

BILL ANALYSIS

Senate Research Center
82R9101 RWG-F

H.B. 2503
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law allows insurance agent licenses to be issued to certain foreign corporation and partnership insurance agencies wishing to do business in Texas. The Texas Department of Insurance (TDI) may issue a non-resident license to an out of state agency if it meets certain requirements, including registration with the secretary of state (SOS).

TDI has taken the position that all foreign corporations and partnerships wishing to do business in Texas are required to register with the SOS before a non-resident insurance license is issued by them. This is not the practice nationally. Most state insurance departments do not make the determination that registration with their SOS is required.

H.B. 2503 would eliminate the SOS registration requirement from the insurance licensing process, but it would have no effect on whether or not a business is required to register with SOS under the Texas Business Organization Code.

Certain foreign corporations and partnerships will still be required by the Business Organizations Code to register if not exempt from the requirements set out by that statute. Non-resident agencies will be notified on the TDI license application form itself that registration with SOS may be required.

H.B. 2503 amends current law relating to insurance agent licenses issued to certain foreign corporations and partnerships.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 4001.106(b), Insurance Code, as follows:

(b) Deletes existing text requiring the Texas Department of Insurance (TDI) to issue a license to a corporation or partnership if TDI determines that the corporation is admitted to engage in business in this state by the secretary of state, if required. Makes no further changes.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2011.