

BILL ANALYSIS

C.S.H.B. 3073
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Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Many counties, particularly urban counties, now utilize, and request bulk filers to utilize, e-recording. District clerks have set up filing systems using third party providers, for which there is a charge in connection with each document transmitted for filing and recording. These charges are incurred for the benefit of the county and the consumer and are not part of the title insurance premium.

District clerks in counties with access to electronic recording benefit from more immediate filing, better notice, and reduced labor and recording costs. The consumer benefits from having immediate filing. Third parties and title companies benefit from reduced losses due to gaps in filing. However, absent statutory clarification that these charges are not part of the title insurance premium and can be separately charged to the consumer, title companies and agents do not have an incentive to take advantage of these technological innovations.

C.S.H.B. 3073 authorizes a title insurance company, title insurance agent, or direct operation to charge, separate from the title insurance premium, any actual costs incurred in connection with a closing and settlement on real property, including a charge by a third party, such as a governmental entity, for an electronic filing fee or a fee of a third party for a service rendered or performed.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3073 amends the Insurance Code to authorize a title insurance company, title insurance agent, or direct operation to charge, separate from the title insurance premium, any actual costs incurred in connection with a closing and settlement on real property, including a charge by a third party, such as a governmental entity, for an electronic filing fee, or a fee of a third party for a service rendered or performed.

EFFECTIVE DATE

January 1, 2010.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 3073 authorizes a title insurance company, title insurance agent, or direct operation to charge, separate from the title insurance premium, any actual costs incurred in connection with a closing and settlement, including certain third party charges, whereas the original required a closing and settlement statement to clearly itemize such charges. The substitute differs from the original by changing the effective date from September 1, 2009 to January 1, 2010.