

2020-6200

TITLE 28. INSURANCE

Part I. Texas Department of Insurance

Chapter 25. Insurance Premium Finance, Subchapter B

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SUBCHAPTER B. LICENSING AND REGULATION

28 TAC §25.24

INTRODUCTION. The Commissioner of Insurance adopts amendments to 28 TAC §25.24, relating to requirements for premium finance companies. The amendments are adopted without changes to the proposed text published in the November 8, 2019, issue of the *Texas Register* (44 TexReg 6705).

REASONED JUSTIFICATION. The amendments are necessary to implement legislation. Senate Bill 1200, 86th Legislature, Regular Session (2019), amended Occupations Code §55.0041 as it addresses authority of military spouses to engage in a business or occupation in this state. These amendments impact TDI licensing rules, which necessitates revisions to 28 TAC §25.24, as well as revisions to sections in other chapters of Title 28 of the Texas Administrative Code addressed in separate rule proposals and adoption orders.

Section 25.24(b). Section 25.24(b) clarifies that the fees described in section 25.24(b) do not apply to military spouses.

Section 25.24(c). Section 25.24(c) describes the criteria for a military spouse to engage in business as a premium finance company in Texas. The military spouse must be licensed in a state with substantially equivalent requirements to those of Texas and the military service member to whom the military spouse is married must be stationed in Texas. The military spouse may engage in business as a premium finance company for three years from the date confirmation is received from TDI.

Section 25.24(c) also describes what the military spouse must submit to TDI to engage in business as a premium finance company. Section 25.24(c)(1) requires the military spouse to submit an application notifying TDI of their intent to operate under the

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license in Texas. Section 25.24(c)(2) requires the military spouse to submit to TDI proof of the military spouse's residency in Texas and a copy of the spouse's military identification card, and §25.24(c)(3) requires evidence of good standing from the jurisdiction with substantially equivalent requirements to the requirements of Texas.

Section 25.24(d). Section 25.24(d) states that the military spouse will not be assessed an application fee.

SUMMARY OF COMMENTS AND AGENCY RESPONSE.

Commenters: TDI received one written comment from The Surety & Fidelity Association of America.

Comment on §25.24.

A commenter requests clarification on whether certain licensing requirements to furnish surety and fidelity bonds would still be required for military spouses seeking licensure through Occupations Code §55.0041 and the corresponding proposed rules.

Agency Response.

An applicant for a premium finance company license does not have a bond requirement.

SUBCHAPTER B.

28 TAC §25.24

STATUTORY AUTHORITY. The Commissioner adopts the amendments to 28 TAC §25.24 under Occupations Code § 55.0041 and Insurance Code §36.001.

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Occupations Code §55.0041 addresses licensing of military spouses with out of state licenses. This section also grants rule making authority to applicable state agencies.

Insurance Code §36.001 provides that the Commissioner may adopt any rules necessary and appropriate to implement the powers and duties of TDI under the Insurance Code and other laws of this state.

TEXT.

§25.24. License Application.

(a) An applicant for an insurance premium finance company license must file an application Form PF1 with TDI. The application must include the following as applicable:

- (1) List of Principals (Form PF2);
- (2) Premium Finance Application Questionnaire (Form PF3);
- (3) Biographical Affidavit (Form PF4) for each individual named on Form PF2;
- (4) General statement of experience giving applicant's qualifications;
- (5) List of Other States of Licensure (Form PF5);
- (6) Appointment of Statutory Agent and Consent to Service (Form PF6);
- (7) Sworn financial statement;
- (8) Sample Business Operation forms;
- (9) \$400 Investigation Fee;
- (10) Partnership agreement;
- (11) Certified copy of Assumed Name Certificate as on file with the County Clerk or Secretary of State;
- (12) Originally certified copy of Articles of Incorporation from the Office of the Secretary of State or equivalent office in another state;
- (13) Certified copy of Bylaws;

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(14) Certified copy of Minutes;

(15) Current Franchise Tax Certificate of Good Standing or letter of exemption issued by the Texas Comptroller of Public Accounts; and

(16) Certified copy of Certificate of Authority issued by the Texas Secretary of State (foreign corporations only).

(b) Except as provided by subsection (d) of this section, on notification by TDI of approval of the application, the applicant must submit a license fee as follows:

(1) Licenses issued January 1 through June 30--\$200;

(2) Licenses issued July 1 through December 31--\$100.

(c) Military spouses who are licensed in a state with substantially equivalent requirements to those of this state are eligible for a license while the military service member to whom the military spouse is married is stationed at a military installation in this state. This license is effective for a period of three years from the date the spouse receives confirmation from the Texas Department of Insurance of receipt of the items described by this subsection. The military spouse must:

(1) submit an application notifying TDI of the military spouse's intent to operate under the license in Texas;

(2) submit to TDI proof of the military spouse's residency in Texas and a copy of the spouse's military identification card; and

(3) show evidence of good standing from the jurisdiction with substantially equivalent requirements to the requirements of this state.

(d) A military spouse will not be assessed any application fees under this section.

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CERTIFICATION. This agency certifies that legal counsel has reviewed the adoption and found it to be within the agency's legal authority to adopt.

Issued at Austin, Texas, on January 17, 2020.

/s/ James Person

James Person, General Counsel
Texas Department of Insurance

The Commissioner adopts amendments to 28 TAC §25.24.

/s/ Kent C. Sullivan

Kent C. Sullivan
Commissioner of Insurance

Commissioner's Order No. **2020-6200**