

By: Eltife

S.B. No. 876

A BILL TO BE ENTITLED

AN ACT

relating to the licensing of insurance agents and adjusters;
providing a penalty.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 4001.006(a) and (b), Insurance Code,
are amended to read as follows:

(a) The department shall collect from each agent of an
insurer writing insurance in this state under this code:

(1) a nonrefundable license application fee; and

(2) a nonrefundable appointment fee for each
appointment of the agent by an insurer.

(b) The department shall 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 Texas Department of Insurance operating account.

SECTION 2. Section 4001.162, Insurance Code, is amended to
read as follows:

Sec. 4001.162. RESTRICTION ON APPOINTMENT OF TEMPORARY
LICENSE HOLDERS. (a) Except as provided by Subsection (b), an
~~An~~ agent, insurer, or health maintenance organization may not
appoint more than 500 temporary license holders during a calendar
year.

(b) The commissioner shall adopt reasonable rules setting
standards for an agent, insurer, or health maintenance organization

1 to appoint more than 500 temporary license holders during a
2 calendar year. The standards must include consideration of the
3 ability of an agent, insurer, or health maintenance organization to
4 monitor appointed temporary agents.

5 SECTION 3. Section 4003.001, Insurance Code, is amended by
6 amending Subsection (a) and adding Subsections (c) and (d) to read
7 as follows:

8 (a) Unless a staggered renewal system is adopted under
9 Section 4003.002, each [~~agent~~] license issued or renewed by the
10 department under Chapter 981 or Subtitle A, B, or C and not
11 suspended or revoked by the commissioner expires on:

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

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

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

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

21 (c) If a person holds more than one license, all licenses
22 issued to the person expire on the earliest expiration date of the
23 licenses held. Thereafter, all licenses expire in accordance with
24 Subsection (a).

25 (d) Notwithstanding Section 4003.002(b), the commissioner
26 may not prorate the initial application fee for a license based on
27 the expiration period of the license under Subsection (c).

1 SECTION 4. Section 4003.006, Insurance Code, is amended to
2 read as follows:

3 Sec. 4003.006. CONTINUATION OF ORIGINAL LICENSE. The
4 original license of a person who has applied for license renewal in
5 compliance with Section 4003.004 [~~4003.004~~] remains in effect from
6 the date the renewal application is filed until the date:

- 7 (1) the department issues the renewal license; [~~or~~]
8 (2) the license is not renewed under Section 4004.055;
9 or
10 (3) the commissioner issues an order revoking the
11 license.

12 SECTION 5. Section 4003.008(b), Insurance Code, is amended
13 to read as follows:

14 (b) The person must pay to the department a fee equal to the
15 license application fee.

16 SECTION 6. Section 4004.051(a), Insurance Code, is amended
17 to read as follows:

18 (a) Except as provided by Section 4004.052 or other law,
19 each individual who holds a license issued by the department shall
20 complete, as a condition of licensure, continuing education as
21 provided by this chapter.

22 SECTION 7. Section 4004.053(a), Insurance Code, is amended
23 to read as follows:

24 (a) An individual who holds a general life, accident, and
25 health license, a life agent license, a life and health insurance
26 counselor license, an adjuster license, a managing general agent
27 license, a general property and casualty license, or a personal

1 lines property and casualty license must complete 24 [~~15~~] hours of
2 continuing education during the license period [~~annually~~]. If the
3 individual holds more than one license for which continuing
4 education is otherwise required, the individual is not required to
5 complete more than 24 [~~15~~] continuing education hours for all
6 licenses during the license period [~~annually~~]. An individual who
7 is required under rules adopted under Chapter 4008 to hold a
8 certificate to sell a designated product or product line may use
9 continuing education programs administered under Section [4004.151](#)
10 to satisfy the [~~annual~~] continuing education requirements under
11 this subsection.

