The Title Office Staff recommends that the Commissioner of Insurance amend Administrative Rule L-3. Direct Operation License to include requirements when a Direct Operation changes abstract plant provider or buys/sells an abstract plant.

The recommended changes are as follows:

**L-3. DIRECT OPERATIONS LICENSE**

All of the forms referred to herein are available upon request from the Title ~~Division~~ Office.

**I. ISSUANCE**

To license a Direct Operation, the following must be submitted to the Title ~~Division~~ Office of the Department:

1. Completed application for a Direct Operation License, signed by a corporate officer of the Title Insurance Company.
2. Non-refundable license fee of $50.00.
3. Executed original Abstract Plant Form .
4. List of all branch office addresses and telephone numbers.
5. Direct Operation's bond or in lieu thereof a cash deposit or irrevocable letter(s) of credit issued by a financial institution in this state insured by an agency of the United States Government (or securities approved by the Department) in the sum of the greater of Ten Thousand Dollars ($10,000) or an amount equal to ten percent (10%) of the gross premium written by the direct operation in accordance with the latest statistical report to the Department but not to exceed One Hundred Thousand Dollars ($100,000).

**II. CHANGE IN OPERATIONS**

The following changes in operations do not require cancellation of existing license and issuance of a new license but require written notice to the Title Office of the Department:

1. A change in office location (addition or deletion) requires written notification ~~by letter~~ from the Direct Operation to the Title ~~Division~~ Office of the Department. Such notification must be accompanied by a completed Title Agent Update Form.
2. A change in abstract plant requires written notification from the Direct Operation to the Title Office of the Department if:

 1. an abstract plant owned by the Direct Operation is sold;

 2. an abstract plant is purchased by the Direct Operation;

 3. a Joint Abstract Plant is used and a change in ownership occurs; or

 4. the Direct Operation changes leased abstract plant provider

Such notification must be accompanied by the following, if applicable:

* + 1. Executed Original Abstract Plant Form for each county affected by the change.
		2. Complete, signed copy of the plant lease with the new abstract plant provider.
		3. Copy of the bill of sale or other documentation evidencing the sale or purchase of an abstract plant.

JUSTIFICATION

This agenda item clarifies the documents to be submitted to the Department of any change in the Direct Operation’s abstract plant and standardizes formatting and numbering.