



Title Insurance: Agent Oversight Responsibilities

October 5, 2023

TDI | Oversight responsibilities

Title insurance companies authorized in Texas have key responsibilities relating to overseeing the title agents they appoint. These include:

- Submitting information to TDI.
- Duty to report fraud.
- Title agents ceasing operations.

TDI | Information due to TDI

- Procedural Rule P-31 filings.
- Agent appointments.
- Form T-S4 filings.
- Reporting of unused policy forms audits.

TDI | Procedural Rule P-31 filings

- All directly issued policies must be countersigned by a title insurance company employee, and those employees must be located at a designated office in Texas.
- Each title insurance company must file annually before January 31 of each calendar year a list containing:
 - Designated office addresses.
 - Name and position of each employee authorized to countersign policies at each office.
- The list may be emailed to TitleExaminations@tdi.texas.gov.
- Complete rule can be found at [Procedural Rule P-31](#).

TDI | Title agent appointment

- Before an agent may act on behalf of a title insurance company in any county, they must be appointed in that county.
- To appoint a title agent, form [FINT10 Title Insurance Agent or Direct Operation Appointment](#) must be completed.
- After the initial appointment, title insurance companies can add or delete authorized counties by submitting another FINT10.
- Appointments are perpetual until terminated.

TDI | Title agent appointment termination

- Appointments terminate when the title insurance company submits the FINT10 to end the appointment.
- When submitting the form, the title insurance company must disclose if the action is being taken for cause such as misrepresentation or misappropriation.

TDI | Audit of unused forms

- [Insurance Code 2651.253](#) requires title insurance companies to conduct audits of unused (paper) forms in possession of each agent.
- The purpose of the audits are to determine that all used forms have been reported to the title insurance company.
- Audits must be conducted once every two years.
- A report of each audit must be filed with TDI.
- Reports may be sent to TitleExaminations@tdi.texas.gov.

TDI | Information on financial matters

- An underwriter may provide information to TDI about a financial matter that would reasonably call into question the solvency of an appointed title agent. Some examples include:
 - Results of audits the title insurance company conducted under [Insurance Code 2651.251](#).
 - Insufficient cash flows.
 - Delinquent remittances to the title insurance companies.
 - Title agent defalcations/escrow shortages.

TDI | Information on financial matters

- The information is not subject to the [Public Information Act](#). However, TDI is authorized to share the information with other title insurance companies that have appointed or are considering appointing the title agent.
- [Insurance Code 2651.011\(b\)](#) requires title insurance companies to annually provide TDI a list of officers authorized to provide information on financial matters.

TDI | Information on financial matters

- This information must be provided each January using Form [T-S4 Annual Report of Title Company's Officers Authorized to Provide Information on Agent Financial Matters](#).
- The form may be sent to TitleExaminations@tdi.texas.gov.
- Form T-S4 can be found at [Administrative Rule S.4](#).

TDI | Required fraud reporting

- Under [Insurance Code 701.051](#), title insurance companies have a duty to report to TDI if it has a reasonable suspicion that fraud has or is about to be committed.
- The report must be made within 30 days.
- The link to the TDI webpage discussing reporting fraud is located at [Report fraud](#).

TDI | Expectations

- Title insurers must make consistent filings with TDI.
- If a fraud report is made regarding a title agent, the appointment termination should also note the issue, and the financial matter disclosed to TDI representatives.

TDI | Title agents ceasing operations

[Administrative Rules D-1](#) provides the requirements for title agents ceasing operations.

- If a title agent does not complete and submit the audit and accounting, it is the responsibility of the title insurance companies to use their best efforts to complete the audit and accounting.
- If a title insurance company fails to receive the final audit within 90 days, the company must report that to TDI within 10 days and use best efforts to complete the final audit and accounting within 60 days of when they should have received the audit report.

TDI | Title agents ceasing operations

- Each title agent must prepare a wind down plan to be implemented by the title insurance companies if the title agent fails to wind down its own operations.
- The wind down plan must be provided to TDI and each title insurance company who has appointed the agent.
- The plan must be implemented by the title insurance company immediately when it receives written notice from TDI that the title agent has failed to wind down its operations.

TDI | Title agents ceasing operations

How to wind down a title agent:

- Cancel the title agent appointment.
- Coordinate with all the appointed title insurance companies to take possession of all their guaranty files.
- Revoke electronic access to all title insurance forms.
- Take possession of all escrow funds and escrow accounts.
- Ensure that three-way reconciliations are completed.
- Issue any pending title insurance policies.

TDI | Title agents ceasing operations

- Contact consumers with open files to release funds or transfer funds to another title agent.
- Identify and research any shortages.
- Determine who is responsible for covering the shortages (guaranty fund or title insurance company). If guaranty fund, contact TDI.
- Ensure all unclaimed monies are escheated to the Comptroller.
- Obtain copies of all bonds. Review and verify surety bond coverage.

TDI | Title agents ceasing operations

- Maintain communications with TDI.
- Announce closure of the title agent in local publication.
- Conduct and pay for final audit of escrow funds, if applicable.
- Submit necessary fraud referrals to TDI.

TDI | Contact information

Title Examinations

TitleExaminations@tdi.texas.gov

512-676-6800

Title Licensing

TDI-TitleLicensing@tdi.texas.gov

512-676-6500 option 2

Fraud

FraudReport@tdi.texas.gov

888-327-8818 or 512-676-6285

