensed as a general life, accident,
 3-38 and health agent or a life agent under Chapter 4054 ~~[Article~~
 3-39 ~~21.07-1]~~.

3-40 (c) The licensing and regulation of agents for fraternal
 3-41 benefit societies is subject to Title 13 ~~[Subchapter A, Chapter~~
 3-42 ~~21,]~~ and other laws regulating those agents.

3-43 SECTION 2.09. Subsection (a), Section 981.203, Insurance
 3-44 Code, is amended to read as follows:

3-45 (a) The department may issue a surplus lines license to an
 3-46 applicant who the department determines complies with Subsection
 3-47 (b) and is:

3-48 (1) an individual who:

3-49 (A) has passed an examination under Chapter 4002
 3-50 ~~[Article 21.01-1]~~ and department rules; and

3-51 (B) holds a current license as:

3-52 (i) a general property and casualty agent
 3-53 or a personal lines property and casualty agent authorized under
 3-54 Chapter 4051 ~~[Article 21.14]~~; or

3-55 (ii) a managing general agent; or

3-56 (2) a corporation, limited liability company, or
 3-57 partnership that:

3-58 (A) has at least one officer or director or at
 3-59 least one active partner who has passed the required surplus lines
 3-60 license examination;

3-61 (B) holds a current license as:

3-62 (i) a general property and casualty agent
 3-63 or a personal lines property and casualty agent authorized under
 3-64 Chapter 4051 ~~[Article 21.14]~~; or

3-65 (ii) a managing general agent; and

3-66 (C) conducts insurance activities under this
 3-67 chapter only through an individual licensed under this section.

3-68 SECTION 2.10. Section 981.220, Insurance Code, is amended
 3-69 to read as follows:

4-1 Sec. 981.220. MANAGING GENERAL AGENTS; LIMITED AUTHORITY OF
 4-2 CERTAIN AGENTS. [~~(a)~~ A managing general agent is not required to
 4-3 hold a local recording agent license to be eligible to receive a
 4-4 surplus lines license.]

4-5 [~~(b)~~] A surplus lines license granted to a managing general
 4-6 agent who is not also licensed under Chapter 4051 [~~Article 21.14~~] is
 4-7 limited to the acceptance of business originating through a
 4-8 licensed general property and casualty agent or a personal lines
 4-9 property and casualty agent. The license does not authorize the
 4-10 agent to engage in business directly with the insurance applicant.

4-11 SECTION 2.11. Section 1152.151, Insurance Code, is amended
 4-12 to read as follows:

4-13 Sec. 1152.151. AGENT'S LICENSE REQUIRED. (a) A person may
 4-14 not sell or offer for sale in this state a variable contract, or act
 4-15 to negotiate, make, or consummate a variable contract for another,
 4-16 unless the department has licensed the person under Chapter 4054
 4-17 [~~Article 21.07-1~~] as a general life, accident, and health agent or a
 4-18 life agent.

4-19 (b) The licensing and regulation of a person acting as a
 4-20 variable contract agent is subject to the same provisions
 4-21 applicable to the licensing and regulation of other agents under
 4-22 Title 13 [~~Subchapter A, Chapter 21~~].

4-23 SECTION 2.12. Subsection (b), Section 1505.005, Insurance
 4-24 Code, is amended to read as follows:

4-25 (b) A person licensed as a general life, accident, and
 4-26 health agent under Chapter 4054, [~~or~~] as a general property and
 4-27 casualty agent under Chapter 4051 authorized to write health and
 4-28 accident insurance under Section 4051.053, or as a personal lines
 4-29 property and casualty agent authorized to write health and accident
 4-30 insurance under Section 4051.402, [~~or 4054~~] may act in the licensed
 4-31 capacity in connection with an insurance policy or a certificate of
 4-32 insurance issued by an unincorporated association, trust, or other
 4-33 organization formed under Subsection (a). The agent is not
 4-34 required to notify the department that the person has been
 4-35 appointed to act for that purpose.

4-36 SECTION 2.13. Section 2151.053, Insurance Code, is amended
 4-37 to read as follows:

4-38 Sec. 2151.053. MEMBERSHIP OF GOVERNING COMMITTEE. The
 4-39 governing committee is composed of 15 members selected as follows:

4-40 (1) eight members who represent the interests of
 4-41 insurers, elected by the association members according to a method
 4-42 the members determine;

4-43 (2) five public members, nominated by the office of
 4-44 public insurance counsel and selected by the commissioner; and

4-45 (3) two members who are general or personal lines
 4-46 property and casualty agents, as required by the plan of operation.

