

BILL ANALYSIS

Senate Research Center
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S.B. 105
By: Harris
Economic Development
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As Filed

DIGEST

Currently, the Insurance Code requires a certain procedure for the submission of an annual audit for licensed title insurance agents. This bill would alter those procedures by changing the office to which the annual audit report is submitted, deleting the requirement that title insurance companies perform analysis of audit reports for the Texas Department of Insurance, clarifying audit report submission failure deadlines, and providing that the audit be performed at the agent's or direct operation's expense.

PURPOSE

As proposed, S.B. 105 changes the office to which title insurance companies are required to submit annual audits from the State Board of Insurance to the Texas Department of Insurance, deletes the requirement that title insurance companies perform analysis of audit reports for the Texas Department of Insurance, clarifies audit report submission failure notification deadlines, and provides that the audit be performed at the agent's or direct operation's expense.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 9.39, Insurance Code, to require an annual audit to occur before the 91st day after the termination of every title insurance agent's and direct operation's fiscal year at its expense. Requires the annual audit to be sent to the Texas Department of Insurance, rather than the State Board of Insurance (SBI). Requires the Commissioner of Insurance of the State of Texas (commissioner), rather than the SBI, to set forth the standards and form of the required audit report. Requires title insurance companies to report to the Texas Department of Insurance, the failure of their agents or direct operations to deliver an audit report on or before the 30th day after the expiration of the 90-day period. Requires those feeling wronged by actions of the commissioner, rather than the SBI, to have the right to appeal under Article 1.04, rather than file a suit under Article 9.37 of the Insurance Code. Deletes text requiring certain actions of title insurance companies relating to the audit reports created by agents and direct operations. Makes conforming and nonsubstantive changes.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Emergency clause.