

## **BILL ANALYSIS**

Senate Research Center  
84R29795 SCL-D

C.S.H.B. 3910  
By: Paul (Elife)  
Business & Commerce  
5/19/2015  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Current law requires insurance agents to pay a \$50 fine for each uncompleted continuing education (CE) hour, but they are not required to make up the deficient hours. C.S.H.B. 3910 requires agents to complete all deficient CE hours within 90 days in order to continue being licensed.

C.S.H.B. 3910 amends current law relating to completion of continuing education requirements for insurance agents and adjusters.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 4003.006, Insurance Code, as follows:

Sec. 4003.006. CONTINUATION OF ORIGINAL LICENSE. Provides that the original license of a person who has applied for license renewal in compliance with Section 4003.004 (Procedure for Renewal of License), rather than Section 4003.004, remains in effect from the date the renewal application is filed until the date:

- (1) the Texas Department of Insurance (TDI) issues the renewal license;
- (2) the license is not renewed under Section 4004.055; or
- (3) the commissioner of insurance (commissioner) issues an order revoking the license.

SECTION 2. Amends Section 4004.051(a), Insurance Code, to require each individual who holds a license issued by TDI to complete, as a condition of licensure, continuing education as provided by this chapter, except as provided by Section 4004.052 (Extensions and Exemptions) or other law.

SECTION 3. Amends Subchapter B, Chapter 4004, Insurance Code, by adding Section 4004.055, as follows:

Sec. 4004.055. CONSEQUENCES OF FAILURE TO COMPLETE CONTINUING EDUCATION REQUIREMENT. (a) Prohibits TDI from renewing a license issued under this title if the license holder fails to:

- (1) complete an applicable continuing education requirement not later than the 90th day after the last day of the licensing period; or
- (2) pay an applicable fine related to the failure to timely complete continuing education.

(b) Prohibits TDI from issuing a new license under this title to an individual who was previously licensed under this title if the individual fails to:

(1) provide evidence of completion of an applicable continuing education requirement for the expired, nonrenewed, canceled, or revoked license; or

(2) pay an applicable fine related to the failure to timely complete continuing education.

(c) Provides that completion of continuing education after expiration of a license is not a defense in a disciplinary action under Section 4005.101 (Grounds for License Denial or Disciplinary Action), Section 4005.109 (Fines), or another provision of this code against an individual who failed to complete continuing education as required by this chapter.

SECTION 4. Amends Section 4004.101(a), Insurance Code, as follows:

(a) Requires TDI to certify continuing education programs for agents and adjusters, rather than for agents. Requires that the certification criteria be designed to ensure that continuing education programs enhance the knowledge, understanding, and professional competence of the license holder.

SECTION 5. Amends Subchapter C, Chapter 4004, Insurance Code, by adding Section 4004.105, as follows:

Sec. 4004.105. ADJUSTER CONTINUING EDUCATION PROGRAM CONTENTS. Requires that a continuing education program for adjusters licensed under Chapter 4101 (Insurance Adjusters) include education relating to:

(1) Chapter 541 (Unfair Methods of Competition and Unfair or Deceptive Acts or Practices);

(2) Chapter 547 (False Advertising by Unauthorized Insurers);

(3) Subchapter A (Unfair Claim Settlement Practices), Chapter 542 (Processing and Settlement of Claims);

(4) Subchapter E (Deceptive Trade Practices and Consumer Protections), Chapter 17 (Deceptive Trade Practices), Business & Commerce Code; and

(5) any other similar laws specified by TDI.

SECTION 6. Amends Section 4005.105(d), Insurance Code, as follows:

(d) Provides that Subsections (b) and (c) do not apply, rather than Subsection (c) does not apply, to an applicant whose license application was denied or revoked for failure by the applicant to:

(1) pass a required written examination;

(2) complete continuing education or pay an applicable fine under Section 4004.055(a); or

(3) submit a properly completed license application.

Makes a nonsubstantive change. Creates Subdivision (3) from existing text.

SECTION 7. Amends Section 4005.109, Insurance Code, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Provides that a violation for which a fine may be assessed under this section includes a failure to obtain the total number of continuing education hours before the expiration date of a license, rather than the renewal date of a license.

(b-1) Prohibits the aggregate amount of fines assessed under Subsection (b)(1) from exceeding \$500 for a licensing period.

SECTION 8. Amends Section 4101.059(a), Insurance Code, as follows:

(a) Requires a licensed adjuster to participate in a continuing education program under Chapter 4004 (Continuing Education) to renew a license under this chapter. Deletes existing text requiring a licensed adjuster to participate in a continuing education program relating to consumer protection to renew a license under this chapter. Deletes existing text requiring the program to include education relating to certain consumer protection laws set forth.

SECTION 9. Amends Section 4101.061, Insurance Code, as follows:

Sec. 4101.061. EXPIRATION; RENEWAL. Provides that expiration and renewal of a license issued under this chapter are governed by Section 4004.055, rules adopted by the commissioner, and any applicable provision of this code or another insurance law of this state.

SECTION 10. Amends Section 4102.064(c), Insurance Code, as follows:

(c) Provides that on the filing of a completed renewal application, renewal fee, and, if applicable, evidence of compliance with the continuing education requirements, the original license continues in force until:

- (1) TDI issues the renewal license;
- (2) the license is not renewed under Section 4004.055; or
- (3) the commissioner issues an order revoking the license.

Makes a nonsubstantive change. Creates Subdivision (3) from existing text.

SECTION 11. Amends Sections 4102.065(a), (b), and (c), Insurance Code, as follows:

(a) Authorizes a person whose license has been expired for 90 days or less to renew the license by submitting to TDI evidence of compliance with the continuing education requirements and eligibility for renewal under Section 4004.055.

(b) Prohibits a person whose license has been expired for more than 90 days but less than one year, except as provided by Section 4004.055, from renewing the license but provides that the person is entitled to a new license without taking the applicable examination if the person submits to TDI certain criteria as set forth.

(c) Prohibits a person whose license has been expired for one year or more from renewing the license. Authorizes the person to obtain a new license by:

- (1) submitting to reexamination, if examination is required for original issuance of the license;
- (2) complying with the requirements and procedures for obtaining an original license; and
- (3) if applicable, submitting evidence of completion of any outstanding continuing education requirement related to the expired license.

Makes a nonsubstantive change. Creates Subdivisions (1) and (2) from existing text.

SECTION 12. Provides that the change in law made by this Act applies only to a license issued or renewed on or after the effective date of this Act. Makes application of this Act prospective.

SECTION 13. Effective date: November 1, 2015.