

- SUBJECT:** Implementing TDI recommendations for licensing changes
- COMMITTEE:** Insurance — favorable, without amendment
- VOTE:** 7 ayes — Frullo, Muñoz, G. Bonnen, Guerra, Meyer, Paul, Sheets  
0 nays  
2 absent — Vo, Workman
- WITNESSES:** For — (*Registered, but did not testify:* Jay Thompson, AFACT; Elizabeth Hadley, Aflac; Adam Burklund, American Insurance Association; Lee Loftis, Independent Insurance Agents of Texas; Paul Martin, NAMIC; Shannon Meroney, Texas Association of Life and Health Association; Beaman Floyd, Texas Coalition for Affordable Insurance Solutions; Kari King, USAA)  
Against — None  
On — (*Registered, but did not testify:* Jamie Walker, Texas Department of Insurance)
- BACKGROUND:** In its 2014 Biennial Report to the Legislature, the Texas Department of Insurance (TDI) made several recommendations for improving the licensing process for insurance agents and adjusters. TDI recommended allowing the department to issue more than 500 temporary licenses to a single organization per year; aligning the license renewal dates to allow persons with multiple licenses to renew the licenses at the same time; requiring the completion of continuing-education hours and reducing the number of hours required to bring Texas in line with requirements in other states; and requiring agents licensed in other states to submit to background checks.
- DIGEST:** HB 2893 would change several aspects of the licensing process for insurance agents and adjusters. The changes would relate primarily to temporary licenses, license expiration, continuing education, and non-

resident licenses. The bill also would make conforming changes.

**Temporary licenses.** The bill would direct the insurance commissioner to develop reasonable rules to allow an agent, insurer, or health maintenance organization to appoint more than 500 temporary licenses in a calendar year. The rules would have to address the ability of the sponsor license holder to monitor the temporary licensees.

**License expiration.** The bill would subject license renewals to the same expiration schedule as newly issued licenses. Licenses would expire every two years on the licensee's birthday. Licenses issued or renewed in odd-numbered years would expire in odd-numbered years, and licenses issued or renewed in even-numbered years would expire in even-numbered years. During the transition, licensees who held more than one license, such as an agent license and an adjuster license, would have each of their licenses expire on the expiration date of the first license that expired. The Texas Department of Insurance (TDI) could not prorate the application fee for licenses that would expire sooner than two years.

**Continuing education.** The bill would require that licensees complete 24 hours of continuing education during each two-year license period, instead of 15 hours every year as under current law. It also would add penalties for the failure to complete continuing education hours. It would afford licensees a 90-day grace period to complete continuing education hours and require them to pay a fine. TDI could not issue new licenses to individuals who failed to complete the continuing education requirement unless the licensee paid the fine and produced proof of completed continuing education hours. Fines assessed to licensees could not exceed \$500 for a licensing period.

**Fingerprint requirement for non-resident agents.** The bill would specify the process by which non-resident insurance agents could gain resident licenses. An application for resident status would need to include a notification of the agent's change of address, a clearance letter from the state licensing authority of the agent's former state indicating that the agent left in good standing, and fingerprints. TDI would revoke the non-

resident agent license when it issued the resident license.

The bill would take effect September 1, 2015, and provisions affecting application, renewal or expiration of licenses would apply only to a license issued or renewed on or after January 1, 2016.

**NOTES:**

According to the Legislative Budget Board's fiscal note, the bill would have a negative impact of \$1.6 million to general revenue for fiscal 2016-17 due to an anticipated decline in fine revenue.