4-47 SECTION 2.14. Subsection (a), Section 2210.102, Insurance
 4-48 Code, is amended to read as follows:

4-49 (a) The board of directors is composed of the following nine
 4-50 members:

4-51 (1) five representatives of different insurers who are
 4-52 members of the association, elected by the members as provided by
 4-53 the plan of operation;

4-54 (2) two public representatives who are nominated by
 4-55 the office of public insurance counsel and who, as of the date of
 4-56 the appointment:

4-57 (A) reside in a catastrophe area; and

4-58 (B) are policyholders of the association; and

4-59 (3) two [~~general~~] property and casualty agents, each
 4-60 of whom must:

4-61 (A) [~~who~~] have demonstrated experience in the
 4-62 association; [~~and~~]

4-63 (B) maintain the agent's [~~whose~~] principal
 4-64 office [~~offices~~], as of the date of the appointment, [~~are located~~]
 4-65 in a catastrophe area; and

4-66 (C) hold a license under Chapter 4051 as a
 4-67 general property and casualty agent or a personal lines property
 4-68 and casualty agent.

4-69 SECTION 2.15. Subsection (b), Section 2210.202, Insurance

5-1 Code, is amended to read as follows:

5-2 (b) A general property and casualty agent or a personal
 5-3 lines property and casualty agent must submit an application for
 5-4 the insurance coverage on behalf of the applicant on forms
 5-5 prescribed by the association. The application must contain a
 5-6 statement as to whether the applicant has submitted or will submit
 5-7 the premium in full from personal funds or, if not, to whom a
 5-8 balance is or will be due.

5-9 SECTION 2.16. Subsection (d), Section 2210.204, Insurance
 5-10 Code, is amended to read as follows:

5-11 (d) If an insured requests cancellation of the insurance
 5-12 coverage, the association shall refund the unearned premium payable
 5-13 to the insured and the holder of an unpaid balance. The [~~general~~]
 5-14 property and casualty agent who submitted the application shall
 5-15 refund the agent's commission on any unearned premium in the same
 5-16 manner.

5-17 SECTION 2.17. Subsection (b), Section 2211.154, Insurance
 5-18 Code, is amended to read as follows:

5-19 (b) A general property and casualty agent or personal lines
 5-20 property and casualty agent may make an application on behalf of the
 5-21 applicant. The applicant or agent must submit the application on a
 5-22 form prescribed by the association.

5-23 SECTION 2.18. Subsection (a), Section 4001.205, Insurance
 5-24 Code, is amended to read as follows:

5-25 (a) A general life, accident, and health agent, life
 5-26 insurance agent, [~~or a~~] general property and casualty agent, or
 5-27 personal lines property and casualty agent appointed by an insurer
 5-28 authorized to engage in the business of insurance in this state
 5-29 shall notify the department on a form prescribed by the department
 5-30 if the agent appoints a subagent. The notice must be accompanied by
 5-31 a nonrefundable fee in an amount set by the department.

5-32 SECTION 2.19. Subsection (a), Section 4002.003, Insurance
 5-33 Code, is amended to read as follows:

5-34 (a) The department may not require a person to take an
 5-35 examination under this chapter if the person is:

5-36 (1) an applicant for the renewal of an unexpired
 5-37 license issued by the department;

5-38 (2) an applicant whose license issued by the
 5-39 department expired less than one year before the date of the
 5-40 application, if the previous license was not denied, revoked, or
 5-41 suspended by the commissioner;

5-42 (3) a partnership, corporation, or depository
 5-43 institution;

5-44 (4) an applicant for a life, accident, and health
 5-45 license who is designated as a chartered life underwriter (CLU);

5-46 (5) an applicant for a life and health insurance
 5-47 counselor license who is designated as a chartered life underwriter
 5-48 (CLU), chartered financial consultant (ChFC), or certified
 5-49 financial planner (CFP);

5-50 (6) an applicant for a property and casualty license
 5-51 who is designated as a chartered property casualty underwriter
 5-52 (CPCU);

