

BILL ANALYSIS

Senate Research Center
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H.B. 652
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Title insurance escrow officers who are licensed by the Texas Department of Insurance (TDI), are required to be Texas residents. This requirement ensures that licensees do not operate from out-of-state locations. An individual wishing to work as an escrow officer in Texas is required to maintain a second legal residence in order to comply with Texas law.

H.B. 652 authorizes persons who reside in an adjoining state and are bona fide employees of a licensed Texas title insurance agent or office to be licensed by TDI. This bill increases the bonding requirement for out-of-state employees from \$5,000 to \$10,000. H.B. 652 authorizes a person qualified as an escrow officer to hold a license and operate as a notary public.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2652.051, Insurance Code, by amending Subsection (c) and adding Subsection (d), as follows:

(c) Requires that the completed application state that the proposed escrow officer is an individual who is a bona fide resident of this state or a state adjacent to this state and the proposed escrow officer is a bona fide employee of a title insurance agent or direct operation with an office in this state. Makes nonsubstantive changes.

(d) Authorizes a person qualified under this section as an escrow officer, notwithstanding Sections 406.004 (Eligibility) and 406.020 (Removal From State), Government Code, to hold a license and operate as a notary public under Chapter 406 (Notary Public; Commissioner of Deeds), Government Code.

SECTION 2. Amends Section 2652.103, Insurance Code, as follows:

Sec. 2652.103. AMOUNT OF BOND OR DEPOSIT. (a) Creates this subsection from existing text. Provides that the amount of the bond or deposit required under this subchapter is determined by multiplying the number of escrow officers employed by the title insurance agent or direct operation by \$5,000 for an application of an individual who is a bona fide resident of this state or \$10,000 for an application of an individual who is a bona fide resident of a state adjacent to this state.

(b) Provides that notwithstanding Subsection (a), the maximum amount of the bond or deposit required under this subchapter is \$50,000. Makes nonsubstantive changes.

SECTION 3. Amends Section 2652.201, Insurance Code, as follows:

Sec. 2652.201. GROUNDS FOR LICENSE DENIAL OR DISCIPLINARY ACTION.
(a) Creates this subsection from existing text.

(b) Prohibits the Texas Department of Insurance from denying an application for a license or disciplining an escrow officer under Sections 4005.102 (Remedies for Violation of Insurance Laws or Commissioner Rules), 4005.103 (Probated License Suspension), or 4005.104 (Hearing) solely because the individual resides in an adjacent state and acts as an escrow officer in this state as a bona fide employee of a title insurance agent or direct operation in this state.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: September 1, 2009.