

TDI PROPOSAL TO AMEND THE BASIC MANUAL OF RULES, RATES AND FORMS FOR THE WRITING OF TITLE INSURANCE IN THE STATE OF TEXAS

I. INTRODUCTION

The Texas Department of Insurance proposes changes to the *Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas* (Basic Manual). TDI's proposals are attached as Exhibits 20–26. TDI's proposals will (1) allow electronic signatures on escrow checks; (2) update the Escrow Account Auditor's Opinion Letter to conform with current accounting standards; (3) update statistical codes for mortgage refinance transactions; (4) correct a clerical error on the Policy of Title Insurance (USA) form; (5) update TDI's address on the title agent's minimum capitalization bond form; (6) replace notarization requirements on several licensing forms with an unsworn declaration; and (7) update existing statistical codes and add new codes for endorsements proposed by TLTA.

These updates are necessary because they will relieve burdens on consumers and licensees, reduce confusion on statistical reporting, and modernize TDI forms to current standards.

II. STATUTORY AUTHORITY

TDI is authorized to add these items under Insurance Code §§2703.206, 2703.153, and 36.001:

- Section 2703.206 allows the commissioner to order a public hearing to consider adoption of premium rates and other matters relating to the regulating the business of title insurance as the commissioner determines necessary or proper.
- Section 2703.153 requires that the commissioner establish amendments to the contents of the statistical report through a rulemaking hearing held under Government Code Chapter 2001, Subchapter B.
- Section 36.001 provides that the commissioner may adopt any rules necessary and appropriate to implement the powers and duties of TDI under the Insurance Code and other laws of this state.

III. PROPOSAL FOR CONSIDERATION AND ADOPTION

TDI proposes the following changes to the Basic Manual:

1. Allow electronic signatures on escrow checks (Exhibit 21)

TDI proposes to amend Internal Control No. 5 in the Basic Manual to allow for electronic signatures on escrow checks. Authorized signatories will be able to sign checks without having to be physically present when they are issued. This change will increase efficiency and lower transaction costs.

2. Update the Escrow Account Auditor's Opinion Letter (Exhibit 22)

TDI proposes to amend Form PC-150 (Exhibit A) in the Basic Manual because an update is needed. The Auditor's Opinion Letter for trust funds has not been updated since March 1, 1990. Since that time the Texas State Board of Public Accountancy (State Board) standards have changed, and the opinion letter requires an update because it does not meet the State Board's requirements.

3. Correct a clerical error on the Policy of Title Insurance (USA) form (Exhibit 23)

TDI proposes a nonsubstantive amendment to Form T-11, Policy of Title Insurance (USA), to correct a clerical error where the last item on a numbered list does not have its corresponding number.

4. Update TDI's address on the title insurer's minimum capitalization bond form (Exhibit 24)

Form PC-417, Texas Title Insurance Agent's Minimum Capitalization Bond, has an out-of-date address that needs to be updated. There are no other changes being proposed to this form.

5. Remove notarization requirements on licensing forms (Exhibit 25)

TDI proposes to replace the notarization requirements with an unsworn declaration on the following licensing forms:

- FINT 08, Title insurance licensing biographical information
- FINT 09, Escrow officer appointment
- FINT 10, Title Insurance Agent or Direct Operation Appointment
- FINT 129, Title insurance agent or direct operation change request form
- FINT 143, Application for title insurance agent or direct operation license

These forms have a notary requirement that is unnecessary and burdensome for licensees. The Texas Civil Practice and Remedies Code § 132.001 allows for an alternative form of a sworn statement that can be used instead of a notarized affidavit where it is otherwise required by statute, rule, order, or other law.

6. Update codes in the Title Insurance Statistical Plan related to discounts applied to refinancing loan policies (Exhibit 26)

TDI proposes to amend statistical codes related to discounts applied to policies for refinancing loans. When an update to Rate Rule R-8 was adopted in 2018, it changed the transaction descriptions and corresponding rate rule sections that needed matching codes in the statistical plan. The codes currently in the statistical plan relating to these discounts were not properly updated; this will correct the transaction description to match those codes.

7. Revise contents of the Title Insurance Statistical Plan related to changes proposed by TLTA (Exhibit 27)

TDI proposes revisions to the statistical plan to allow TDI to collect experience data related to certain rate changes and new endorsements TLTA has proposed in this proceeding. TDI must collect data to fulfill its duty to fix and promulgate title insurance premium rates required by Insurance Code Chapter 2703, Subchapter D. The ability to collect experience data related to the proposed rate changes and new endorsements will help TDI fulfill its duty.