

SUBJECT: Licensing requirements for agents who sell funeral life insurance

COMMITTEE: Insurance — committee substitute recommended

VOTE: 9 ayes — Smithee, Van de Putte, Averitt, Bonnen, Burnam, Eiland, G.
Lewis, Olivo, Wise

0 nays

WITNESSES: *(On original version):*

For — Brian Davis, Director's Investment Group, Funeral Director Life Insurance Company; Stephen Russell, Funeral Director's Life Insurance Company

Against — Tyson Payne, Texas Association of Life Underwriters

DIGEST: CSHB 1356 would establish licensing requirements for life insurance agents who sell life insurance policies and fixed annuities designed specifically to pay for funeral costs. Agents would have to have five hours of training and pass a licensing examination, which life insurance companies could offer provided they received approval from the insurance commissioner for the course of study and manner of conducting the examination. The commissioner could investigate as necessary the method of instruction and examination process, and could withdraw a company's authority to offer instruction and conduct exams.

A funeral prearrangement life insurance agent would have to be supervised by a licensed life insurance agent, and could not represent more than one company or write any coverage or combination of coverages with a death benefit of over \$15,000.

The agent's license would be stamped "FUNERAL PREARRANGEMENT LIFE INSURANCE AGENT." The license would expire when the agent stopped working as an agent for that company. Licensed funeral prearrangement agents would not be subject to regulations governing life insurance agents.

CSHB 1356 would take immediate effect if finally approved by a two-thirds record vote of the membership in each house.

**SUPPORTERS
SAY:**

CSHB 1356 would strengthen oversight of the sale of funeral prearrangement life insurance by establishing licensing requirements that limit the size of policies and require that agents receive at least a basic level of professional education. The sale of funeral prearrangement life insurance has increased significantly in recent years, and currently there is little if any oversight of the agents who sell these policies. These agents are typically employees of funeral homes, and sell only funeral prearrangement life insurance. These salespeople do not need to have a regular agent's license, but they should at least have a limited purpose license because they are selling insurance. The bill would set a reasonable limit of \$15,000 on the size of the policies these agents could sell, to ensure that consumers are not presented with policies that provide more coverage than they need.

Agents who obtained a license under CSHB 1356 could represent only one insurance company. The bill would not affect agents who sell products for a variety of companies because they would probably be required to have a regular agent's license.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

The committee substitute reduced the maximum policy size from \$25,000 to \$15,000 and added the five hour education requirement.