5-53 (7) an applicant for a specialty license issued under
 5-54 Chapter 4055;

5-55 (8) a nonresident individual who is exempt from the
 5-56 examination requirement under Chapter 4056; or

5-57 (9) an applicant for a general life, accident, and
 5-58 health license or a life agent license who was authorized to solicit
 5-59 or procure insurance on behalf of a fraternal benefit society on
 5-60 September 1, 1999, if the applicant:

5-61 (A) solicited or procured insurance on behalf of
 5-62 the fraternal benefit society for at least 24 months preceding
 5-63 September 1, 1999; and

5-64 (B) does not, on or after September 1, 1999,
 5-65 solicit or procure:

5-66 (i) insurance for any other insurer or a
 5-67 different fraternal benefit society;

5-68 (ii) an insurance contract from anyone
 5-69 other than a person who is eligible for membership in the fraternal

6-1 benefit society; or

6-2 (iii) an interest-sensitive life insurance
6-3 contract that exceeds \$35,000 of coverage on an individual life,
6-4 unless the applicant is designated as a "Fraternal Insurance
6-5 Counselor" at the time the contract is solicited or procured.

6-6 SECTION 2.20. Subsection (a), Section 4004.053, Insurance
6-7 Code, is amended to read as follows:

6-8 (a) An individual who holds a general life, accident, and
6-9 health license, a life agent license, a life and health insurance
6-10 counselor license, ~~or~~ a general property and casualty license, or
6-11 a personal lines property and casualty license must complete 15
6-12 hours of continuing education annually. If the individual holds
6-13 more than one license for which continuing education is otherwise
6-14 required, the individual is not required to complete more than 15
6-15 continuing education hours annually.

6-16 SECTION 2.21. Subsection (a), Section 4005.002, Insurance
6-17 Code, is amended to read as follows:

6-18 (a) In connection with a client's application for insurance
6-19 coverage or with~~er~~ the issuance of an insurance policy to a client,
6-20 or on a client's request, a general property and casualty agent or
6-21 personal lines property and casualty agent may obtain:

6-22 (1) the motor vehicle record of a person insured under
6-23 or to be insured under an insurance policy; or

6-24 (2) a photograph of property insured under or to be
6-25 insured under an insurance policy.

6-26 SECTION 2.22. Section 4005.003, Insurance Code, is amended
6-27 to read as follows:

6-28 Sec. 4005.003. FEES. (a) A general property and casualty
6-29 agent or personal lines property and casualty agent may charge a
6-30 client a fee to reimburse the agent for costs the agent incurred in
6-31 obtaining a motor vehicle record or photograph of property
6-32 described under Section 4005.002. The fee may not exceed the actual
6-33 costs to the agent.

6-34 (b) For services provided to a client, a ~~general~~ property
6-35 and casualty agent described by Subsection (a) may charge a
6-36 reasonable fee, including a fee for:

6-37 (1) special delivery or postal charges;

6-38 (2) printing or reproduction costs;

6-39 (3) electronic mail costs;

6-40 (4) telephone transmission costs; and

6-41 (5) similar costs that the agent incurs on behalf of
6-42 the client.

6-43 (c) A ~~general~~ property and casualty agent described by
6-44 Subsection (a) may charge a client a fee under this section only if,
6-45 before the agent incurs an expense for the client, the agent:

6-46 (1) notifies the client of the agent's fee; and

6-47 (2) obtains the client's written consent for each fee
6-48 to be charged.

6-49 SECTION 2.23. Section 4051.001, Insurance Code, is amended
6-50 to read as follows:

6-51 Sec. 4051.001. APPLICABILITY OF CHAPTER. (a) This
6-52 subchapter and Subchapters B-E, ~~and~~ G, and I apply to each agent
6-53 of an insurer authorized to engage in the business of property and
6-54 casualty insurance in this state.

6-55 (b) This subchapter and Subchapters B-E, ~~and~~ G, and I
6-56 apply to each person who performs the acts of an agent, as described
6-57 by Section 4001.051, whether through an oral, written, electronic,
6-58 or other form of communication, by soliciting, negotiating,
6-59 procuring, or collecting a premium on an insurance contract offered
6-60 by any kind of insurer authorized to engage in the business of
6-61 property and casualty insurance in this state, including:

6-62 (1) a fidelity or surety company;

6-63 (2) a mutual insurance company, including a farm
6-64 mutual or a county mutual;

6-65 (3) a reciprocal or interinsurance exchange; and

6-66 (4) a Lloyd's plan.

