

BILL ANALYSIS

Senate Research Center

C.S.S.B. 965
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State Affairs
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, there is not a standard level of annuity-specific education that licensed insurance agents must complete in order to sell, solicit, or negotiate a contract for an annuity in this state.

C.S.S.B. 965 requires insurance agents licensed to sell, solicit, or negotiate a contract for an annuity in this state to complete eight hours of annuity-related education initially and four hours of continuing education annually, in addition to any other required education.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 2 (Sections 4004.202 and 4004.203, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 1115, Insurance Code, by adding Section 1115.056, as follows:

Sec. 1115.056. AGENT EDUCATION REQUIREMENTS. (a) Requires an agent that intends to sell, solicit, or negotiate a contract for an annuity in this state or to represent an insurer in relation to such an annuity to submit evidence satisfactory to the Texas Department of Insurance (TDI) of completion of at least eight hours of training relating to annuities in a program certified by TDI under Subchapter C (Continuing Education Programs), Chapter 4004 (Continuing Education), before soliciting individual consumers for the purpose of selling annuities.

(b) Authorizes the training required under Subsection (a) to be used to satisfy the continuing education requirements established under Subchapter B (Agent Continuing Education Requirements), Chapter 4004.

SECTION 2. Amends Chapter 4004, Insurance Code, by adding Subchapter E, as follows:

SUBCHAPTER E. CONTINUING EDUCATION REQUIREMENTS FOR SALE OF ANNUITIES

Sec. 4004.201. DEFINITION. Defines "annuity."

Sec. 4004.202. REQUIRED CONTINUING EDUCATION REGARDING ANNUITIES. (a) Provides that this section applies to an agent who sells, solicits, or negotiates a contract for an annuity in this state or represents or purports to represent an insurer in relation to such an annuity.

(b) Requires each agent described by Subsection (a) to complete four hours of continuing education annually that specifically relates to annuities. Requires that the annual period under this subsection be based on the agent's license date or another date specified by the commissioner of insurance (commissioner) by rule, and requires that the continuing education requirement under this subsection be met within that annual period, notwithstanding Section 4004.051(b) (relating to completion of continuing education hours).

(c) Provides that the continuing education required under Subsection (b) may be used to satisfy the continuing education requirements established under Subchapter B.

Sec. 4004.203. PROGRAM CERTIFICATION REQUIREMENTS. (a) Requires the commissioner by rule to adopt criteria for continuing education programs used to satisfy the requirements of Section 4004.202. Sets forth the required criteria.

(b) Provides that subject matter determined by the commissioner be primarily intended to promote the sale or marketing of annuities does not qualify as continuing education for purposes of this subchapter.

(c) Provides that Subchapter C applies to continuing education programs described by Subsection (a) and training under Section 1115.056.

SECTION 3. Requires the commissioner to adopt rules as required by Section 4004.203, Insurance Code, as added by this Act, not later than December 1, 2009.

SECTION 4. Provides that Subchapter E, Chapter 4004, Insurance Code, as added by this Act, applies to continuing education requirements for insurance agents for a license issued or renewed on or after January 1, 2010.

SECTION 5. Effective date: September 1, 2009.