

INSURANCE CODE

TITLE 13. REGULATION OF PROFESSIONALS

SUBTITLE A. GENERAL PROVISIONS

CHAPTER 4002. EXAMINATION OF LICENSE APPLICANTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 4002.001. EXAMINATION REQUIRED. (a) Except as otherwise provided by this code, an applicant for a license to act as an agent in this state must:

(1) take a personal written examination prescribed by the commissioner; and

(2) pass the examination to the satisfaction of the department.

(b) The examination must determine the applicant's competence with respect to:

(1) the type of insurance contracts for which the applicant seeks a license;

(2) the laws of this state regulating the business of insurance; and

(3) the ethical obligations and duties of an agent.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4002.002. EXAMINATION FOR LIMITED LICENSE. (a) The commissioner shall prescribe a limited written examination for an applicant for a limited agent's license under Chapter [4051](#) or [4054](#).

(b) The examination must determine the applicant's competence and understanding of:

(1) the basic principles of insurance contracts;

(2) the basic laws of this state regulating the business of insurance; and

(3) the ethical obligations and duties of an agent.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4002.003. EXEMPTIONS FROM EXAMINATION REQUIREMENT.

(a) The department may not require a person to take an examination under this chapter if the person is:

(1) an applicant for the renewal of an unexpired license issued by the department;

(2) an applicant whose license issued by the department expired less than one year before the date of the application, if the previous license was not denied, revoked, or suspended by the commissioner;

(3) a partnership, corporation, or depository institution;

(4) an applicant for a life, accident, and health license who is designated as a chartered life underwriter (CLU);

(5) an applicant for a property and casualty license who is designated as a chartered property casualty underwriter (CPCU);

(6) an applicant for a specialty license issued under Chapter 4055;

(7) a nonresident individual who is exempt from the examination requirement under Chapter 4056; or

(8) an applicant for a general life, accident, and health license or a life agent license who was authorized to solicit or procure insurance on behalf of a fraternal benefit society on September 1, 1999, if the applicant:

(A) solicited or procured insurance on behalf of the fraternal benefit society for at least 24 months preceding September 1, 1999; and

(B) does not, on or after September 1, 1999, solicit or procure:

(i) insurance for any other insurer or a different fraternal benefit society;

(ii) an insurance contract from anyone other than a person who is eligible for membership in the fraternal benefit society; or

(iii) an interest-sensitive life insurance contract that exceeds \$35,000 of coverage on an individual life, unless the applicant is designated as a "Fraternal Insurance Counselor" at the time the contract is solicited or procured.

(b) A license to which the exemption authorized by Subsection (a)(9) applies must be held by the applicant in an

individual capacity and is not transferable.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 548 (S.B. 1263), Sec. 2.19, eff. September 1, 2007.

Acts 2021, 87th Leg., R.S., Ch. 355 (H.B. 4030), Sec. 14, eff. September 1, 2021.

Sec. 4002.005. EXAMINATION FEE. (a) The department shall charge each applicant an examination fee in an amount determined by the department as necessary to administer the examination.

(b) The examination fee must accompany each application to take the examination.

(c) An applicant may receive a refund of the examination fee only if:

(1) the applicant fails to take the examination because of an emergency;

(2) the applicant notifies the department of the emergency at least 24 hours before the time of the examination; and

(3) the department agrees to refund the fee.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4002.006. BILINGUAL EXAMINATION. An examination administered under this chapter shall be offered in English and Spanish.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4002.007. EXAMINATION RESULTS. (a) The department shall notify each examinee of the results of a licensing examination administered under this code not later than the 30th day after the date the examination is administered. If an examination is graded or reviewed by a testing service, the department shall notify each examinee of the results of the examination not later than the 14th day after the date the department receives the results from the testing service.

(b) The department may require a testing service to notify examinees of the results of an examination.

(c) If the notice of the results of an examination graded or reviewed by a testing service will be delayed for longer than 90 days after the examination date, the department shall notify the examinee of the reason for the delay before the 90th day.

(d) If requested in writing by a person who fails a licensing examination administered under this code, the department shall provide to the person an analysis of the person's performance on the examination.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4002.008. STANDARDS FOR EXAMINATION PASS RATES; ANNUAL REPORT. (a) This section applies only to insurance agent license examinations for limited and single lines licenses, including agent licenses issued under:

(1) Subchapters C and I, Chapter 4051; and

(2) Subchapters C and G, Chapter 4054.

(b) The commissioner or, at the commissioner's discretion, a vendor under contract with the department, shall review a license examination subject to this section if, during any 12-month period beginning on September 1 of a year, that examination exhibits an overall pass rate of less than 70 percent for first-time examinees.

(c) The department shall collect demographic information, including, race, gender, and national origin, from an individual taking a license examination subject to this section.

(d) The department shall compile an annual report based on the review required under Subsection (b). The report must indicate whether there was any disparity in the pass rate based on demographic information.

(e) The commissioner by rule may establish procedures as necessary to:

(1) collect demographic information necessary to implement this section; and

(2) ensure that a review required under Subsection (b) is conducted and the resulting report is prepared.

(f) The commissioner shall deliver the report prepared under Subsection (d) to the governor, the lieutenant governor, and the speaker of the house of representatives not later than December

1 of each year.

Added by Acts 2009, 81st Leg., R.S., Ch. 398 (H.B. [1757](#)), Sec. 1, eff. June 19, 2009.

SUBCHAPTER B. ADMINISTRATION OF EXAMINATION BY TESTING SERVICE

Sec. 4002.051. ADMINISTRATION BY TESTING SERVICE AUTHORIZED. The commissioner may accept an examination administered by a testing service to satisfy the examination requirements of a person seeking a license as an agent, counselor, or adjuster under this code.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4002.052. AGREEMENT WITH TESTING SERVICE. (a) The commissioner may negotiate an agreement with a testing service to perform examination services, including:

- (1) developing an examination;
- (2) scheduling an examination;
- (3) arranging the site for an examination; and
- (4) administering, grading, reporting, and analyzing an examination.

(b) The commissioner may require a testing service to:

- (1) correspond directly with applicants with regard to the administration of examinations;
- (2) collect fees for administering examinations directly from applicants; and
- (3) provide for the administration of examinations in specific locations and at specified frequencies.

(c) The commissioner shall retain the authority to establish the scope and type of each examination.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4002.053. HEARING REQUIRED BEFORE AGREEMENT. Before the department may negotiate and enter into an agreement with a testing service:

- (1) a hearing must be held in accordance with Chapter [2001](#), Government Code; and

(2) the commissioner must adopt any rules or standards that the commissioner considers appropriate to implement the authority granted by this chapter.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

SUBCHAPTER C. DUTIES OF DEPARTMENT

Sec. 4002.101. ADMINISTRATION BY DEPARTMENT. In the absence of an agreement with a testing service, the department shall administer any required examination in accordance with this chapter.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4002.102. RULES. (a) The commissioner may adopt rules relating to:

- (1) the scope, type, and conduct of an examination;
- (2) the time and location in this state at which an examination is conducted; or
- (3) the designation of textbooks, manuals, and other materials to be studied by an applicant for an examination.

(b) The textbooks, manuals, or other materials designated by the commissioner under Subsection (a)(3) may consist of:

- (1) material available to an applicant by purchase from the publisher; or
- (2) material prepared at the direction of the commissioner and distributed to an applicant on request and on payment of the reasonable cost of the material.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4002.103. CONTENT OF EXAMINATION QUESTIONS. All examination questions must be prepared from the contents of the textbooks, manuals, and other materials designated or prepared by the commissioner under Section [4002.102](#).

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.