

TEXAS DEPARTMENT OF INSURANCE ADOPTS NEW AND AMENDED RULES TO AGENT LICENSING REQUIREMENTS

Effective May 31, 2018, new rules are in effect for Title 13, Chapter 19 of the Texas Insurance Code which governs insurance agents and other professionals in our industry. The amendments and new sections are necessary to implement multiple bills passed by the Texas Legislature in 2015 including Senate Bill 876 (relating to licensing and continuing education requirements), SB 80 and SB 1307 (relating to licensing of military service members, military veterans, and military spouses) and to reflect current TDI style guidelines. The full text is available at www.tdi.texas.gov by clicking on the link at the bottom left for “Proposed and Adopted Rules” under the 2018 tab, in the box for Chapter 19.

In summary, amendments to §§19.801, 19.1003, 19.1004, 19.1010, 19.1013, 19.1016, 19.1019, and 19.1310, and new §§19.804 – 19.810 implement changes made by SB 876 to the licensing and continuing education requirements of insurance professionals, including agents, adjusters, public insurance adjusters, managing general agents, risk managers, and home office salaried employees. Amendments to §§19.801, 19.1003, 19.1004, 19.1010, 19.1013, 19.1016, 19.1019, and 19.1310 also modernize requirements, including allowing for increased use of electronic payment transactions.

The following are highlights of the most relevant substantive changes to sections that apply to TAHU’s membership.

- \$10 fee required for appointment of subagents
- Only directly appointed agents may appoint subagents
- Agents may have multiple direct and subagent appointments
- The final rule removes references to “control” and “responsible person” which were included in the proposed rule and which TAHU found troublesome. While TDI has not changed the requirement that the officer of active partner have the same or greater license authority as the entity, they have clarified that for an entity that writes lines requiring different license types, the requirement for each license type may be obtained through different individual officers or active partners.
- With regard to persons acting as agents on behalf of the entity, these persons must have a license separate from the entity’s license, be appointed and are limited to the lessor of the entity’s authority or their own license authority when acting on behalf of the entity.
- Individuals who previously held a license and apply for a new license may not receive one without evidence that they completed the CE requirement and paid any applicable fine for the prior license.
- Section 19.807 provides the procedure, reporting standards and rules for an agent, insurer or HMO to appoint more than 500 temporary license holders during a calendar year. All licensees under this section will have an aligned/common expiration date.
- A nonresident licensee who relocates to Texas must apply for the residential license within 30 days of relocating here.

- TDI will not renew or reissue a license issued or renewed on or after November 1, 2015, if the licensee fails to complete the CE requirement and pay any applicable fine. This impacts more than 300,000 Texas residents and is significant. Prior to June 1 of this year, renewals and applications will be processed under procedures on the date of the application. After June 1, automatic fines will also change because TDI expects the number of licensees failing to complete the CE requirement to decrease.
- Expired licenses that are filed for renewal within 90 days will be reissued without a lapse. Those over 90 days will have to file for a new license.
- Section 19.1003(a) is amended to reduce the number of required CE hours for certain licensees (limited licenses and county mutual) from 30 to 24. Licensees who cancel their license prior to expiration or choose not to renew their license are not excused from the CE requirement.
- Section 19.1003(d) is amended to revise the 30 hour CE requirement to 24, to clarify the proration formula and requirements for licensees subject to the 10 hour CE rule.
- Texas home state adjusters must complete the same CE requirements as Texas resident adjusters.
- TDI now has electronic records which will identify licensees that qualify for the CE exemption in Section 19.1004(c) and a request is no longer necessary.
- Section 19.1004 (d) has been amended to apply the exemption to designated home state adjusters and remove the requirement to nonresident agents relocating to Texas.
- Section 19.1010 is amended to change the allowed number of approved hours for any one classroom course to 24 and for any one self study course to 12 hours.
- Section 19.101 allows electronic options in paying automatic fines.
- The fine for failure to complete CE hours remains \$50 per hour but will now also read “not to exceed \$500 per license per reporting period.”
- Home office salaried employees must now complete 15 hours CE annually.

Please review the full text and justification for these rules on TDI’s website should you have any questions.