

**House Bill 4030**  
Senate Amendments  
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SECTION 1. Section 443.156(a), Insurance Code, is amended to read as follows:

(a) Every person who represented the insurer as an agent and receives notice in the form prescribed in Section 443.155 that the insurer is the subject of a liquidation order, not later than the 30th day after the date of the notice, shall provide to the liquidator, in addition to the information the agent may be required to provide pursuant to Section 443.010, the information in the agent's records related to any policy issued by the insurer through the agent and any policy issued by the insurer through an agent under contract to the agent[~~, including the name and address of any subagent~~]. For purposes of this subsection, a policy is issued through an agent if the agent has a property interest in the expiration of the policy or if the agent has had in the agent's possession a copy of the declarations of the policy at any time during the life of the policy, except where the ownership of the expiration of the policy has been transferred to another.

SECTION 2. Section 521.151, Insurance Code, is amended to read as follows:

Sec. 521.151. APPLICABILITY OF SUBCHAPTER. This subchapter applies to any legal entity engaged in the business of insurance in this state, including:

- (1) a capital stock insurance company;
- (2) a mutual insurance company;
- (3) a title insurance company;
- (4) a fraternal benefit society;
- (5) a local mutual aid association;
- (6) a statewide mutual assessment company;
- (7) a county mutual insurance company;

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SECTION 1. Same as House version.

SECTION 2. Same as House version.

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- (8) a Lloyd's plan;
- (9) a reciprocal or interinsurance exchange;
- (10) a stipulated premium company;
- (11) a group hospital service corporation;
- (12) a farm mutual insurance company;
- (13) a risk retention group;
- (14) an eligible surplus lines insurer; and
- (15) an agent, broker, or adjuster~~[, or life and health insurance counselor]~~.

SECTION 3. Section 541.002(2), Insurance Code, is amended to read as follows:

- (2) "Person" means an individual, corporation, association, partnership, reciprocal or interinsurance exchange, Lloyd's plan, fraternal benefit society, or other legal entity engaged in the business of insurance, including an agent, broker, or adjuster~~[, or life and health insurance counselor]~~.

SECTION 4. Section 544.001, Insurance Code, is amended to read as follows:

Sec. 544.001. APPLICABILITY OF SUBCHAPTER. This subchapter applies to:

- (1) any legal entity engaged in the business of insurance in this state, including:
  - (A) a capital stock insurance company;
  - (B) a mutual insurance company;
  - (C) a title insurance company;
  - (D) a fraternal benefit society;
  - (E) a local mutual aid association;
  - (F) a statewide mutual assessment company;

SECTION 3. Same as House version.

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- (G) a county mutual insurance company;
  - (H) a Lloyd's plan;
  - (I) a reciprocal or interinsurance exchange;
  - (J) a stipulated premium company;
  - (K) a group hospital service corporation;
  - (L) a farm mutual insurance company;
  - (M) a risk retention group;
  - (N) an eligible surplus lines insurer; and
  - (O) an agent, broker, or adjuster[ ~~or life and health insurance counselor~~]; and
- (2) a health maintenance organization.

SECTION 5. Section 544.051, Insurance Code, is amended to read as follows:

Sec. 544.051. APPLICABILITY OF SUBCHAPTER. This subchapter applies to any individual, corporation, association, partnership, or other legal entity engaged in the business of insurance, including:

- (1) a fraternal benefit society;
- (2) a county mutual insurance company;
- (3) a Lloyd's plan;
- (4) a reciprocal or interinsurance exchange;
- (5) a farm mutual insurance company; and
- (6) an agent, broker, or adjuster[ ~~or life and health insurance counselor~~].

SECTION 6. Section 1131.056(a), Insurance Code, is amended to read as follows:

- (a) In this section, "agent" includes a general agent[ ~~subagent,~~] or a salesperson.

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SECTION 5. Same as House version.

SECTION 6. Same as House version.

