

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0299-08  
Bill No.: SCS for SB 635  
Subject: Insurance - Property; Insurance Dept.; Housing  
Type: Original  
Date: April 6, 2007

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

**FISCAL SUMMARY**

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

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

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

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

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

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).

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

**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 will result in new revenue for the Insurance Dedicated Fund. Continuing education course filing fees for approximately 50 courses is anticipated. Each course filing must be accompanied by a \$50 filing fee. Total annual revenue is anticipated to be approximately \$2,500.

Any additional costs would be covered by existing staff and appropriations.

**This proposal will result in an increase in total state revenues.**

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

### FISCAL IMPACT - Small Business

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

### FISCAL DESCRIPTION

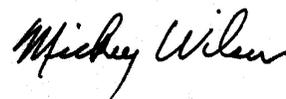
All title insurance agencies and agents must be licensed as insurance producers. Certain employees of an insurer or agent are exempt from licensure if they do not engage in certain transactions (determine insurability, establish premiums, or materially perform or supervise others who perform any related title service). Title insurance agents must eliminate the word insurer or underwriter from their business name unless the word "agency" is part of the name. If the title insurance agent delegates a title search to a third party, the agent must obtain proof that the third party is qualified by the rules and regulations established by the director.

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 a filing 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 (Sections 381.115 and 381.118).

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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