

2020 Regular Session

SENATE BILL NO. 180

BY SENATOR MORRIS

FEES/LICENSES/PERMITS. Provides qualifications and licensing requirements for title insurance producers. (8/1/20)

1 AN ACT

2 To amend and reenact R.S. 22:512(16), 513, 519, 1545(C)(2), and 1571(E)(1) and to enact
3 R.S. 22:1545(C)(7), relative to title insurers; to provide definitions; to provide for
4 qualifications and licensing of individual and agency title insurers; and to provide
5 for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:512(16), 513, 519, 1545(C)(2), and 1571(E)(1) are hereby
8 amended and reenacted and R.S. 22:1545(C)(7) is hereby enacted to read as follows:

9 §512. Definitions

10 As used only in this Subpart, the following words are defined as:

11 * * *

12 (16) ~~(a) "Title~~ **Individual title** insurance producer" or "**individual** producer"
13 shall mean a **licensed natural** person **who is either a resident of this state or a**
14 **nonresident individual who is employed by a resident licensee,** authorized on
15 behalf of the title insurer to issue title insurance reports or policies.

16 **(b) "Agency title insurance producer" or "agency producer" shall mean**
17 **a business entity appointed to represent a title insurer, whose principal place of**

1 **business is physically located in this state, or who has designated a resident**
2 **licensed individual producer employed by the business entity as responsible for**
3 **complying with the requirements of this Section.**

4 * * *

5 §513. Title insurers and producers; qualifications

6 **A.** Only those persons authorized as a title ~~insurer or producer~~ **insurers or**
7 **producers** pursuant to this Title shall be qualified to issue a title insurance ~~policy~~
8 **policies** or reports or otherwise transact the business of title insurance.
9 Notwithstanding any other law to the contrary, all title insurance policies and reports
10 covering any insurable interest in title to immovable property located in this state
11 shall be signed by a producer licensed in this state under this Subpart or by an
12 employee of a title insurer issuing the title insurance policies and reports when ~~such~~
13 **the** employee is a producer licensed in this state under this Subpart.

14 **B. The qualifications for each individual title insurance producer shall**
15 **be as follows:**

16 **(1) Shall be a natural person at least eighteen years of age.**

17 **(2) Shall be a resident of this state or be a full-time employee of a**
18 **licensed agent producer whose principal place of business is physically located**
19 **in this state.**

20 **(3) Shall not have committed any act that is grounds for probation or**
21 **suspension of an insurance license.**

22 **(4) Shall hold a high school diploma, a diploma for completion of a home**
23 **study program approved by the State Board of Elementary and Secondary**
24 **Education, or a high school equivalency diploma issued after successfully**
25 **completing the test of general educational development.**

26 **(5) Shall never have been convicted of a felony, nor been pardoned.**

27 **(6) Shall be able to read, write, speak, and be sufficiently knowledgeable**
28 **of the English language.**

29 **(7) Shall receive a passing score on the title insurance examination**

1 administered by the department.

2 (8) Shall complete the required hours of prelicensing education under
3 R.S. 22:1545 and 1571 related to Louisiana property law and title insurance,
4 within the one year period prior to application.

5 (9) Shall be authorized to represent a title insurer.

6 C. The qualifications for each agency title insurance producer shall be
7 as follows:

8 (1) Shall be a Louisiana entity whose principal place of business is
9 physically located in this state, or a foreign entity registered to do business in
10 this state whose principal place of business within Louisiana is suitable for
11 conducting the business of title insurance and real estate closing.

12 (2) Shall employ at least one licensed individual producer designated
13 with responsibility for ensuring compliance with the requirements of this
14 Section.

15 (3) Shall maintain its appointment to represent a title insurer, along with
16 affiliation of the individual producer designated in Paragraph (2) of this
17 Subsection.

18 (4) The entity and its designated individual producer shall not have had
19 an agent producer license, or its equivalent or an individual producer license,
20 or its equivalent, suspended, revoked, or refused in any other state, province,
21 district, or territory.

