

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. Section [4153.055](#), Insurance Code, is amended to  
23 read as follows:

24 Sec. 4153.055. EXEMPTIONS FROM EXAMINATION AND CONTINUING  
25 EDUCATION REQUIREMENT. (a) An applicant is not required to take an  
26 examination to obtain a risk manager's license if the applicant  
27 holds the designation of:

1 (1) chartered property casualty underwriter (CPCU)  
2 from the American Institute for Chartered Property Casualty  
3 Underwriters;

4 (2) certified insurance counselor (CIC) from the  
5 national Society of Certified Insurance Counselors; [~~or~~]

6 (3) associate in risk management (ARM) from the  
7 Insurance Institute of America; or

8 (4) Certified Risk Manager (CRM) from The National  
9 Alliance for Insurance Education & Research.

10 (b) A license holder who has held a designation described by  
11 Subsection (a)(2), (3), or (4) for a period of not less than 30  
12 years is exempt from continuing education requirements established  
13 under this title.

14 SECTION 22. (a) Sections 4001.006, 4003.001, 4003.008,  
15 4101.057, 4101.061, 4102.062, 4102.064, and 4102.065, Insurance  
16 Code, as amended by this Act, apply only to a license issued or  
17 renewed on or after January 1, 2016. A license issued or renewed  
18 before January 1, 2016, is governed by the law as it existed  
19 immediately before the effective date of this Act, and that law is  
20 continued in effect for that purpose.

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

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

27 (2) each license issued to an individual expires, or

1 may be extended to expire, on the individual's next birthday after  
2 the expiration date of the license with the longest remaining term  
3 held by that person on January 1, 2016; and

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

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

12 (d) Except as provided by Subsection (e) of this section,  
13 the change in law made by the amendments listed in Subsection (a) of  
14 this section and the provisions of this section do not change the  
15 continuing education requirements for a license issued or renewed  
16 on or after January 1, 2016. Except as otherwise provided by  
17 provisions of this Act other than this section and the amendments  
18 listed in Subsection (a) of this section, the continuing education  
19 requirements for a license issued or renewed before January 1,  
20 2016, are governed by the law as it existed immediately before the  
21 effective date of this Act, and that law is continued in effect for  
22 that purpose.

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

27 SECTION 23. Sections 4004.053 and 4102.109, Insurance Code,

1 as amended by this Act, apply only to continuing education  
2 requirements for a license issued or renewed on or after the  
3 effective date of this Act. Continuing education requirements for  
4 a license issued or renewed before the effective date of this Act  
5 are governed by the law as it existed immediately before the  
6 effective date of this Act, and that law is continued in effect for  
7 that purpose.

8 SECTION 24. Section 4004.055, Insurance Code, as added by  
9 this Act, and Sections 4004.051, 4005.105, and 4005.109, Insurance  
10 Code, as amended by this Act, apply only to completion of continuing  
11 education requirements for a license issued or renewed on or after  
12 November 1, 2015. Completion of continuing education requirements  
13 for a license issued or renewed before November 1, 2015, is governed  
14 by the law as it existed immediately before the effective date of  
15 this Act, and that law is continued in effect for that purpose.

16 SECTION 25. Section 4056.059, Insurance Code, as added by  
17 this Act, applies only to a nonresident agent who relocates to this  
18 state on or after the effective date of this Act. An agent who  
19 relocates to this state before the effective date of this Act is  
20 governed by the law as it existed immediately before that date, and  
21 that law is continued in effect for that purpose.

22 SECTION 26. This Act takes effect September 1, 2015.

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 876 passed the Senate on April 9, 2015, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 28, 2015, by the following vote: Yeas 31, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 876 passed the House, with amendment, on May 19, 2015, by the following vote: Yeas 143, Nays 1, two present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor