

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 3872
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Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas currently requires resident insurance agents to complete 30 continuing education (CE) hours every two years. The majority of states, however, only require resident agents to complete 24 CE hours, which is the standard set by state insurance commissioners through the National Association of Insurance Commissioners (NAIC). This means that Texas' resident agents bear a greater regulatory burden than agents in other states.

H.B. 3872 reduces the required CE hours and aligns Texas CE requirements with the majority of the country. With this modification, Texas resident agents will have the same renewal requirements as nonresident agents operating in Texas, creating a level playing field for all agents who compete in Texas. (Original Author's / Sponsor's Statement of Intent)

C.S.H.B. 3872 amends current law relating to licensing requirements, including continuing education requirements for insurance agents, insurance adjusters, and public adjusters.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the commissioner of insurance is modified in SECTION 3 (Section 4102.109, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 4004.053(a), Insurance Code, as follows:

(a) Requires 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 to complete 24, rather than 15, hours of continuing education during the license period, rather than annually. Provides that, 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, rather than 15, continuing education hours for all licenses during the license period. Authorizes an individual who is required under rules adopted under Chapter 4008 (Agent Certification and Education Programs for Complex Insurance Products), Insurance Code, to hold a certificate to sell a designated product or product line to use continuing education programs administered under Section 4004.151 (Agent Education Programs) to satisfy the continuing education requirements, rather than annual continuing education requirements, under this subsection.

SECTION 2. Amends Subchapter B, Chapter 4056, Insurance Code, by adding Section 4056.059, as follows:

Sec. 4056.059. TRANSITION TO RESIDENT AGENT LICENSE. (a) Provides that this section applies only to an individual who is a nonresident agent licensed under Section 4056.052 and who has moved from the other state that licensed the individual to this state.

(b) Authorizes a nonresident agent to apply to the Texas Department of Insurance (TDI) for a comparable license for residents of this state. Requires that an application include:

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

(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 TDI, which may be electronic.

(c) Requires TDI, if a nonresident agent submits a satisfactory application in accordance with Subsection (b), to issue a comparable resident agent license to the agent for the remaining term on the agent's nonresident agent license and cancel the agent's nonresident agent license.

(d) Requires TDI to prorate the continuing education requirement for a license issued under this section.

SECTION 3. Amends Section 4102.109(a), Insurance Code, as follows:

(a) Requires each license holder to complete at least 24 hours of continuing education during the license period. Requires the commissioner of insurance (commissioner) by rule to prescribe the requirements for continuing education courses under this section.

Deletes existing text requiring each license holder to annually complete at least 15 hours of continuing education courses.

SECTION 4. (a) Provides that Sections 4004.053(a) and 4102.109(a), Insurance Code, as amended by this Act, apply only to a license issued or renewed on or after the effective date of this Act. Provides that a license issued or renewed before the effective date of this Act is governed by the law in effect immediately before the effective date of this Act, and that law is continued in effect for that purpose.

(b) Provides that Section 4056.059, Insurance Code, as added by this Act, applies only to a nonresident agent who relocates to this state on or after the effective date of this Act. Provides that a nonresident agent who relocates to this state 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.

SECTION 5. Effective date: September 1, 2015.