

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0299-06
Bill No.: SB 635
Subject: Insurance - Property; Insurance Dept.; Housing
Type: Original
Date: March 12, 2007

Bill Summary: Substantially revises the current law regarding the regulation of title insurance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Insurance Dedicated	\$2,500	\$2,500	\$2,500
Total Estimated Net Effect on <u>Other</u> State Funds	\$2,500	\$2,500	\$2,500

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator** and **Department of Revenue** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Department of Insurance, Financial and Professional Regulation (DIFP)** state the proposal would result in new revenue to the Insurance Dedicated Fund for continuing education course filing fees. The DIFP assumes it would receive approximately \$2,500 in filing fees (50 courses X \$50 per course). Any additional costs associated with this proposal would be covered by existing staff and appropriations.

This proposal will result in an increase in total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
INSURANCE DEDICATED FUND			
<u>Income - DIFP</u>			
Course filing fees	<u>\$2,500</u>	<u>\$2,500</u>	<u>\$2,500</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$2,500</u>	<u>\$2,500</u>	<u>\$2,500</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal may impact small business title companies that will need to pay for continuing education courses.

FISCAL DESCRIPTION

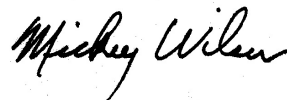
All title insurance agencies and agents must be licensed as insurance producers. Certain employees of an insurer or agent are exempt from licensure if they do not engage in certain transactions (determine insurability, establish premiums, or materially perform or supervise others who perform any related title service).

Every title agent shall pass an examination. Each title agent shall, during a 2 year period, attend courses or programs that provide a minimum of 8 hours of instruction. The proposal delineates what courses will qualify as continuing education courses. The proposal allows excess classroom hours accumulated during a two-year period to be carried forward to the next two-year period. For good cause, an agent may be granted an extended period of time to complete the educational requirements. Those title agents who reside in a state with mandatory continuing education requirements do not have to comply with this portion of the proposal. Every applicant seeking approval by the director for a continuing education course shall file a fee of \$50 per course (total fee not to exceed \$250). The proposal provides that the examination requirements shall be waived for all title agents and qualified principals who have been continually licensed as a title agent or producer from at least January 1, 2005, through January 1, 2008.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Courts Administrator
Department of Insurance, Financial and Professional Regulation
Department of Revenue
Office of Secretary of State



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Director
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