SECTION 2. This Act takes effect September 1, 2009.
Passed by the House on April 30, 2009: Yeas 144, Nays 0, 1 present, not voting; passed by the Senate on May 22, 2009: Yeas 30, Nays 0.
Approved June 19, 2009.
Effective September 1, 2009.

CHAPTER 398

H.B. No. 1757

AN ACT relating to review of certain license examinations for insurance agents.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subchapter A, Chapter 4002, Insurance Code, is amended by adding Section 4002.008 to read as follows:

Sec. 4002.008. STANDARDS FOR EXAMINATION PASS RATES; ANNUAL REPORT. (a) This section applies only to insurance agent license examinations for limited and single lines licenses, including agent licenses issued under:

(1) Subchapters C and I, Chapter 4051; and
(2) Subchapters C and G, Chapter 4054.

(b) The commissioner or, at the commissioner's discretion, a vendor under contract with the department, shall review a license examination subject to this section if, during any 12-month period beginning on September 1 of a year, that examination exhibits an overall pass rate of less than 70 percent for first-time examinees.

(c) The department shall collect demographic information, including, race, gender, and national origin, from an individual taking a license examination subject to this section.

(d) The department shall compile an annual report based on the review required under Subsection (b). The report must indicate whether there was any disparity in the pass rate based on demographic information.

(e) The commissioner by rule may establish procedures as necessary to:

(1) collect demographic information necessary to implement this section; and
(2) ensure that a review required under Subsection (b) is conducted and the resulting report is prepared.

(f) The commissioner shall deliver the report prepared under Subsection (d) to the governor, the lieutenant governor, and the speaker of the house of representatives not later than December 1 of each year.

SECTION 2. (a) The first 12-month period for which a license examination review may be required under Section 4002.008(b), Insurance Code, as added by this Act, begins September 1, 2009.

(b) The commissioner of insurance shall deliver the initial report required under Section 4002.008, Insurance Code, as added by this Act, not later than December 1, 2010.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009.

Passed by the House on April 15, 2009: Yeas 147, Nays 0, 1 present, not voting; passed by the Senate on May 26, 2009: Yeas 31, Nays 0.

Approved June 19, 2009.
CHAPTER 399

H.B. No. 1761

AN ACT
relating to the reserve requirements for credit life and credit accident and health insurance.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 425.058(l), Insurance Code, is amended to read as follows:

(l) Notwithstanding any other law, the minimum reserve requirements applicable to a credit life policy issued under Chapter 1153 before January 1, 2009, are met if, in the aggregate, the reserves are maintained at 100 percent of the 1980 Commissioner's Standard Ordinary Mortality Table, with interest that does not exceed 5.5 percent. [This subsection expires September 1, 2013.]

(2) For credit life policy reserves on contracts issued to be effective on or after January 1, 2009, the reserve requirements shall be based on minimum reserve standards established by the commissioner by rule. The commissioner shall adopt the rules based on either:

(A) the 2001 CSO Male Composite Ultimate Mortality Table for male and female insureds; or

(B) another CSO Mortality Table approved by the National Association of Insurance Commissioners on or after January 1, 2009, for use on credit life policy reserves.

(3) For a single premium credit accident and health contract issued on or after January 1, 2009, the reserve requirements shall be based on minimum reserve standards established by the commissioner by rule. The commissioner shall adopt the rules based on either:

(A) the 1985 Commissioners Individual Disability Table A (85CIDA); or

(B) another Commissioner's Disability Table approved by the National Association of Insurance Commissioners on or after January 1, 2009, for use on credit accident and health policy reserves.

(4) For all credit insurance contracts, if the net premium refund liability exceeds the aggregate recorded contract reserve, the insurer shall establish an additional reserve liability that is equal to the excess of the net refund liability over the contract reserve recorded. The net refund liability may include consideration of commission, premium tax, and other expenses recoverable.

(5) In addition to the rules required to be adopted under this subsection, the commissioner may adopt other rules to implement this subsection.

SECTION 2. (a) The change in law made by this Act applies to all credit life and credit accident and health insurance policies issued on or after January 1, 2009.

(b) The commissioner of insurance shall adopt rules as required to implement Section 425.058(l), Insurance Code, as amended by this Act, not later than the 120th day after the effective date of this Act. Until rules are adopted as required by this subsection, insurers shall continue to use the minimum reserve standards under Section 425.058(l), Insurance Code, as that section existed immediately before amendment by this Act.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009.

Passed by the House on March 26, 2009: Yeas 146, Nays 0, 2 present, not voting; the House concurred in Senate amendments to H.B. No. 1761 on May 23, 2009: Yeas 142, Nays 0, 1 present, not voting; passed by the Senate, with amendments, on May 21, 2009: Yeas 31, Nays 0.

Approved June 19, 2009.