

TITLE INSURANCE REGULATION AND THE TEXAS DEPARTMENT OF INSURANCE

CESP	CAEP	Topic/Issue
		DEFINITIONS
X	X	• Abstract Plant
X	X	• Attorney
X	X	• Business of title insurance
X	X	• Closing the transaction
X	X	• Direct operation
X	X	• Escrow Officer
X	X	• Person
X	X	• Premium
X	X	• Title examination
X	X	• Title insurance
X	X	• Title insurance agent
X	X	• Title insurance company
		PROHIBITED CONDUCT
		• Engaging in the business of other lines of insurance
X	X	• Insuring against unmarketability of title
X	X	• Insuring around known liens
		• Guaranteeing payment of mortgage on real property
		REBATES AND DISCOUNTS
X	X	• Prohibited - Giving or receiving a thing of value in return for referral of business
X		• Not prohibited
X		○ Certain compensatory payments
X		○ Certain divisions of premium
X		○ Certain promotional and educational activities
		BACKGROUND AND HISTORY
X	X	• Regulation of title insurance in Texas dates back to 1876, when an insurance agency was first authorized by the Texas Constitution.
X	X	• Current statutory regulations are found in Title 11, Texas Insurance Code Added by Acts 2003, 78th Leg., ch. 1274, § 6, eff. April 1, 2005. (Chapter 9 was repealed at that time.)
X	X	• The Texas Department of Insurance (TDI) enforces insurance laws and promulgates regulations and forms for all lines of insurance in Texas
X	X	○ The regulations and forms for title insurance (including Title 11) are contained in The Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas adopted by TDI.

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		must include:
		<ul style="list-style-type: none"> ▪ summary of the substance of the matter to be added or amended
		<ul style="list-style-type: none"> ▪ a statement that the full text of the matter is available for review in the office of the chief clerk of the department
		TEXAS DEPARTMENT OF INSURANCE CHAIN OF COMMAND
X	X	<ul style="list-style-type: none"> • <u>Chief Executive Officer is Commissioner of Insurance</u>. Presides over hearings and ultimately signs orders for adoption of rules rates and forms as well as all disciplinary orders and bulletins issued by TDI.
		<ul style="list-style-type: none"> • <u>General Counsel & Chief Clerk</u> (Reports to Commissioner). Advises the Commissioner on legal matters, prepares notices and order for Commissioner's signature and accepts filings for amendments to the Basic Manual
		<ul style="list-style-type: none"> • <u>Property & Casualty Senior Associate Commissioner</u> (Reports to Commissioner). Advises the Commissioner on matters involving title insurance and other lines of insurance
		<ul style="list-style-type: none"> • <u>Deputy Commissioner of Title Division</u> (Reports to Senior Association Commissioner) Responsible for day-to-day operations of the Title Division
X	X	<ul style="list-style-type: none"> ○ <u>Director of Title Examinations</u> (Reports to Deputy Commissioner)
X	X	<ul style="list-style-type: none"> ▪ Auditors review escrow audits submitted to TDI and perform on-site audits of title agents
X	X	<ul style="list-style-type: none"> ○ <u>Title Insurance Section</u> (Reports to Deputy Commissioner)
X	X	<ul style="list-style-type: none"> ▪ Responsible for agent & escrow officer licensing, consumer complaints, continuing education registration. The Title Insurance Section also does research for Deputy Commissioner and for Legislators.
		LEGAL & ENFORCEMENT
		<ul style="list-style-type: none"> • Program attorneys advise the Deputy Commissioner and the Commissioner on matters requiring a legal opinion or rule interpretation and assist in preparation of orders for submission to the General Counsel for the Commissioner's approval.
		<ul style="list-style-type: none"> • The enforcement attorneys handle all administrative enforcement actions, not involving civil litigation. Civil litigation is handled by the Attorney General's office.
		<ul style="list-style-type: none"> ○ The enforcement attorneys are a party to the Rate Phase of the Biennial Title Hearing.
		DATA SERVICES
		<ul style="list-style-type: none"> • The data services group is a part of Property & Casualty.
		<ul style="list-style-type: none"> ○ Prepares the annual Statistical Calls for agents and underwriters and assembles the information from the reports filed by all title agents and underwriters in Texas.
		FINANCIAL DIVISION

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		<ul style="list-style-type: none"> The Financial Division approves new admissions of both domestic and foreign underwriters. This group does on-site audits of underwriters, handles letters of credit and cash deposits put with TDI in lieu of bonds. The NAIC forms for the Annual Report of Underwriters (Form 9) are reviewed and maintained by this group.
		<p>TEXAS TITLE INSURANCE GUARANTY ASSOCIATION</p>
X		<ul style="list-style-type: none"> The Guaranty Association is a safety net for insureds holding policies issued by agents and underwriters declared to be insolvent.
X		<ul style="list-style-type: none"> The Guaranty Association is not funded in the State budget process, but instead is funded by assessments made through title agents and underwriters as an added fee to the policy premiums.
X		<ul style="list-style-type: none"> Funds managed by the Guaranty Association are used in any Liquidation action involving insolvency of agents or underwriters and to pay the salaries of Title Examination staff.
		<p>CONSUMER PROTECTION</p>
		<ul style="list-style-type: none"> Consumer Protection compiles an annual report from all underwriters in Texas detailing how many policies have been issued through each underwriter for the previous five years.
		<ul style="list-style-type: none"> Consumer Protection also tracks consumer complaint statistics and publishes a report that gives the ratio between the number of policies issued and the number of consumer complaints filed on an annual basis.