

BILL ANALYSIS

C.S.H.B. 2699
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Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Certain insurers provide portable consumer electronics insurance coverage to policyholders who purchase portable electronic devices and related services. Interested parties observe that, unlike other types of insurance claims, portable consumer electronics insurance claims are simple and use very few calculations to determine the claim's outcome; customer service representatives take telephone calls from customers, input data into an automated electronic claims adjudication system, and claim approvals are delivered to policyholders by mail within just a few days. C.S.H.B. 2699 seeks to bring all customer service representatives under the supervision of licensed insurance adjusters.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2699 amends the Insurance Code to require a business entity, to qualify for an insurance adjuster license, to comply with statutory provisions governing insurance adjuster license requirements and present evidence satisfactory to the Texas Department of Insurance (TDI) that the applicant is eligible to designate Texas as its home state; is trustworthy; has designated a licensed adjuster responsible for the business entity's compliance with Texas insurance law; has not committed an act that is a ground for probation, suspension, revocation, or refusal of an adjuster's license; and has paid the prescribed license fees.

C.S.H.B. 2699 prohibits an individual who is a resident of Canada from being licensed as an insurance adjuster in Texas and from designating Texas as the individual's home state unless the individual has successfully passed the adjuster examination and complied with the other applicable requirements for the license, except those requiring the individual to reside in Texas or a state or country that permits a Texas resident to act as an adjuster in that state or country and to have complied with all federal laws relating to employment or the transaction of business in the United States.

C.S.H.B. 2699 includes among the persons who are exempt from provisions of law governing insurance adjusters an individual who: collects claim information from, or furnishes claim information to, an insured or claimant and enters data into an automated claims adjudication system; and who is employed by a licensed independent adjuster or its affiliate under circumstances in which no more than 25 individuals performing such duties are supervised by a single licensed independent adjuster or employed by a single licensed agent who is exempt from provisions of law governing insurance adjusters.

C.S.H.B. 2699, for purposes of provisions of law relating to insurance adjusters, defines "automated claims adjudication system," "business entity," "home state," and "person," redefines "adjuster" to reflect the inclusion of a business entity, in addition to an individual, in the term,

and makes conforming changes.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2699 differs from the original by defining "automated claims adjudication system" for purposes of statutory provisions relating to insurance adjusters, to mean a computer program designed for the collection, data entry, calculation, and final resolution of portable consumer electronic insurance claims that a licensed independent adjuster, a licensed agent, an officer of a licensed business entity, or a supervised individual uses as described by those statutory provisions, whereas the original defines that term to mean a computer program designed for the collection, data entry, calculation, and final resolution of property insurance claims that a licensed independent adjuster, licensed agent, or supervised individual uses in accordance with those statutory provisions, that complies with all requirements for the payment of claims, and that a licensed independent adjuster who is an officer of a licensed business entity certifies as compliant. The substitute omits a provision included in the original defining "catastrophe."

C.S.H.B. 2699 omits provisions included in the original adding to the list of persons who are exempt from provisions of law governing insurance adjusters the following: a licensed insurance producer; an attorney-in-fact of a reciprocal or interinsurance exchange; a managing general agent of an insurer to whom an insurer grants claim authority; a person who only settles reinsurance or subrogation claims; and an officer or director of an authorized insurer, surplus lines insurer, or risk retention group, or an attorney-in-fact of a reciprocal or interinsurance exchange. The substitute differs from the original by retaining provisions of law removed in the original exempting from those statutory provisions an agent or general agent of an authorized insurer who processes an undisputed or uncontested loss for the insurer under a policy issued by the agent or general agent.

C.S.H.B. 2699 omits provisions included in the original relating to access to criminal history record information by the Texas Department of Insurance.

C.S.H.B. 2699 differs from the original by prohibiting an individual who is a resident of Canada from being licensed as an insurance adjuster in Texas and from designating Texas as the individual's home state unless the individual has met certain requirements, whereas the original prohibits an individual who is not a resident of Texas from being licensed as an insurance adjuster in Texas and from designating Texas as the individual's home state unless those requirements are met. The substitute differs from the original in nonsubstantive ways.