12 SECTION 8. Subchapter B, Chapter 4004, Insurance Code, is
13 amended by adding Section 4004.055 to read as follows:

14 Sec. 4004.055. CONSEQUENCES OF FAILURE TO COMPLETE
15 CONTINUING EDUCATION REQUIREMENT. (a) The department may not
16 renew a license issued under this title if the license holder fails
17 to:

18 (1) complete an applicable continuing education
19 requirement not later than the 90th day after the last day of the
20 licensing period; or

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

23 (b) The department may not issue a new license under this
24 title to an individual who was previously licensed under this title
25 if the individual fails to:

26 (1) provide evidence of completion of an applicable
27 continuing education requirement for the expired, nonrenewed,

1 canceled, or revoked license; or

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

4 (c) Completion of continuing education after expiration of
5 a license is not a defense in a disciplinary action under Section
6 4005.101, Section 4005.109, or another provision of this code
7 against an individual who failed to complete continuing education
8 as required by this chapter.

9 SECTION 9. Section 4004.101(a), Insurance Code, is amended
10 to read as follows:

11 (a) The department shall certify continuing education
12 programs for agents and adjusters. The certification criteria must
13 be designed to ensure that continuing education programs enhance
14 the knowledge, understanding, and professional competence of the
15 license holder.

16 SECTION 10. Subchapter C, Chapter 4004, Insurance Code, is
17 amended by adding Section 4004.105 to read as follows:

18 Sec. 4004.105. ADJUSTER CONTINUING EDUCATION PROGRAM
19 CONTENTS. A continuing education program for adjusters licensed
20 under Chapter 4101 must include education relating to:

21 (1) Chapter 541;

22 (2) Chapter 547;

23 (3) Subchapter A, Chapter 542;

24 (4) Subchapter E, Chapter 17, Business & Commerce
25 Code; and

26 (5) any other similar laws specified by the
27 department.

1 SECTION 11. Section 4005.105(d), Insurance Code, is amended
2 to read as follows:

3 (d) Subsections (b) and [Subsection] (c) do [does] not apply
4 to an applicant whose license application was denied or revoked for
5 failure by the applicant to:

- 6 (1) pass a required written examination; [~~or~~]
7 (2) complete continuing education or pay an applicable
8 fine under Section 4004.055(a); or
9 (3) submit a properly completed license application.

10 SECTION 12. Section 4005.109(b), Insurance Code, is amended
11 to read as follows:

12 (b) A violation for which a fine may be assessed under this
13 section includes a failure to:

- 14 (1) obtain the total number of continuing education
15 hours before the expiration [~~renewal~~] date of a license;
16 (2) timely report a change of address to the
17 department; or
18 (3) notify the department of an administrative action
19 against the agent by a financial or insurance regulator of another
20 state or of the federal government.

21 SECTION 13. Subchapter B, Chapter 4056, Insurance Code, is
22 amended by adding Section 4056.059 to read as follows:

- 23 Sec. 4056.059. TRANSITION TO RESIDENT AGENT LICENSE.
24 (a) This section applies only to an individual who is a
25 nonresident agent licensed under Section 4056.052 and who has moved
26 from the other state that licensed the individual to this state.
27 (b) A nonresident agent may apply to the department for a

1 comparable license for residents of this state. An application
2 must include:

3 (1) a notification of the agent's change of address and
4 contact information;

5 (2) a clearance letter from the state authority of the
6 state that issued the agent's prior resident license demonstrating
7 the agent's good standing with that authority; and

8 (3) fingerprint forms in the format prescribed by the
9 department, which may be electronic.

10 (c) If a nonresident agent submits a satisfactory
11 application in accordance with Subsection (b), the department shall
12 issue a comparable resident agent license to the agent and cancel
13 the agent's nonresident agent license.

14 SECTION 14. Sections 4101.057(a), (b), and (d), Insurance
15 Code, are amended to read as follows:

16 (a) Before issuing or renewing a license under this chapter,
17 the department shall set and collect a nonrefundable license
18 application fee in an amount not to exceed \$50.