6-67 SECTION 2.24. Section 4051.051, Insurance Code, is amended
6-68 to read as follows:

6-69 Sec. 4051.051. LICENSE REQUIRED. (a) A person is required

7-1 to hold a general property and casualty license if the person acts
 7-2 as:

7-3 (1) an agent who writes property and casualty
 7-4 insurance for an insurer authorized to engage in the business of
 7-5 property and casualty insurance in this state;

7-6 (2) a subagent of a person who holds a license as an
 7-7 agent under this chapter who solicits and binds insurance risks for
 7-8 that agent; or

7-9 (3) an agent who writes any other kind of insurance as
 7-10 required by the commissioner for the protection of the insurance
 7-11 consumers of this state.

7-12 (b) Notwithstanding Subsection (a), a person is not
 7-13 required to hold a general property and casualty license to engage
 7-14 in an activity described by Subsection (a) if the person:

7-15 (1) holds a license under this chapter as a personal
 7-16 lines property and casualty agent; and

7-17 (2) limits activities described by Subsection (a) to
 7-18 those activities authorized under the scope of the person's
 7-19 license.

7-20 SECTION 2.25. Section 4053.002, Insurance Code, is amended
 7-21 to read as follows:

7-22 Sec. 4053.002. EXCEPTION. An agent licensed under
 7-23 Subchapter E, ~~of~~ Chapter 981, Subchapters B-E or I, ~~of~~ Chapter
 7-24 4051, or Chapter 4056 is not a managing general agent unless the
 7-25 agent accepts 50 percent or more of the agent's total annual
 7-26 business or does \$500,000 or more of total annual business as
 7-27 measured by premium volume, whichever amount is less, from
 7-28 insurance policies produced and sold by other agents.

7-29 SECTION 2.26. Section 4053.101, Insurance Code, is amended
 7-30 to read as follows:

7-31 Sec. 4053.101. GENERAL POWERS AND DUTIES. A managing
 7-32 general agent acting for an insurer may:

7-33 (1) receive and pass on daily reports and monthly
 7-34 accounts;

7-35 (2) receive and be responsible for agency balances;

7-36 (3) handle the adjustment of losses; or

7-37 (4) appoint or direct general property and casualty
 7-38 agents and personal lines property and casualty agents in this
 7-39 state.

7-40 SECTION 2.27. Section 4054.051, Insurance Code, is amended
 7-41 to read as follows:

7-42 Sec. 4054.051. LICENSE REQUIRED. Except as provided by
 7-43 Subchapter G, a [A] person is required to hold a general life,
 7-44 accident, and health license if the person acts as:

7-45 (1) an agent who represents a health maintenance
 7-46 organization;

7-47 (2) an industrial life insurance agent for an insurer
 7-48 that writes only weekly premium life insurance on a debit basis
 7-49 under Chapter 1151;

7-50 (3) an agent who writes life, accident, and health
 7-51 insurance for a life insurance company;

7-52 (4) an agent who writes only accident and health
 7-53 insurance;

7-54 (5) an agent who writes fixed or variable annuity
 7-55 contracts or variable life contracts;

7-56 (6) an agent who writes for a stipulated premium
 7-57 company:

7-58 (A) only life insurance in excess of \$15,000 on
 7-59 any one life;

7-60 (B) only accident and health insurance; or

7-61 (C) both kinds of insurance described by
 7-62 Paragraphs (A) and (B);

7-63 (7) an agent who writes life, accident, and health
 7-64 insurance for any type of authorized life insurance company that is
 7-65 domiciled in this state, including a legal reserve life insurance
 7-66 company, and who represents the company:

7-67 (A) in a foreign country or territory; and

7-68 (B) on a United States military installation or
 7-69 with United States military personnel;

8-1 (8) an agent who writes life, accident, and health
8-2 insurance for a fraternal benefit society except as provided by
8-3 Section 885.352; or

8-4 (9) an agent who writes any other kind of insurance as
8-5 required by the commissioner for the protection of the insurance
8-6 consumers of this state.

