

**Subchapter P. Administrators**  
**28 TAC §7.1603**

**INTRODUCTION.** The commissioner of insurance adopts amendments to 28 TAC §7.1603, concerning the certificate of authority required for administrators. The amendments are adopted without changes to the proposed text published in the December 1, 2023 issue of the *Texas Register* (48 TexReg 7001).

**REASONED JUSTIFICATION.** The amendments to §7.1603 are necessary to remove redundant provisions and implement Senate Bill 422, 88th Legislature, 2023, which amended Occupations Code §§55.004(d), 55.0041, and 55.005(a). Chapter 55 of the Occupations Code provides for alternative licensing procedures and requirements for military service members, military veterans, and military spouses. Before the passage of SB 422, Occupations Code §55.0041 required licensing agencies to recognize the out-of-state licenses of military spouses. SB 422 amended §55.0041 to also apply to military service members and to incorporate additional changes.

As part of the implementation of SB 422, the Texas Department of Insurance (TDI) is separately adopting new 28 TAC §1.814, which provides alternative licensing procedures and requirements for license applications by military service members, military veterans, and military spouses, consistent with Occupations Code Chapter 55 and 50 USC §4025a. New §1.814 applies to all licenses, permits, certifications, and other authorizations issued by TDI, including certificates of authority for administrators.

Section 7.1603 requires that persons holding themselves out as administrators must hold a certificate of authority under Insurance Code Chapter 4151. Subsections (a),

(c), (d), (e), and (f) currently include requirements for military spouses seeking authorization to or who are currently authorized in other states to engage as an administrator. The amendments to §7.1603 remove these provisions, including part of subsection (a), and subsections (c), (d), (e), and (f), which apply to military spouses, because they are made redundant by new §1.814. Amendments also insert the titles of cited Insurance Code provisions in subsection (a).

**SUMMARY OF COMMENTS.** TDI provided an opportunity for public comment on the rule proposal for a period that ended on January 3, 2024. TDI did not receive any comments on the proposed amendments.

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**STATUTORY AUTHORITY.** The commissioner adopts the amendments to §7.1603 under Occupations Code §55.0041(e) and Insurance Code §36.001.

Occupations Code §55.0041(e), which addresses recognition of out-of-state licenses of military service members and military spouses, requires state agencies to adopt rules to implement the section.

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.**

**§7.1603. Certificate of Authority Required.**

(a) Unless a person meets an exemption under Insurance Code §§4151.002, concerning Exemptions, 4151.004, concerning Applicability to Certain Insurers and Health Maintenance Organizations, or 4151.0021, concerning Applicability to Certain Processing Agents, a person acting as or holding themselves out as an administrator must hold a certificate of authority under Insurance Code Chapter 4151, concerning Third-Party Administrators.

(b) An administrator contractor and an administrator subcontractor must hold a certificate of authority under Insurance Code Chapter 4151.

**CERTIFICATION.** This agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Issued at Austin, Texas, on February 9, 2024.


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*Jessica Barta*  
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Jessica Barta, General Counsel  
Texas Department of Insurance

# 2024-8522

TITLE 28. INSURANCE  
Part I. Texas Department of Insurance  
Chapter 7. Corporate and Financial Regulation

Adopted Section  
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The amendments to 28 TAC §7.1603 are adopted.

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Cassie Brown  
Commissioner of Insurance

Commissioner's Order No. 2024-8522