19 (b) An applicant for a renewal license must remit the fee
20 required by Subsection (a) before the expiration of the [~~biennially~~
21 ~~after the issuance of the original~~] license being renewed. If the
22 applicant's license has been expired for not more than 90 days, an
23 applicant for a renewal license must remit, in addition to the fee
24 assessed under Subsection (a), a fee equal to one-half of the
25 original application [~~license~~] fee.

26 (d) Before issuing a duplicate license requested by an
27 adjuster, the department shall set and collect a duplicate license

1 application fee.

2 SECTION 15. Section 4101.059(a), Insurance Code, is amended
3 to read as follows:

4 (a) To renew a license under this chapter, a licensed
5 adjuster must participate in a continuing education program under
6 Chapter 4004 [~~relating to consumer protection~~]. [~~The program must~~
7 ~~include education relating to consumer protection laws, including:~~

8 [~~(1) Chapter 541;~~

9 [~~(2) Chapter 547;~~

10 [~~(3) Subchapter A, Chapter 542;~~

11 [~~(4) Subchapter E, Chapter 17, Business & Commerce~~
12 ~~Code; and~~

13 [~~(5) any other similar laws specified by the~~
14 ~~department.~~]

15 SECTION 16. Section 4101.061, Insurance Code, is amended to
16 read as follows:

17 Sec. 4101.061. EXPIRATION; RENEWAL. Expiration and renewal
18 of a license issued under this chapter are governed by Sections
19 4003.001 and 4004.055, rules adopted by the commissioner, and [~~or~~]
20 any applicable provision of this code or another insurance law of
21 this state.

22 SECTION 17. Section 4102.062, Insurance Code, is amended to
23 read as follows:

24 Sec. 4102.062. EXPIRATION. A license issued under this
25 chapter expires as provided by Chapter 4003 [~~on the second~~
26 ~~anniversary of the date of issuance~~] unless suspended or revoked by
27 the commissioner.

1 SECTION 18. Section 4102.064, Insurance Code, is amended to
2 read as follows:

3 Sec. 4102.064. RENEWAL OF UNEXPIRED LICENSE. (a) A
4 license holder may renew a license that has not expired and has not
5 been suspended or revoked by filing with the department a properly
6 completed renewal application, in the form prescribed by the
7 commissioner, that demonstrates continued compliance with the
8 license requirements imposed under this chapter or adopted by rule
9 by the commissioner. The completed renewal application must be
10 accompanied by:

11 (1) a renewal application fee in the amount determined
12 by the commissioner under Section 4102.066(b); and

13 (2) evidence of compliance with the continuing
14 education requirements imposed under Section 4102.109.

15 (b) A license holder must submit the completed renewal
16 application, evidence of compliance with the continuing education
17 requirements, and the renewal application fee to the commissioner
18 not later than the 30th day before the second anniversary date of
19 the license.

20 (c) On the filing of a completed renewal application, a
21 renewal application fee, and, if applicable, evidence of compliance
22 with the continuing education requirements, the original license
23 continues in force until:

24 (1) the department issues the renewal license; [~~or~~]

25 (2) the license is not renewed under Section 4004.055;
26 or

27 (3) the commissioner issues an order revoking the

1 license.

2 SECTION 19. Section 4102.065, Insurance Code, is amended to
3 read as follows:

4 Sec. 4102.065. RENEWAL OF EXPIRED LICENSE. (a) A person
5 whose license has been expired for 90 days or less may renew the
6 license by:

7 (1) submitting to the department:

8 (A) a completed renewal application in the form
9 prescribed by the commissioner; and

10 (B) evidence of compliance with the continuing
11 education requirements and eligibility for renewal under Section
12 4004.055; and

13 (2) paying to the department the required renewal
14 application fee and an additional fee that is equal to one-half of
15 the renewal application fee for the license.