8-7 SECTION 2.28. Subsection (b), Section 4054.052, Insurance
8-8 Code, is amended to read as follows:

8-9 (b) A person may not act as a combination life insurance
8-10 agent for a combination company unless the person holds a general
8-11 life, accident, and health license or a life agent license.

8-12 SECTION 2.29. Section 4055.013, Insurance Code, is amended
8-13 to read as follows:

8-14 Sec. 4055.013. ASSIGNMENT AND TRANSFER OF COMPENSATION BY
8-15 CERTAIN AGENTS. A person who is licensed as a general life,
8-16 accident, and health agent, life insurance agent, [or as a] general
8-17 property and casualty agent, or personal lines property and
8-18 casualty agent or who holds a substantially equivalent license
8-19 under this code, as determined by the commissioner, and who enters
8-20 into a contract with an insurer to act as the insurer's agent in
8-21 soliciting or writing policies or certificates of insurance that
8-22 are subject to this chapter may assign and transfer to the agent's
8-23 employer any commission, fee, or other compensation to be paid to
8-24 the agent under the agent's contract with the insurer only if the
8-25 sale of the insurance product occurs within the scope of the agent's
8-26 employment.

8-27 SECTION 2.30. Subsection (a), Section 4101.001, Insurance
8-28 Code, is amended to read as follows:

8-29 (a) In this chapter, "adjuster" means an individual who:

8-30 (1) investigates or adjusts losses on behalf of an
8-31 insurer as an independent contractor or as an employee of:

8-32 (A) an adjustment bureau;

8-33 (B) an association;

8-34 (C) a general property and casualty agent or
8-35 personal lines property and casualty agent;

8-36 (D) an independent contractor;

8-37 (E) an insurer; or

8-38 (F) a managing general agent; or

8-39 (2) supervises the handling of claims.

8-40 SECTION 2.31. Subsection (b), Section 4102.051, Insurance
8-41 Code, is amended to read as follows:

8-42 (b) A license is not required for:

8-43 (1) an attorney licensed to practice law in this state
8-44 who has complied with Section 4102.053(a)(6); or

8-45 (2) a person licensed as a general property and
8-46 casualty agent or personal lines property and casualty agent under
8-47 Chapter 4051 while acting for an insured concerning a loss under a
8-48 policy issued by that agent.

8-49 ARTICLE 3. TRANSITION; EFFECTIVE DATE

8-50 SECTION 3.01. Not later than December 1, 2007, the
8-51 commissioner of insurance shall adopt rules as necessary to
8-52 implement:

8-53 (1) Subchapter I, Chapter 4051, Insurance Code, as
8-54 added by this Act; and

8-55 (2) Subchapter G, Chapter 4054, Insurance Code, as
8-56 added by this Act.

8-57 SECTION 3.02. Effective January 1, 2008, a person who holds
8-58 a license as a general property and casualty agent issued by the
8-59 Texas Department of Insurance that is in good standing is:

8-60 (1) entitled to receive from the department on request
8-61 a license to act as a personal lines property and casualty agent
8-62 under the new license type, without reexamination; and

8-63 (2) subject to the provisions of the Insurance Code as
8-64 amended by this Act.

8-65 SECTION 3.03. Effective January 1, 2008, a person who holds
8-66 a license as a general life, accident, and health agent issued by
8-67 the Texas Department of Insurance that is in good standing is:

8-68 (1) entitled to receive from the department on request
8-69 a license to act as a life agent under the new license type, without

9-1 reexamination; and
9-2 (2) subject to the provisions of the Insurance Code as
9-3 amended by this Act.

9-4 SECTION 3.04. Chapter 4004, Insurance Code, as amended by
9-5 this Act, applies to continuing education requirements for
9-6 insurance agents for a renewal of a license that occurs on or after
9-7 January 1, 2008.

9-8 SECTION 3.05. To the extent of any conflict, this Act
9-9 prevails over the Act of the 80th Legislature, Regular Session,
9-10 2007, relating to nonsubstantive additions to and corrections in
9-11 enacted codes (the general code update bill), and over the Act of
9-12 the 80th Legislature, Regular Session, 2007, relating to
9-13 nonsubstantive additions to and corrections in the Insurance Code
9-14 (update of the Insurance Code).

9-15 SECTION 3.06. This Act takes effect September 1, 2007.

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