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SECTION 7. Section 4001.002(b), Insurance Code, is amended to read as follows:

(b) This title does not apply to:

(1) a resident of this state who arbitrates in the adjustment of losses between an insurer and an insured, a marine adjuster who adjusts particular or general average losses of vessels or cargoes if the adjuster paid an occupation tax of \$200 for the year in which the adjustment is made, or a practicing attorney at law in this state, acting in the regular transaction of the person's business as an attorney at law, who is not a local agent and is not acting as an adjuster for an insurer;

(2) ~~[a full-time home office salaried employee of an insurer authorized to engage in the business of insurance in this state, other than an employee who solicits or receives an application for the sale of insurance through an oral, written, or electronic communication in accordance with Subchapter G, Chapter 4051;~~

~~[(3)]~~ an attorney in fact or the traveling salaried representative of a reciprocal or interinsurance exchange admitted to engage in the business of insurance in this state as to business transacted through the attorney in fact or salaried representative;

(3) ~~[(4)]~~ the attorney in fact for a Lloyd's plan;

(4) ~~[(5)]~~ the group motor vehicle insurance business or the group motor vehicle department of a company engaged in that business; or

(5) ~~[(6)]~~ a salaried employee who is not involved in soliciting or negotiating insurance in the office of an agent and who devotes the employee's full time to clerical and

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administrative services, including the incidental taking of information from customers and receipt of premiums in the office of an agent, if:

- (A) the employee does not receive any commissions; and
- (B) the employee's compensation is not varied by the volume of premiums taken and received.

SECTION 8. Section 4001.003(1), Insurance Code, is amended to read as follows:

- (1) "Agent" means a person who is an authorized agent of an insurer or health maintenance organization [~~,-a subagent,~~] and any other person who performs the acts of an agent, whether through an oral, written, electronic, or other form of communication, by soliciting, negotiating, procuring, or collecting a premium on an insurance or annuity contract, or who represents or purports to represent a health maintenance organization, including a health maintenance organization offering only a single health care service plan, in soliciting, negotiating, procuring, or effectuating membership in the health maintenance organization. The term does not include:
- (A) a regular salaried officer or employee of an insurer, health maintenance organization, or agent who:
    - (i) devotes substantially all of the officer's or employee's time to activities other than the solicitation of applications for insurance, annuity contracts, or memberships;
    - (ii) does not receive a commission or other compensation directly dependent on the business obtained; and
    - (iii) does not solicit or accept from the public applications for insurance, annuity contracts, or memberships;
  - (B) an employer or an employer's officer or employee or a trustee of an employee benefit plan, to the extent that the

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employer, officer, employee, or trustee is engaged in the administration or operation of an employee benefits program involving the use of insurance or annuities issued by an insurer or memberships issued by a health maintenance organization, if the employer, officer, employee, or trustee is not directly or indirectly compensated by the insurer or health maintenance organization issuing the insurance or annuity contracts or memberships;

(C) except as otherwise provided by this code, a depository institution, or an officer or employee of a depository institution, to the extent that the depository institution or officer or employee collects and remits premiums or charges by charging those premiums or charges against accounts of depositors on the orders of those depositors; or

(D) a person or the employee of a person who has contracted to provide administrative, management, or health care services to a health maintenance organization and who is compensated for those services by the payment of an amount computed as a percentage of the revenues, net income, or profit of the health maintenance organization, if that method of compensation is the sole basis for subjecting that person or the employee of the person to this title.

SECTION 9. Section 4001.051(b), Insurance Code, is amended to read as follows:

(b) Regardless of whether the act is done at the request of or by the employment of an insurer, broker, or other person, a person is the agent of the insurer for which the act is done or risk is taken for purposes of the liabilities, duties, requirements, and penalties provided by this title or [5]

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Chapter 21~~], or a provision listed in Section 4001.009]~~ if the person:

- (1) solicits insurance on behalf of the insurer;
- (2) receives or transmits other than on the person's own behalf an application for insurance or an insurance policy to or from the insurer;
- (3) advertises or otherwise gives notice that the person will receive or transmit an application for insurance or an insurance policy;
- (4) receives or transmits an insurance policy of the insurer;
- (5) examines or inspects a risk;
- (6) receives, collects, or transmits an insurance premium;
- (7) makes or forwards a diagram of a building;
- (8) takes any other action in the making or consummation of an insurance contract for or with the insurer other than on the person's own behalf; or
- (9) examines into, adjusts, or aids in adjusting a loss for or on behalf of the insurer.

