

1-1 By: Averitt S.B. No. 2578
1-2 (In the Senate - Filed May 6, 2009; May 6, 2009, read first
1-3 time and referred to Committee on Business and Commerce;
1-4 May 14, 2009, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 8, Nays 0; May 14, 2009,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 2578 By: Averitt

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

1-10 relating to insurance agent licenses issued to certain foreign
1-11 corporations and partnerships.

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

1-13 SECTION 1. Subsection (b), Section 4001.106, Insurance
1-14 Code, is amended to read as follows:

1-15 (b) The department shall issue a license to a corporation or
1-16 partnership if the department determines that:

1-17 (1) the corporation or partnership is:

1-18 (A) organized under the laws of this state or
1-19 another state; and

1-20 (B) ~~[admitted to engage in business in this state~~
1-21 ~~by the secretary of state, if required; and~~

1-22 ~~[(C)]~~ authorized by its articles of
1-23 incorporation or its partnership agreement to act as an agent;

1-24 (2) at least one officer of the corporation or one
1-25 active partner of the partnership and all other persons performing
1-26 any acts of an agent on behalf of the corporation or partnership in
1-27 this state are individually licensed by the department separately
1-28 from the corporation or partnership;

1-29 (3) the corporation or partnership will have the
1-30 ability to pay any amount up to \$25,000 that it might become legally
1-31 obligated to pay under a claim made against it by a customer and
1-32 caused by a negligent act, error, or omission of the corporation or
1-33 partnership or a person for whose acts the corporation or
1-34 partnership is legally liable in the conduct of its business under
1-35 this code;

1-36 (4) if engaged in the business of insurance, the
1-37 corporation or partnership intends to be actively engaged in that
1-38 business as required under Section 4001.104(a);

1-39 (5) each location from which the corporation or
1-40 partnership will engage in business in this state under authority
1-41 of a license issued by the department is registered separately with
1-42 the department;

1-43 (6) the corporation or partnership has submitted the
1-44 application, appropriate fees, and any other information required
1-45 by the department; and

1-46 (7) an officer, director, member, manager, partner, or
1-47 other person who has the right or ability to control the corporation
1-48 or partnership has not:

1-49 (A) had a license suspended or revoked or been
1-50 the subject of any other disciplinary action by a financial or
1-51 insurance regulator of this state, another state, or the United
1-52 States; or

1-53 (B) committed an act for which a license may be
1-54 denied under Subchapter C, Chapter 4005.

1-55 SECTION 2. This Act applies only to a license application
1-56 filed on or after the effective date of this Act. A license
1-57 application filed before the effective date of this Act is governed
1-58 by the law in effect on the date the application was filed, and that
1-59 law is continued in effect for that purpose.

1-60 SECTION 3. This Act takes effect September 1, 2009.

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