

SUBJECT: Aligning license expiration dates for insurance agents and adjusters

COMMITTEE: Insurance — favorable, without amendment

VOTE: 8 ayes — Frullo, Muñoz, G. Bonnen, Meyer, Paul, Sheets, Vo, Workman

0 nays

1 absent — Guerra

SENATE VOTE: On final passage, April 9 — 31-0, on local and uncontested calendar

WITNESSES: (*On House companion bill, HB 1947*)

For — Jason Talley, NAIFA Texas; (*Registered, but did not testify*): Thomas Ratliff, American Insurance Association; Lee Loftis, Independent Insurance Agent of Texas; Paul Martin, National Association of Mutual Insurance Companies; Joe Woods, Property Casualty Insurers Association of America; Jay Thompson, Prudential, TALHI, Afact; Lee Manross, Texas Association of Health Underwriters; Jennifer Cawley, Texas Association of Life and Health Insurers; Beaman Floyd, Texas Coalition for Affordable Insurance Solutions; Greg Hooser, Texas Surplus Lines Association; Robert (Bo) Gilbert, USAA)

Against — None

On — (*Registered, but did not testify*): Jamie Walker, Texas Department of Insurance)

BACKGROUND: Insurance Code, ch. 4001 governs agent licensing in general. Sec. 4001.003 defines a “person” to mean an individual, partnership, corporation, or depository institution.

Insurance Code, ch. 4102 governs public insurance adjusters. Sec. 4102.001 defines a “person” to include an individual, firm, company, association, organization, partnership, limited liability company, or corporation.

Insurance Code, ch. 4003 governs insurance license expiration and renewal, and Insurance Code, ch. 981 governs surplus lines insurance.

DIGEST: SB 844 would require licenses issued by the Texas Department of Insurance (TDI) for insurance agents, surplus lines insurance agents, and insurance adjusters to use the same expiration schedule.

Expiration dates. Under the bill, a license issued by TDI and not suspended or revoked by the TDI commissioner would expire on the second anniversary of the date the license was issued to or renewed by a person that was not an individual.

For individual license holders, the bill would set licenses to expire on the holder's birthday. Licenses issued or renewed in an even-numbered year would expire on the license holder's birthday each even-numbered year. Licenses issued or renewed in an odd-numbered year would expire on the license holder's birthday each odd-numbered year. If a person held more than one license, all licenses would expire on the earliest expiration date of the licenses held. Thereafter, all licenses would expire according to the individual license holder's birth date.

License application fees. The bill would specify that license fees related to insurance licensing for surplus lines agents, insurance agents, and insurance adjusters were license application fees. The bill would require an applicant for a license renewal to remit the application fee before the expiration of the license being renewed. Expiration and renewal of a license would be governed by Insurance Code, ch. 4003 as amended by the bill, in addition to rules adopted by the commissioner and any applicable provision of the bill or another Texas insurance law.

Prorating fees. The bill would specify that the TDI commissioner could not prorate the initial application fee for a license based on the expiration period of the license.

Continuing education requirements. The bill would not change the

continuing education requirement for a license issued or renewed on or after the bill's effective date. The bill would specify that a license holder could not be required to complete additional continuing education hours for a license that the bill would allow to be extended beyond its original expiration date.

The bill would take effect January 1, 2016, and would apply only to a license for surplus lines agents, insurance agents, and insurance adjusters issued or renewed on or after that date. Each license held on the effective date by a non-individual would expire on the expiration date of the license with the longest remaining term. Each license issued to an individual would expire or could be extended to expire on the individual's birthday in the year after the expiration date of the license with the longest remaining term. If an existing license was extended, TDI could not charge an additional fee or require a renewal application before the renewal date established by the bill.

**SUPPORTERS
SAY:**

SB 844 would streamline licensing requirements for insurance agents, insurance adjusters, and surplus lines insurance agents, making it easier for license holders to renew their licenses on time and reducing the administrative burden on the Texas Department of Insurance (TDI).

TDI recently has experienced an increase in insurance agent and adjuster license requests, which has strained the agency's resources. The bill would streamline administration of these requests, reducing the time it would take for the agency to handle licensing. Many agents and adjusters also hold more than one insurance license, and current laws make it difficult for these individuals to keep track of their licenses' separate renewal dates. By setting a common renewal date for these licenses, the bill would ensure that agents did not forget to renew their licenses, which would have the additional benefit of protecting consumers using insurance services.

Aligning agent and adjuster license renewal dates for the same date every two years also was a recommendation by TDI in its biennial report to the 84th Legislature. The bill would implement this recommendation. To

align the expiration dates for these licenses, it is unavoidable that all of a license holder's licenses would have to expire on the same date.

OPPONENTS
SAY:

Requiring certain license holders' licenses to expire according to the earliest expiration date of all licenses held could cause these license holders to lose money they had already spent on fees for licenses that otherwise would have expired at a later date.

NOTES:

The House companion bill, HB 1947 by Meyer, was passed by the House on April 27 and referred to the Senate Administration Committee on May 19.