

LEGAL ALERT: Big Licensing Changes for Texas Insurance Professionals



Julie Pomerantz

jpomerantz@mwlaw.com

(512) 480.5100

09/02/2021

On September 1, 2021, Texas HB 4030 went into effect, bringing with it several significant changes for Texas licensed (resident and non-resident) insurance professionals. As summarized below, HB 4030 implements several changes to the Texas Insurance Code. **The changes affect subagent designations, life and health insurance counselors, insurance service representatives, home office salaried employees, temporary licenses, provisional licenses, continuing education licenses, and nonresident agents and adjusters.** You can read the full text of the bill [here](#).

Effective September 1, 2021:

TDI No Longer Issues or Recognizes Insurance Service Representative Licenses

- All active insurance services representative licenses issued before June 1, 2021 have converted to general property and casualty insurance agent licenses and affected licenses must comply with all requirements of the converted license to keep the license active and in good standing.
- Any insurance services representative license issued on or after June 1, 2021 and September 1, 2021 may not be renewed on expiration of the license and will not convert to any other license type.

TDI No Longer Issues or Recognizes Life and Health Insurance Counselor Licenses

- All active life and health insurance counselor licenses issued before June 1, 2021 have converted to general life and health agent licenses and affected licenses must comply with all requirements of the converted license to keep the license active and in good standing.
- Any life and health insurance counselor license issued on or after June 1, 2021 and September 1, 2021 may not be renewed on expiration of the license and will not convert to any other license type.

Registered Home Office Salaried Employees Are No Longer Exempt from Licensing Requirements

- All home office salaried employee registrations are void and cease to exist. Any former home office salaried employee registrant engaging in the business of insurance after September 1, 2021 must follow the requirements of the Insurance Code and any other applicable Texas laws.

TDI No Longer Recognizes Subagents

- Texas no longer recognizes "subagents." This means that insurers must now directly appoint all agents acting on its behalf. All references to subagent have been removed from Title 13.

TDI Can Temporarily Suspend the Issuance of Provisional Agent Permits

- TDI can suspend the issuance of provisional permits to applicants being considered for appointment if: (1) TDI's processing time for license applications has not exceeded 21 days in any month in the

preceding 90 days before the suspension; and (2) TDI provides notice on its website and to applicants for provisional licenses that provisional license applications are temporarily suspended.

Other Licensing Changes

- Licensed agencies that are corporations or partnerships are no longer required to register with TDI each location from which they will engage in business in Texas.
- Licensed agents are now required to complete three hours of continuing education in ethics during each license renewal period (was previously two).
- Temporary licenses are now valid for 180 days instead of 90 days.
- TDI can deny applications for the issuance of a temporary license if it determines any grounds exist for denying the license or instituting a disciplinary action under Section 4005.101 of the Insurance Code (“Grounds for License Denial or Disciplinary Action”) or Chapter 53 of the Occupations Code (“Consequences of Criminal Conviction”).
- Nonresident agent licenses are automatically suspended, canceled, or revoked if the licensee’s home state suspends, cancels, or revokes the licensee’s corresponding resident license.
- Nonresident agents who move to Texas are no longer required to provide a clearance letter from their prior home state in order to transition to a Texas resident license.
- Nonresident public adjusters are no longer required to provide a certificate or letter of authorization from their state of residence in order to obtain a Texas nonresident license.