

1-1 By: Ellis, et al. S.B. No. 965  
1-2 (In the Senate - Filed February 19, 2009; March 9, 2009,  
1-3 read first time and referred to Committee on State Affairs;  
1-4 April 1, 2009, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 1, 2009,  
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 965 By: Ellis

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to certain education requirements for insurance agents who  
1-11 sell annuities.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subchapter B, Chapter 1115, Insurance Code, is  
1-14 amended by adding Section 1115.056 to read as follows:

1-15 Sec. 1115.056. AGENT EDUCATION REQUIREMENTS. (a) An agent  
1-16 that intends to sell, solicit, or negotiate a contract for an  
1-17 annuity in this state or to represent an insurer in relation to such  
1-18 an annuity must submit evidence satisfactory to the department of  
1-19 completion of at least eight hours of training relating to  
1-20 annuities in a program certified by the department under Subchapter  
1-21 C, Chapter 4004, before soliciting individual consumers for the  
1-22 purpose of selling annuities.

1-23 (b) The training required under Subsection (a) may be used  
1-24 to satisfy the continuing education requirements established under  
1-25 Subchapter B, Chapter 4004.

1-26 SECTION 2. Chapter 4004, Insurance Code, is amended by  
1-27 adding Subchapter E to read as follows:

1-28 SUBCHAPTER E. CONTINUING EDUCATION REQUIREMENTS FOR SALE OF  
1-29 ANNUITIES

1-30 Sec. 4004.201. DEFINITION. In this subchapter, "annuity"  
1-31 has the meaning assigned by Section 1115.002.

1-32 Sec. 4004.202. REQUIRED CONTINUING EDUCATION REGARDING  
1-33 ANNUITIES. (a) This section applies to an agent who:

1-34 (1) sells, solicits, or negotiates a contract for an  
1-35 annuity in this state; or

1-36 (2) represents or purports to represent an insurer in  
1-37 relation to such an annuity.

1-38 (b) Each agent described by Subsection (a) must complete  
1-39 four hours of continuing education annually that specifically  
1-40 relates to annuities. The annual period under this subsection  
1-41 shall be based on the agent's license date or another date specified  
1-42 by the commissioner by rule, and the continuing education  
1-43 requirement under this subsection must be met within that annual  
1-44 period, notwithstanding Section 4004.051(b).

1-45 (c) The continuing education required under Subsection (b)  
1-46 may be used to satisfy the continuing education requirements  
1-47 established under Subchapter B.

1-48 Sec. 4004.203. PROGRAM CERTIFICATION REQUIREMENTS.

1-49 (a) The commissioner by rule shall adopt criteria for continuing  
1-50 education programs used to satisfy the requirements of Section  
1-51 4004.202. Those criteria must include:

1-52 (1) topics related specifically to annuities;

1-53 (2) state laws and rules related to annuities,  
1-54 including requirements adopted under Chapter 1115;

1-55 (3) prohibited sales practices regarding annuities;

1-56 (4) recognition of indicators that a prospective  
1-57 insured may lack the short-term memory or judgment to knowingly  
1-58 purchase an annuity; and

1-59 (5) fraudulent and unfair trade practices regarding  
1-60 the sale of annuities.

1-61 (b) Subject matter determined by the commissioner to be  
1-62 primarily intended to promote the sale or marketing of annuities  
1-63 does not qualify as continuing education for purposes of this

2-1 subchapter.

2-2 (c) Subchapter C applies to continuing education programs  
2-3 described by Subsection (a) and training under Section 1115.056.

2-4 SECTION 3. The commissioner of insurance shall adopt rules  
2-5 as required by Section 4004.203, Insurance Code, as added by this  
2-6 Act, not later than December 1, 2009.

2-7 SECTION 4. Subchapter E, Chapter 4004, Insurance Code, as  
2-8 added by this Act, applies to continuing education requirements for  
2-9 insurance agents for a license issued or renewed on or after January  
2-10 1, 2010.

2-11 SECTION 5. This Act takes effect September 1, 2009.

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