

BILL SUMMARY
1st Session of the 54th Legislature

Bill No.:	HB 1884
Version:	CS
Request Number:	7470
Author:	Armes
Date:	3/11/2013
Impact:	Revenue Neutral

Research Analysis

The Committee Substitute for HB1884 establishes fees and procedures for the purpose of licensing settlement agents and settlement agencies by the Insurance Commissioner. The application fee for settlement agents and settlement agencies is \$35 and the license fee is \$100. Both licenses are valid for two years and may be renewed biannually; \$65 for a settlement agent, and \$60 for a settlement agency. Agents are required to complete continuing education programs, not to exceed eight clock hours per year, as provided by the Insurance Commissioner. Settlement agents with at least 20 years of experience are exempt from the continuing education requirements. The measure also authorizes the Insurance Commissioner to revoke, suspend or refuse to issue licenses and impose penalties for certain actions.

Settlement agencies are also required to obtain errors and omissions insurance and a blanket fidelity bond covering all settlements agents employed by the agency. The measure also requires settlement agencies to submit an internal audit of their escrow accounts each year. The agency must also retain records for all settlements handled for at least 5 years and allows the Insurance Commissioner to inspect files.

Finally, funds received by the settlement agency are required to be deposited into an escrow account by the close of the next business day.

Prepared By: Quyen Do

Fiscal Analysis

CS for HB 1884 provides for fee structures and licensing for escrow agents. As with most revenue to the Insurance Department, the fees will go to the Department's main revolving fund, where it will be split between General Revenue (76.5%) and the Department's fund (23.5%). According to officials at the Insurance Department, the licensing and other fees in the measure should cover the expense of the additional duties regarding escrow agents and that the measure will be revenue neutral, once the money is split between General Revenue and the Department's revolving fund.

Prepared By: Mark Nichols

Other Considerations

None.