SECTION 10. Section 4001.106(b), Insurance Code, is amended to read as follows:

(b) The department shall issue a license to a corporation or partnership if the department determines that:

- (1) the corporation or partnership is:
  - (A) organized under the laws of this state or another state; and
  - (B) authorized by its articles of incorporation or its partnership agreement to act as an agent;
- (2) at least one officer of the corporation or one active partner of the partnership and all other persons performing any acts of an agent on behalf of the corporation or

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partnership in this state are individually licensed by the department separately from the corporation or partnership;

(3) the corporation or partnership will have the ability to pay any amount up to \$25,000 that it might become legally obligated to pay under a claim made against it by a customer and caused by a negligent act, error, or omission of the corporation or partnership or a person for whose acts the corporation or partnership is legally liable in the conduct of its business under this code;

(4) if engaged in the business of insurance, the corporation or partnership intends to be actively engaged in that business as required under Section 4001.104(a);

(5) ~~each location from which the corporation or partnership will engage in business in this state under authority of a license issued by the department is registered separately with the department;~~

~~[(6)]~~ the corporation or partnership has submitted the application, appropriate fees, and any other information required by the department; and

~~(6)~~ ~~[(7)]~~ an officer, director, member, manager, partner, or other person who has the right or ability to control the corporation or partnership has not:

(A) had a license suspended or revoked or been the subject of any other disciplinary action by a financial or insurance regulator of this state, another state, or the United States; or

(B) committed an act for which a license may be denied under Subchapter C, Chapter 4005.

SECTION 11. Section 4001.153, Insurance Code, is amended to read as follows:

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Sec. 4001.153. APPLICATION FOR AND ISSUANCE OF TEMPORARY LICENSE. (a) Except as provided by Subsection (b), the ~~[The]~~ department shall issue a temporary license immediately on receipt of a properly completed application executed by the applicant in the form required by Section 4001.102 and accompanied by:

(1) the nonrefundable filing fee set by the department; and  
(2) a certificate signed by an officer or properly authorized representative of an agent, insurer, or health maintenance organization stating that:

(A) the applicant is being considered for appointment by the agent, insurer, or health maintenance organization as its full-time agent;

(B) the agent, insurer, or health maintenance organization desires that the applicant be issued a temporary license; and  
(C) the applicant will complete training as prescribed by Section 4001.160 under the agent's, insurer's, or health maintenance organization's supervision.

(b) The department may deny a license application under this subchapter if the department determines that any of the grounds exist for license denial or disciplinary action under Section 4005.101 of this code or Chapter 53, Occupations Code.

SECTION 12. Section 4001.155, Insurance Code, is amended to read as follows:

Sec. 4001.155. TERM OF TEMPORARY LICENSE. A temporary license is valid for 180 ~~[90]~~ days after the date of issuance.

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SECTION 13. Section 4001.352, Insurance Code, is amended to read as follows:

Sec. 4001.352. AUTHORITY TO ISSUE PROVISIONAL PERMIT. (a) The department may, in conjunction with a license application under Section 4001.102, issue a provisional permit to an applicant who is being considered for appointment as an agent by another agent, an insurer, or a health maintenance organization.

(b) The department may suspend the issuance of a provisional permit under this subchapter if:

(1) the department's processing time for license applications has not exceeded 21 days in any month in the preceding 90 days before the suspension; and

(2) the department provides notice both on its Internet website and to applicants for provisional licenses that the provisional license applications are temporarily suspended because sufficient processing time for permanent licenses is available to allow for those licenses to be processed in not more than 21 days for a completed application.

SECTION 14. Section 4002.003(a), Insurance Code, is amended to read as follows:

(a) The department may not require a person to take an examination under this chapter if the person is:

(1) an applicant for the renewal of an unexpired license issued by the department;

(2) an applicant whose license issued by the department expired less than one year before the date of the application, if the previous license was not denied, revoked, or suspended by the commissioner;

(3) a partnership, corporation, or depository institution;

