

- SUBJECT:** Creating specific requirements for the sale of complex insurance products
- COMMITTEE:** Insurance — committee substitute recommended
- VOTE:** 7 ayes — Smithee, Martinez Fischer, Deshotel, Hancock, Isett, Taylor, Thompson  
0 nays  
2 absent — Eiland, Hunter
- WITNESSES:** For — Michael Henry, AARP; (*Registered, but did not testify*: Tricia Henry, AARP; Lee Loftis, Independent Insurance Agents of Texas; Lee Manross, Texas Association of Health Underwriters)  
  
Against — None  
  
On — Jennifer Ahrens, Texas Association of Life and Health Insurers; Des Taylor, National Association of Insurance and Financial Advisors of Texas; (*Registered, but did not testify*, Doug Aycock, National Association of Insurance and Financial Advisors)
- BACKGROUND:** Insurance Code, ch. 4001 establishes licensing and training requirements for insurance agents. Licensed insurance agents are required to complete 30 hours of continuing education training every two years.
- DIGEST:** CSHB 2456 would allow the commissioner of the Texas Department of Insurance (TDI) to adopt specific training requirements for agents who sell complex insurance products. The bill would require the commissioner to select which insurance products were complex and explain why those products required specific training. Agents would be able to apply the hours spent in the specific training programs established by the bill toward general training requirements for all insurance agents.
- The commissioner would be able to require agents to complete any of the following in order to obtain a certificate to sell a complex product:
- precertification training;
  - a precertification exam;

- continuing education; and
- a recurring exam.

If the commissioner did not specify an expiration date for complex insurance certificates, they would expire on the date of an agent's general license. Agents would be able to renew certificates by completing renewal requirements and filing a renewal application. Revoked certificates could not be renewed.

The commissioner would decide whether to apply the specific training requirements to agents who were already licensed when the bill went into effect or only to new agents who were in the process of obtaining their base level license. If the commissioner required licensed agents to complete the specific training requirements in the bill, the commissioner would have to set a date by which the requirements would have to be met.

TDI would issue certificates to sell complex products to agents who applied for the certificate, had completed all requirements in 12 months, and had not been subject to disciplinary action.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2009.

**SUPPORTERS  
SAY:**

CSHB 2456 would allow TDI to set up a specialized training program to teach agents about complex insurance options. TDI's biennial report to the Legislature suggested that authorizing the department to create specific training programs for complex insurance products would reduce the number of consumer complaints to TDI. Investigations have shown that consumer complaints generally are a result of having dealt with agents who do not have the knowledge or expertise necessary to sell complex insurance products.

The bill would protect senior citizens and other vulnerable populations from entering into insurance agreements that do not fit their needs. As the baby boomer generation ages, complex insurance options are gaining popularity. Some insurance products are more difficult to understand than others. Annuities, Medicare Advantage, and Medicare Part D are insurance options that contain complex guidelines and provisions that are not taught in general insurance agent training classes.

CSHB 2456 would not increase the total number of training hours required of insurance agents. The bill would allow insurance agents to use hours of specialized training to satisfy the 30-hour requirement that is required for all insurance agents to complete every two years. The bill would allow insurance agents to improve their knowledge of complex insurance options without being compelled to complete extra training hours.

**OPPONENTS  
SAY:**

The bill should increase the total number of hours of training that insurance agents are required to obtain. By applying hours of specific training to general training requirements, agents would lose valuable general-training hours. If the TDI commissioner were to require eight hours of specialized training, agents would only end up receiving 22 of the 30 hours necessary for generalized training. Thirty hours of general training is a bare-minimum standard, and CSHB 2456 would reduce this standard even further. A better option would be to require agents to complete specialized training in addition to generally-required training hours.