

BILL ANALYSIS

Senate Research Center

H.B. 1757
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Insurance products can be difficult to sell and explain to customers; therefore, the state requires licensing of agents who sell lines of insurance. However, passage rates on examinations for insurance agents vary significantly from year to year, often without the Texas Department of Insurance knowing what may or may not contribute to passage rates for agents and how those passage rates affect different demographics.

This bill requires the commissioner of insurance or a vendor under contract with the Texas Department of Insurance (TDI), to review a license examination for a limited or single lines insurance agent license if, during a 12-month period beginning on September 1, the examination shows an overall pass rate of less than 70 percent for first-time examinees. This bill requires TDI to collect demographic information and compile an annual report.

H.B. 1757 amends current law relating to review of certain license examinations for insurance agents.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Section 4002.008, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 4002, Insurance Code, by adding Section 4002.008, as follows:

Sec. 4002.008. STANDARDS FOR EXAMINATION PASS RATES; ANNUAL REPORT. (a) Provides that this section applies only to insurance agent license examinations for limited and single lines licenses, including agent licenses issued under Subchapters C (Limited Property and Casualty License) and I (Personal Lines Property and Casualty Agent), Chapter 4051 (Property and Casualty Agents), and Subchapters C (Limited Life, Accident, and Health License) and G (Life Agent), Chapter 4054 (Life, Accident, and Health Agents).

(b) Requires the commissioner of insurance (commissioner) or, at the commissioner's discretion, a vendor under contract with the Texas Department of Insurance (TDI), to review a license examination subject to this section if, during any 12-month period beginning on September 1 or a year, that examination exhibits an overall pass rate of less than 70 percent for first-time examinees.

(c) Requires TDI to collect demographic information, including, race, gender, and national origin, from an individual taking a license examination subject to this section.

(d) Requires TDI to compile an annual report based on the review required under Subsection (b). Requires that the report indicate whether there was any disparity in the pass rate based on demographic information.

(e) Authorizes the commissioner by rule to establish procedures as necessary to collect demographic information necessary to implement this section and ensure

that a review required under Subsection (b) is conducted and the resulting report is prepared.

(f) Requires the commissioner to deliver the report prepared under Subsection (d) to the governor, the lieutenant governor, and the speaker of the house of representatives not later than December 1 of each year.

SECTION 2. (a) Provides that the first 12-month period for which a license examination review may be required under Section 4002.008(b), Insurance Code, as added by this Act, begins September 1, 2009.

(b) Requires the commissioner to deliver the initial report required under Section 4002.008, Insurance Code, as added by this Act, not later than December 1, 2010.

SECTION 3. Effective date: upon passage or September 1, 2009.