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- (4) an applicant for a life, accident, and health license who is designated as a chartered life underwriter (CLU);
- (5) ~~[an applicant for a life and health insurance counselor license who is designated as a chartered life underwriter (CLU), chartered financial consultant (ChFC), or certified financial planner (CFP);~~
- ~~[(6)]~~ an applicant for a property and casualty license who is designated as a chartered property casualty underwriter (CPCU);
- ~~(6)~~ ~~[(7)]~~ an applicant for a specialty license issued under Chapter 4055;
- ~~(7)~~ ~~[(8)]~~ a nonresident individual who is exempt from the examination requirement under Chapter 4056; or
- ~~(8)~~ ~~[(9)]~~ an applicant for a general life, accident, and health license or a life agent license who was authorized to solicit or procure insurance on behalf of a fraternal benefit society on September 1, 1999, if the applicant:
  - (A) solicited or procured insurance on behalf of the fraternal benefit society for at least 24 months preceding September 1, 1999; and
  - (B) does not, on or after September 1, 1999, solicit or procure:
    - (i) insurance for any other insurer or a different fraternal benefit society;
    - (ii) an insurance contract from anyone other than a person who is eligible for membership in the fraternal benefit society; or
    - (iii) an interest-sensitive life insurance contract that exceeds \$35,000 of coverage on an individual life, unless the applicant is designated as a "Fraternal Insurance Counselor" at the time the contract is solicited or procured.

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SECTION 15. Section 4004.053(a), Insurance Code, is amended to read as follows:

(a) An individual who holds a general life, accident, and health license, a life agent license, [~~a life and health insurance counselor license,~~] an adjuster license, a managing general agent license, a general property and casualty license, or a personal lines property and casualty license must complete 24 hours of continuing education during the license period. If the individual holds more than one license for which continuing education is otherwise required, the individual is not required to complete more than 24 continuing education hours for all licenses during the license period. An individual who is required under rules adopted under Chapter 4008 to hold a certificate to sell a designated product or product line may use continuing education programs administered under Section 4004.151 to satisfy the continuing education requirements under this subsection.

SECTION 16. Section 4004.054, Insurance Code, is amended to read as follows:

Sec. 4004.054. ETHICS REQUIREMENT. Each individual who holds a license issued by the department shall complete three [~~two~~] hours of continuing education in ethics during each license renewal period.

SECTION 17. Section 4051.051(a), Insurance Code, is amended to read as follows:

(a) A person is required to hold a general property and casualty license if the person acts as:

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SECTION 17. Same as House version.

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- (1) an agent who writes property and casualty insurance for an insurer authorized to engage in the business of property and casualty insurance in this state; ~~or~~  
(2) ~~[a subagent of a person who holds a license as an agent under this chapter who solicits and binds insurance risks for that agent; or~~  
[(3)] an agent who writes any other kind of insurance as required by the commissioner for the protection of the insurance consumers of this state.

SECTION 18. Section 4051.401, Insurance Code, is amended to read as follows:

Sec. 4051.401. PERSONAL LINES PROPERTY AND CASUALTY LICENSE; LICENSE REQUIRED. A person is required to hold a personal lines property and casualty license if the person acts as[:

- [(1)] an agent who writes property and casualty insurance sold to individuals and families primarily for personal or household use for an insurer authorized to engage in the business of property and casualty insurance in this state[; ~~or~~  
[(2) ~~a subagent of a person who holds a license as an agent under this subchapter who solicits and binds insurance risks for that agent].~~

SECTION 19. Section 4056.052, Insurance Code, is amended by adding Subsection (c) to read as follows:

(c) A license issued under this section shall be automatically suspended, canceled, or revoked if the licensee's home state suspends, cancels, or revokes the licensee's corresponding resident license.

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SECTION 20. Section 4056.059(b), Insurance Code, is amended to read as follows:

(b) A nonresident agent may apply to the department for a comparable license for residents of this state. An application must include:

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

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

~~[(3)]~~ fingerprint forms in the format prescribed by the department, which may be electronic.

SECTION 20. Same as House version.

SECTION 21. Section 4102.054(a), Insurance Code, is amended to read as follows:

(a) The commissioner may issue a nonresident license to an applicant for a public insurance adjuster license who is not a permanent resident of this state on determining that the application meets the requirements of this chapter, the nonresident license application fee has been paid, and the applicant is an individual who:

(1) is at least 18 years of age;

(2) except as provided by Section 4102.058, has passed, to the satisfaction of the commissioner, an examination approved by the commissioner and of sufficient scope as prescribed by Section 4102.057;

(3) is self-employed as a public insurance adjuster or associated with or employed by a public insurance adjusting firm or other public insurance adjuster;

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(4) is trustworthy and of a moral character that reasonably ensures that the applicant will conduct the business of a public insurance adjuster fairly and in good faith without detriment to the public;

