

SUBJECT: Continuing education credit for insurance agents

COMMITTEE: Insurance — favorable, without amendment

VOTE: 5 ayes — Smithee, Seaman, Eiland, Keffer, Thompson
0 nays
1 present not voting — Taylor
3 absent — Isett, Oliveira, Van Arsdale

SENATE VOTE: On final passage, April 14 — 31-0, on Local and Uncontested Calendar

WITNESSES: For — Doug Aycock, Des Taylor, Texas Association of Insurance and Financial Advisors
Against — None

BACKGROUND: Insurance Code, ch. 4004, states that an individual who holds a general life, accident, and health license, a life and health insurance counselor license, or a general property and casualty license must complete 15 hours of continuing education annually. At least 50 percent of all required continuing education hours must be completed in a classroom setting or a classroom-equivalent setting approved by the Texas Department of Insurance (TDI). Current law establishes that each agent who holds a license issued by TDI shall complete two hours of continuing education in ethics during each license renewal period, which is two years.

DIGEST: SB 265 would allow continuing education credit for an insurance agent who was an active member in a state or national insurance association. The commissioner of insurance would specify the types of associations that constituted state or national insurance associations and would establish reasonable requirements for active participation in such an association. An agent could not use continuing education credit granted under this bill to satisfy continuing education hours required to be completed in a classroom setting or to satisfy the ethics requirement for licensed insurance agents.

The bill would take effect September 1, 2005, and would apply only to a license issued or renewed on or after January 1, 2006. The commissioner would adopt the required rules not later than December 31, 2005.

**SUPPORTERS
SAY:**

SB 265 would permit the commissioner to authorize TDI to grant up to four hours of continuing education credit to a licensed agent who was an active member of a state or national insurance association. Under the bill, the commissioner would establish what it meant to actively participate in an insurance association to receive continuing education credit. The credit granted could not be used to satisfy the classroom or ethics requirements established under current law. Insurance associations continually provide educational materials and experiences that are informative and worthwhile and should be credited. The bill is modeled on legislation approved in Louisiana in 2003.

**OPPONENTS
SAY:**

As written, SB 265 would allow a licensed insurance agent simply to pay dues to a state or national insurance association and obtain four hours of continuing education credit. Continuing education requirements generally are set up to protect consumers. The bill could create scenarios in which licensed agents paid membership dues to insurance industry associations and did not attend meetings or did not read required materials. Although the bill would authorize the commissioner to adopt related rules, SB 265 as a safeguard should require an agent to sign an affidavit swearing that the agent actually participated in approved programs or activities. For example, attorneys have to affirm their activities related to self-directed, continuing legal education. Simply being a member of a bar association does not satisfy CLE requirements for lawyers.

NOTES:

The author plans to offer a floor amendment providing that any licensed agent seeking continuing education credit under this provision would have to provide a sworn affidavit stating that the person was a member of an approved insurance association and had reviewed educational materials provided by that organization or attended educational presentations sponsored by that group for the number of hours claimed.