

BILL ANALYSIS

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S.B. 844
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Insurance agents or adjusters commonly hold several different licenses, each with a different renewal date. The different renewal dates make it difficult for licensees to keep all of their licenses current and to comply with continuing education requirements. Multiple license renewal dates can cause confusion for license holders to properly renew all of their insurance licenses. That confusion can result in inefficient license renewal management for thousands of insurance license holders as well as more time expended by the Texas Department of Insurance (TDI) for multiple renewal requests from individual agents.

TDI processes requests for 23 individual insurance licenses. Over the past decade, the agency experienced a 60 percent increase in insurance agent and adjuster license requests. The increased demand for agent and adjuster licenses in Texas, and the greater complexity of certain filings, strains agency resources.

S.B. 844 aligns individual license renewal dates for the same date every two years, removing an unnecessary regulatory burden on Texas agents and adjusters, as well as the insurers and agencies that employ and regulate them. It would also simplify fees and continuing education requirements for subsequent new licenses.

As proposed, S.B. 844 amends current law relating to the expiration of licenses for insurance agents and adjusters.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the commissioner of insurance is modified in SECTION 5 (Section 4101.061, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 4001.006(a) and (b), Insurance Code, as follows:

- (a) Requires the Texas Department of Insurance (TDI) to collect from each agent of an insurer writing insurance in this state under this code a nonrefundable license application fee, rather than a nonrefundable license fee. Makes no further change to this subsection.
- (b) Requires TDI to deposit the fees described by Subsection (a), together with other license application fees, examination fees, and license renewal application fees, to the credit of the TDI operating account.

SECTION 2. Amends Section 4003.001, Insurance Code, by amending Subsection (a) and adding Subsections (c) and (d), as follows:

- (a) Provides that, unless a staggered renewal system is adopted under Section 4003.002 (Staggered Renewal System), each license issued or renewed by TDI under Chapter 981 (Surplus Lines Insurance) or Subtitles A, B, or C and not suspended or revoked by the commissioner of insurance (commissioner) expires on:

(1) the second anniversary of the date the license is issued to or renewed by a person that is not an individual; or

(2) except as provided in Subsection (c):

(A) for a license issued or renewed in an even-numbered year, the individual license holder's birthday each even-numbered year; or

(B) for a license issued or renewed in an odd-numbered year, the individual license holder's birthday each odd-numbered year.

(c) Provides that, if a person holds more than one license, all licenses issued to the person expire on the earliest expiration date of the licenses held. Provides that, thereafter, all licenses expire in accordance with Subsection (a).

(d) Prohibits the commissioner, notwithstanding Section 4003.002(b) (relating to the proration of license fees), from prorating the initial application fee for a license based on the expiration period of the license under Subsection (c).

SECTION 3. Amends Section 4003.008(b), Insurance Code, to require the person to pay to TDI a fee equal to the license application fee.

SECTION 4. Amends Sections 4101.057(a), (b), and (d), Insurance Code, as follows:

(a) Requires TDI to set and collect a nonrefundable license application fee in an amount not to exceed \$50 before issuing or renewing a license under this chapter.

(b) Requires an applicant for a renewal license to remit the fee required by Subsection (a) before the expiration of the license being renewed, rather than biennially after the issuance of the original license being renewed. Requires an applicant for a renewal license to remit, in addition to the fee assessed under Subsection (a), a fee equal to one-half of the original application fee, rather than license fee, if the applicant's license has been expired for not more than 90 days.

(d) Requires TDI to set and collect a duplicate license application fee before issuing a duplicate license requested by an adjuster.

SECTION 5. 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 Chapter 4003 (License Expiration and Renewal), rules adopted by the commissioner, and, rather than or, any applicable provision of this code or another insurance law of this state.

SECTION 6. Amends Section 4102.062, Insurance Code, as follows:

Sec. 4102.062. EXPIRATION. Provides that a license issued under this chapter expires as provided by Chapter 4003, rather than on the second anniversary of the date of issuance, unless suspended or revoked by the commissioner.

SECTION 7. Amends Section 4102.064, Insurance Code, to change reference to renewal fee to renewal application fee.

SECTION 8. Amends Sections 4102.065(a), (b), and (d), Insurance Code, as follows:

(a) Makes conforming changes.

(b) Changes references to license fee to license application fee.

(d) Makes a conforming change.

SECTION 9. (a) Makes application of this Act prospective to January 1, 2016.

(b) Provides that, on January 1, 2016, each license held on that date under Chapter 981, Insurance Code, and Subtitles A, B, and C, Title 13, Insurance Code, expires as follows:

(1) each license issued to a person that is not an individual expires on the expiration date of the license with the longest remaining term held by that person on January 1, 2016;

(2) each license issued to an individual expires, or may be extended to expire, on the individual's birthday in the year after the expiration date of the license with the longest remaining term held by that person on January 1, 2016; and

(3) after a license expires as described by Subdivision (1) or (2) of this subsection, the license renews and expires as provided by Section 4003.001, Insurance Code, as amended by this Act.

(c) Prohibits TDI from charging an additional fee or require a renewal application before the renewal date established under this section to the extent that the term of an existing license is extended under this section.

(d) Provides that, except as provided by Subsection (e) of this section, the change in law made by this Act does not change the continuing education requirement for a license issued or renewed on or after the effective date of this Act. Provides that the continuing education requirement for a license issued or renewed before the effective date of this Act is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

(e) Prohibits a licensee from being required to complete additional continuing education hours for a license during any period the license was extended under this section beyond its original expiration date.

SECTION 10. Effective date: January 1, 2016.