	TITLE COMPANY DISCLOSURE REQUIREMENTS
	2024 GENERAL SESSION
	STATE OF UTAH
	Chief Sponsor: Curtis S. Bramble
	House Sponsor: Kera Birkeland
LO	NG TITLE
Con	nmittee Note:
	The Administrative Rules Review and General Oversight Committee recommended this
bill.	
	Legislative Vote: 7 voting for 0 voting against 3 absent
Gen	eral Description:
	This bill addresses requirements for the net worth of agency insurance producers.
Higl	nlighted Provisions:
	This bill:
	 establishes minimum net worth requirements for agency insurance producers.
Mor	ney Appropriated in this Bill:
	None
Oth	er Special Clauses:
	None
Utal	n Code Sections Affected:
AM	ENDS:
	31A-23a-204, as last amended by Laws of Utah 2015, Chapter 330
Be it	t enacted by the Legislature of the state of Utah:
	Section 1. Section 31A-23a-204 is amended to read:
	31A-23a-204. Special requirements for title insurance producers and agencies.



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28 An individual title insurance producer or agency title insurance producer shall be 29 licensed in accordance with this chapter, with the additional requirements listed in this section. 30 (1) (a) A person that receives a new license under this title as an agency title insurance 31 producer shall at the time of licensure be owned or managed by at least one individual who is 32 licensed for at least three of the five years immediately preceding the date on which the agency 33 title insurance producer applies for a license with both: 34 (i) a title examination line of authority; and 35 (ii) an escrow line of authority. 36 (b) An agency title insurance producer subject to Subsection (1)(a) may comply with 37 Subsection (1)(a) by having the agency title insurance producer owned or managed by: 38 (i) one or more individuals who are licensed with the title examination line of authority 39 for the time period provided in Subsection (1)(a); and 40 (ii) one or more individuals who are licensed with the escrow line of authority for the 41 time period provided in Subsection (1)(a). 42 (c) A person licensed as an agency title insurance producer shall at all times during the 43 term of licensure be owned or managed by at least one individual who is licensed for at least 44 three years within the preceding five-year period with both: 45 (i) a title examination line of authority; and 46 (ii) an escrow line of authority. 47 (d) The Title and Escrow Commission may by rule, subject to Section 31A-2-404, exempt an attorney with real estate experience from the experience requirements in Subsection 48 49 (1)(a). 50 (e) An individual who satisfies the requirements of this Subsection (1) is known as a 51 "qualifying licensee." At any given time, an individual may be a qualifying licensee for not 52 more than two agency title insurance producers. 53 (2) (a) An individual title insurance producer or agency title insurance producer 54 appointed by an insurer shall maintain: 55 (i) a fidelity bond; 56 (ii) a professional liability insurance policy; or 57 (iii) a financial protection:

(A) equivalent to that described in Subsection (2)(a)(i) or (ii); and

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(B) that the commissioner considers adequate.

- (b) The bond, insurance, or financial protection required by this Subsection (2):
- (i) shall be supplied under a contract approved by the commissioner to provide protection against the improper performance of any service in conjunction with the issuance of a contract or policy of title insurance; and
 - (ii) be in a face amount no less than \$250,000.
- (c) The Title and Escrow Commission may by rule, subject to Section 31A-2-404, exempt individual title insurance producer or agency title insurance producers from the requirements of this Subsection (2) upon a finding that, and only so long as, the required policy or bond is generally unavailable at reasonable rates.
- (3) An individual title insurance producer or agency title insurance producer appointed by an insurer may maintain a reserve fund to the extent money was deposited before July 1, 2008, and not withdrawn to the income of the individual title insurance producer or agency title insurance producer.
- (4) An examination for licensure shall include questions regarding the examination of title to real property.
- (5) An individual title insurance producer may not perform the functions of escrow unless the individual title insurance producer has been examined on the fiduciary duties and procedures involved in those functions.
- (6) The Title and Escrow Commission may adopt rules, establishing an examination for a license that will satisfy this section, subject to Section 31A-2-404, and after consulting with the commissioner's test administrator.
- (7) A license may be issued to an individual title insurance producer or agency title insurance producer who has qualified:
 - (a) to perform only examinations of title as specified in Subsection (4);
 - (b) to handle only escrow arrangements as specified in Subsection (5); or
 - (c) to act as a title marketing representative.
- (8) (a) A person licensed to practice law in Utah is exempt from the requirements of Subsections (2) and (3) if that person issues 12 or less policies in any 12-month period.
- (b) In determining the number of policies issued by a person licensed to practice law in Utah for purposes of Subsection (8)(a), if the person licensed to practice law in Utah issues a

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90	policy to more than one party to the same closing, the person is considered to have issued only
91	one policy.
92	(9) A person licensed to practice law in Utah, whether exempt under Subsection (8) or
93	not, shall maintain a trust account separate from a law firm trust account for all title and real
94	estate escrow transactions.
95	(10) An agency title insurance producer that is not part of an affiliated business
96	arrangement, as defined in Section 31A-23a-1001, shall comply with the following net worth
97	requirements:
98	(a) an agency title insurance producer licensed on or after May 14, 2019, shall maintain
99	a net worth of at least:
100	(i) \$100,000 for the first five years after becoming licensed; and
101	(ii) after the first five years after becoming licensed, the greater of:
102	(A) a yearly average net worth of \$50,000; or
103	(B) based on a determination made on February 1 of each year, an amount equal to 5%
104	of the agency title insurance producer's average annual gross revenue over the preceding two
105	calendar years, up to \$150,000; or
106	(b) an agency title insurance producer licensed before May 14, 2019, shall:
107	(i) beginning on February 1, 2025, and ending on January 31, 2029, maintain a net
108	worth of at least the lesser of:
109	(A) a yearly average net worth of \$150,000; or
110	(B) based on a determination made on February 1 of each year, an amount equal to 5%
111	of the agency title insurance producer's average annual gross revenue over the preceding two
112	calendar years, up to \$150,000; and
113	(ii) beginning on February 1, 2029, maintain a net worth of at least the greater of:
114	(A) a yearly average net worth of \$50,000; or
115	(B) based on a determination made on February 1 of each year, an amount equal to 5%
116	of the title entity's average annual gross revenue over the preceding two calendar years, up to
117	<u>\$150,000.</u>
118	Section 2. Effective date.

This bill takes effect on May 1, 2024.

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