

CHAPTER 831

S.B. No. 1063

An Act relating to the licensing of surplus lines agents; amending Section 4, Article 1.14-2, Insurance Code, as amended.

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

SECTION 1. Section 4, Article 1.14-2, Insurance Code, as amended, is amended to read as follows:

“Section 4. SURPLUS LINES AGENT’S LICENSE. (a) *An agent licensed by the state may not issue or cause to be issued an insurance contract with an unauthorized insurer, unless the agent possesses a current surplus lines license issued by the State Board of Insurance.*

“(b) *The State Board of Insurance may issue a surplus lines license to an agent as defined by Subdivision (1) of Subsection (a) of Section 2 of this article after the agent has:*

“(1) *remitted the annual fee set by the State Board of Insurance in an amount not to exceed \$50;*

"(2) submitted a completed license application on a form approved by the State Board of Insurance; and

"(3) passed a qualifying examination approved by the State Board of Insurance. If the agent is a partnership, this examination requirement must be met by each natural person acting as a partner in that partnership. If the agent is a corporation, this examination requirement must be met by each natural person acting as an officer, director, or shareholder of that corporation.

"(c) Unless the State Board of Insurance adopts a system for staggered renewal of licenses, as provided by this section, each license issued under this section is for a two-year term that expires on December 31; however, the term of the initial licensing period shall expire on December 31 of the year following the year in which the license is issued. A license may be renewed for periods of two years.

"(d) By filing a written application in the form prescribed by the State Board of Insurance and paying the renewal fee set by the board in an amount not to exceed \$50, an [The State Board of Insurance may issue a surplus lines license to any authorized agent which shall grant such agent authority to procure the kinds of insurance provided for in this Article from companies not licensed in this state under the conditions prescribed in this Article. Unless the State Board of Insurance adopts a system for staggered renewal of licenses under Subsection (c) of this section, every license issued pursuant to this section shall be for a term expiring on the 31st day of December next following the date of issuance, and every license may be renewed for ensuing periods of 12 months. Before any such license shall be issued and before each renewal thereof a written application shall be filed by the applicant in such form as the State Board of Insurance prescribes and the fee provided therefor by this Article shall be paid.

"[(b) The fee for the issuance of a surplus lines license shall be in an amount not to exceed \$50 as determined by the State Board of Insurance. Fees and renewal fees for a license shall be deposited in the State Treasury to the credit of the State Board of Insurance operating fund.

"[(c) The State Board of Insurance by rule may adopt a system under which licenses expire on various dates during the year. For the year in which the license expiration date is less than one year from its issuance or anniversary date, the license fee shall be prorated on a monthly basis so that each licensee shall pay only that portion of the license fee that is allocable to the number of months during which the license is valid. On each subsequent renewal of the license, the total license renewal fee is payable.

"[(d) An] unexpired license may be renewed on or [by paying the required renewal fee to the board] before the expiration date of the license. If a license has been expired for not longer than 90 days, the license may be renewed by filing a written application for renewal and by paying to the board the required renewal fee and a fee that is one-half of the original fee for the license. If a license has been expired for longer than 90 days but less than two years, the license may be renewed by filing a written application for renewal and by paying to the board all unpaid renewal fees and a fee that is equal to the original issuance fee for the license. If a license has been expired for two years or longer, the license may not be renewed. A new license may be obtained by complying with the requirements and procedures for obtaining an original license. This subsection may not be construed to prevent the board from denying or refusing to renew a license under applicable law or rules of the State Board of Insurance.

"(e) At least 30 days before the expiration of a license, the commissioner of insurance shall send written notice of the impending license expiration to the licensee at the licensee's [his] last known address.

"(f) The commissioner of insurance shall collect in advance from an agent who requests a duplicate license a fee not to exceed \$20. The State Board of Insurance shall set the amount of the duplicate license fee.

"(g) The board shall deposit license fees and renewal fees in the State Treasury to the credit of the State Board of Insurance operating fund. Such fees are not refundable."

SECTION 2. A person who holds a surplus lines agent license on the effective date of this Act is exempt from the examination requirement under Subsection (b) of Section 4 of Article 1.14-2, Insurance Code, as amended by this Act.

SECTION 3. This Act takes effect September 1, 1985, and applies to a surplus lines agent license that is issued on or after that date.

SECTION 4. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on April 25, 1985, by the following vote: Yeas 30, Nays 0; Senate concurred in House amendment on May 27, 1985, by a viva-voce vote; passed the House, with amendment, on May 15, 1985, by a non-record vote.

Approved: June 15, 1985

Effective: September 1, 1985