16 (b) Except as provided by Section 4004.055, a [A] person
17 whose license has been expired for more than 90 days but less than
18 one year may not renew the license but is entitled to a new license
19 without taking the applicable examination if the person submits to
20 the department:

21 (1) a new application;

22 (2) evidence of compliance with the continuing
23 education requirements;

24 (3) the license application fee; and

25 (4) an additional fee equal to one-half of the license
26 application fee.

27 (c) A person whose license has been expired for one year or

1 more may not renew the license. The person may obtain a new license
2 by:

3 (1) submitting to reexamination, if examination is
4 required for original issuance of the license;

5 (2) [~~, and by~~] complying with the requirements and
6 procedures for obtaining an original license; and

7 (3) if applicable, submitting evidence of completion
8 of any outstanding continuing education requirement and payment of
9 any associated fine related to the expired license.

10 (d) The department may renew without reexamination an
11 expired license of a person who was licensed in this state, moved to
12 another state, and is currently licensed and has been in continual
13 practice in the other state up to and including the date of the
14 application. The person must pay to the department a fee that is
15 equal to the license application fee.

16 SECTION 20. Section [4102.109](#)(a), Insurance Code, is amended
17 to read as follows:

18 (a) Each license holder must [~~annually~~] complete at least 24
19 [~~15~~] hours of continuing education during the license period
20 [~~courses~~]. The commissioner by rule shall prescribe the
21 requirements for continuing education courses under this section.

22 SECTION 21. (a) Sections [4001.006](#), [4003.001](#), [4003.008](#),
23 [4101.057](#), [4101.061](#), [4102.062](#), [4102.064](#), and [4102.065](#), Insurance
24 Code, as amended by this Act, apply only to a license issued or
25 renewed on or after January 1, 2016. A license issued or renewed
26 before January 1, 2016, is governed by the law as it existed
27 immediately before the effective date of this Act, and that law is

1 continued in effect for that purpose.

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

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

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

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

16 (c) To the extent that the term of an existing license is
17 extended under this section, the Texas Department of Insurance may
18 not charge an additional fee or require a renewal application
19 before the renewal date established under this section.

20 (d) Except as provided by Subsection (e) of this section,
21 the change in law made by the amendments listed in Subsection (a) of
22 this section and the provisions of this section do not change the
23 continuing education requirements for a license issued or renewed
24 on or after January 1, 2016. Except as otherwise provided by
25 provisions of this Act other than this section and the amendments
26 listed in Subsection (a) of this section, the continuing education
27 requirements for a license issued or renewed before January 1,

1 2016, are governed by the law as it existed immediately before the
2 effective date of this Act, and that law is continued in effect for
3 that purpose.

4 (e) A licensee may not be required to complete additional
5 continuing education hours for a license during any period the
6 license was extended under this section beyond its original
7 expiration date.

8 SECTION 22. Sections 4004.053 and 4102.109, Insurance Code,
9 as amended by this Act, apply only to continuing education
10 requirements for a license issued or renewed on or after the
11 effective date of this Act. Continuing education requirements for
12 a license issued or renewed before the effective date of this Act
13 are governed by the law as it existed immediately before the
14 effective date of this Act, and that law is continued in effect for
15 that purpose.

16 SECTION 23. Section 4004.055, Insurance Code, as added by
17 this Act, and Sections 4004.051, 4005.105, and 4005.109, Insurance
18 Code, as amended by this Act, apply only to completion of continuing
19 education requirements for a license issued or renewed on or after
20 November 1, 2015. Completion of continuing education requirements
21 for a license issued or renewed before November 1, 2015, is governed
22 by the law as it existed immediately before the effective date of
23 this Act, and that law is continued in effect for that purpose.

24 SECTION 24. Section 4056.059, Insurance Code, as added by
25 this Act, applies only to a nonresident agent who relocates to this
26 state on or after the effective date of this Act. An agent who
27 relocates to this state before the effective date of this Act is

1 governed by the law as it existed immediately before that date, and
2 that law is continued in effect for that purpose.

3 SECTION 25. This Act takes effect September 1, 2015.