

BILL ANALYSIS

Senate Research Center

S.B. 1155
By: Harris
Economic Development
3-31-97
As Filed

DIGEST

Currently, the Insurance Code does not provide for the regulation of controlled business organizations such as builders, realtors, developers or lenders who own title companies. This bill authorizes the commissioner of insurance to suspend or revoke a title insurance agent's license if any fact or condition at the time of the original application would have warranted the refusal to issue the license. Additionally, this bill would require all title companies to produce at least 50 percent of their business from sources that are not controlled by the owners.

PURPOSE

As proposed, S.B. 1155 authorizes the commissioner of insurance to suspend or revoke a title insurance agent's license if any fact or condition at the time of the original application would have warranted the refusal to issue the license. Additionally, this bill requires all title companies to produce at least 50 percent of their business from sources that are not controlled by the owners.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the commissioner of insurance in SECTION 2 (Chapter 9, Article 9.60, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 9.37, Insurance Code, to authorize the commissioner of insurance to revoke or suspend a license for certain reasons.

SECTION 2. Amends Chapter 9, Insurance Code, by adding Article 9.60, as follows:

Art. 9.60. ACTIVE TITLE INSURANCE AGENTS OR DIRECT OPERATIONS ONLY TO BE LICENSED. Provides that active title insurance agents or direct operations are not to be licensed unless certain provisions are met. Provides that this article does not prohibit an applicant the right to choose his or her own agent or to prohibit certain entities from handling business which the applicant controls through a person. Sets forth requirements for an applicant who is making an original application for license. Requires the commissioner to adopt rules to implement this article.

SECTION 3. Effective date: September 1, 1997.

SECTION 4. Emergency clause.