

BILL ANALYSIS

Senate Research Center

C.S.S.B. 206
By: Madla
Economic Development
3-17-97
Committee Report (Substituted)

DIGEST

Currently, the Insurance Code exempts from licensing requirements officers or employees of an insurance company who engage in the solicitation of insurance. The problem is that licensing provisions of the Insurance Code do not apply equally to all persons engaged in the solicitation of insurance. This bill provides who must register to sell insurance in the State of Texas and provides for an interim study by the commissioner of insurance.

PURPOSE

As proposed, C.S.S.B. 206 provides who is considered an insurance agent, which insurance employees are covered by the Act, and which insurance companies are excepted from the Act.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the commissioner of insurance in SECTION 2 (Article 21.14(20A), Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 21.14(20), Insurance Code, to provide that provisions of this article do not apply to an actual full-time employee of any insurance carrier licensed to do business in Texas, other than an employee who solicits or receives an application for the sale of insurance through an oral, written or electronic communication in accordance with Section 20A of this article.

SECTION 2. Amends Article 21.14, Insurance Code, by adding Section 20A, as follows:

Sec. 20A. FULL-TIME, HOME OFFICE SOLICITORS; MANDATORY REGISTRATION, CONTINUING EDUCATION AND NOTIFICATION TO CONSUMERS; AND DISCIPLINARY ACTIONS. Requires any actual full-time home office salaried employee of any insurance carrier licensed to do business in Texas who solicits or receives an application the sale of insurance through an oral, written or electronic communication to register with the commissioner of insurance (commissioner). Requires certain carriers to certify to the commissioner that certain employees receive continuing education which meets certain requirements. Requires certain employees to be suspended and authorizes insurance carriers to be disciplined for violating certain provisions. Requires registrants under this section to disclose such registration when making a communication to solicit or receive an application for the sale of insurance. Requires the commissioner to adopt rules to implement provisions of this section.

SECTION 3. Amends Chapter 21A, Insurance Code, by adding Section 21.15-7, as follows:

Sec. 21.15-7. INTERIM STUDY BY COMMISSIONER. Requires the commissioner to review and evaluate agents and agent licenses and report to the legislature no later than January 1, 1999. Sets forth requirements for review and evaluation of agents and agent licenses.

SECTION 4. Effective date: September 1, 1997.

SECTION 5. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

Replaces SECTION 1, with amended Article 21.14(20), Insurance Code, to provide that provisions of this article do not apply to an actual full-time employee of any insurance carrier licensed to do business in Texas, other than an employee who solicits or receives an application for the sale of insurance through an oral, written or electronic communication in accordance with Section 20A of this article.

Replaces SECTION 2, with amended Article 21.14, Insurance Code, by adding Section 20A, to require any actual full-time home office salaried employee of any insurance carrier licensed to do business in Texas who solicits or receives an application for the sale of insurance through an oral, written or electronic communication to register with the commissioner of insurance (commissioner). Requires certain carriers to certify to the commissioner that certain employees receive continuing education which meets certain requirements. Requires certain employees to be suspended and authorizes insurance carriers to be disciplined for violating certain provisions. Requires registrants under this section to disclose such registration when soliciting or receiving an application for the sale of insurance. Requires the commissioner to adopt rules to implement provisions of this section.

Replaces SECTION 3, with amended Chapter 21A, Insurance Code, by adding Section 21.15-7, to require the commissioner to review and evaluate agents and agent licenses and report to the legislature no later than January 1, 1999. Sets forth requirements for review and evaluation of agents and agent licenses.

Replaces SECTION 4 with effective date.

Replaces SECTION 5 with emergency clause.

Deletes SECTION 6.