(5) has never been convicted of a felony or, if convicted of a felony, has received a full pardon from that conviction and is otherwise relieved from any disabilities connected with that conviction;

(6) has sufficient experience or training relating to the assessment of:

(A) real and personal property values; and

(B) physical loss of or damage to real or personal property that may be the subject of insurance and claims under insurance;

(7) is sufficiently informed as to the terms and effects of the types of insurance contracts that provide coverage on real and personal property;

(8) possesses knowledge and experience adequate to enable the applicant to engage in the business of a public insurance adjuster fairly and without injury to the public or any member of the public with whom the applicant may have business as a public insurance adjuster;

~~(9) [if currently licensed as a resident public insurance adjuster in the applicant's state of residence, provides with the application a certificate or letter of authorization from the licensing authority of the applicant's state of residence that:~~

~~[(A) states that the applicant holds a current or comparable license to act as a public insurance adjuster; and~~

~~[(B) meets the requirements of Subsection (b);~~

~~[(10) if the applicant's state of residence does not require licensure as a resident public insurance adjuster and the applicant has been licensed as an adjuster, agent, broker, or~~

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~~other insurance representative in the applicant's state of residence or any other state within the past three years, provides with the application a certificate or letter of authorization from the licensing authority that:~~

~~[(A) states that the applicant holds or has held a license to act as an adjuster, agent, broker, or other insurance representative; and~~

~~[(B) meets the requirements of Subsection (c);~~

~~[(11)] files proof of financial responsibility in accordance with Section 4102.105; and~~

~~(10) [(12)] complies with any other requirements under applicable state law, including provision of a complete set of fingerprints on request, as provided by Section 4001.103.~~

SECTION 22. The following provisions of the Insurance Code are repealed:

- (1) Section 4001.003(9);
- (2) Sections 4001.009 and 4001.109;
- (3) Section 4001.156(a);
- (4) Section 4001.205;
- (5) Subchapters D and G, Chapter 4051;
- (6) Chapter 4052;
- (7) Section 4056.004;
- (8) Sections 4102.054(b) and (c); and
- (9) Section 4102.114(d).

SECTION 23. (a) In this section, "department" means the Texas Department of Insurance.

(b) On the effective date of this Act, the department shall convert all active insurance services representative licenses

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SECTION 22. Same as House version.

SECTION 23. (a) In this section, "department" means the Texas Department of Insurance.

(b) On the effective date of this Act, the department shall convert all active insurance services representative licenses

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issued before **January 1, 2021**, to general property and casualty insurance agent licenses. Licensees must comply with all requirements of the converted license to keep the license active and in good standing. Any insurance services representative licenses issued on or after **January 1, 2021**, through the effective date of this Act may not be renewed on expiration of the license and may not convert to another license type.

(c) On the effective date of this Act, the department shall convert all active life and health insurance counselor licenses issued before **January 1, 2021**, to general life and health agent licenses. Converted licensees must comply with all requirements of the converted license to keep the license active and in good standing. Any life and health insurance counselor licenses issued on or after **January 1, 2021**, through the effective date of this Act may not be renewed on expiration of the license and may not convert to another license type.

(d) On the effective date of this Act, any existing home office salaried employee registration is void and ceases to exist. Any former home office salaried employee registrant engaging in the business of insurance after the effective date of this Act must follow the requirements of the Insurance Code and any other applicable laws of this state.

SECTION 24. This Act takes effect September 1, 2021.

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issued before **June 1, 2021**, to general property and casualty insurance agent licenses. Licensees must comply with all requirements of the converted license to keep the license active and in good standing. Any insurance services representative licenses issued on or after **June 1, 2021**, through the effective date of this Act may not be renewed on expiration of the license and may not convert to another license type.

(c) On the effective date of this Act, the department shall convert all active life and health insurance counselor licenses issued before **June 1, 2021**, to general life and health agent licenses. Converted licensees must comply with all requirements of the converted license to keep the license active and in good standing. Any life and health insurance counselor licenses issued on or after **June 1, 2021**, through the effective date of this Act may not be renewed on expiration of the license and may not convert to another license type.

(d) On the effective date of this Act, any existing home office salaried employee registration is void and ceases to exist. Any former home office salaried employee registrant engaging in the business of insurance after the effective date of this Act must follow the requirements of the Insurance Code and any other applicable laws of this state.

SECTION 24. Same as House version.

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