22 * * *

23 §519. Title insurance producers; examination

24 A. The department or title insurer may during normal business hours
25 examine, audit, and inspect any and all books, records, files, and escrow and
26 operating accounts related to the title insurance business maintained by a title
27 insurance producer its successor in interest, transferee, or receiver as provided under
28 this Subpart.

29 B. In order to comply with the provisions of this Section, a producer shall

1 **maintain records in legible format, readily accessible to the department, and in**
2 **a location fully accessible from or physically existing in Louisiana.**

3 * * *

4 §1545. Examination

5 * * *

6 C. (1) * * *

7 (2) This Subsection shall not apply to any applicant seeking authorization to
8 write industrial fire, limited life, health and accident, surety, ~~title~~, surplus lines, or
9 credit insurance business only.

10 * * *

11 **(7) A person applying for a license as an insurance producer to write title**
12 **insurance and having a license in good standing to practice law in the state of**
13 **Louisiana is exempt from the fourteen hours of prelicensing education**
14 **requirement in subject areas for which education has already been received**
15 **through the applicant's legal degree program.**

16 * * *

17 §1571. Registered insurance producer and bail bond producer prelicensing program

18 * * *

19 E.(1) Each registered insurance producer prelicensing program for lines other
20 than bail bonds shall provide instruction by a qualified instructor in a structured
21 setting or by verifiable approved self-study with a minimum of twenty hours of
22 supervised instruction or self-study, including instruction in applicable insurance
23 principles, state laws and regulations, and ethical practices, for each of the following
24 lines of authority a license is sought: life, health and accident, property, casualty,
25 **title**, and personal lines.

26 * * *

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Thomas L. Tyler.

DIGEST

SB 180 Original 2020 Regular Session Morris

Present law defines a title insurance producer as a person authorized on behalf of a title insurer to issue title insurance reports or policies.

Proposed law distinguishes between individual title insurance producers and agency producers. Defines "individual title insurance producer" or "individual producer" as a licensed natural person who is either a resident of Louisiana or a nonresident employed by a resident licensee authorized to issue title insurance reports or policies.

Defines "agency title insurance producer" or "agency producer" as a business entity appointed to represent a title insurer, whose principal place of business is physically located in Louisiana, or who has designated a resident licensed individual producer employed by the business entity as responsible for complying with the requirements of present law.

Proposed law retains provisions in present law requiring that only persons authorized as title insurers or producers under the Louisiana Insurance Code are qualified to issue title insurance policies, reports, or to otherwise transact the business of title insurance. Retains the requirement that all title insurance policies and reports covering an insurable interest in title to an immovable located in Louisiana be signed by a producer licensed as a title insurer in Louisiana under the Code or by an employee of a title insurer issuing policies and reports when the employee is a producer licensed under the Code as to title insurers.

Proposed law provides the following qualifications for an individual title insurance producer:

- (1) Shall be a natural person at least 18 years old.
- (2) Shall be a resident of Louisiana, or be a full-time employee of a licensed agent producer whose principal place of business is physically located in Louisiana.
- (3) Shall not have committed any act that is grounds for probation or suspension of an insurance license.
- (4) Shall hold a high school diploma, a diploma for completion of a home study program approved by the State Board of Elementary and Secondary Education, or a high school equivalency diploma issued after successfully completing the test of general educational development.
- (5) Shall have never been convicted of a felony, nor been pardoned.
- (6) Shall be able to read, write, speak, and be sufficiently knowledgeable of the English language.
- (7) Shall receive a passing score on the title insurance examination administered by the Department of Insurance.
- (8) Shall complete the required hours of prelicensing education as required in the Louisiana Insurance Code related to Louisiana property law and title insurance, within the one year period prior to application.
- (9) Shall be authorized to represent a title insurer.

Proposed law provides the following qualifications for an agency title insurance producer:

- (1) Shall be a Louisiana entity whose principal place of business is physically located in Louisiana, or a foreign entity registered to do business in this state whose principal place of business within Louisiana is suitable for conducting the business of title insurance and real estate closing.
- (2) Shall employ at least one licensed individual producer designated with responsibility for ensuring compliance with the requirements in present law.
- (3) Shall maintain its appointment to represent a title insurer, along with affiliation of the individual producer designated in Paragraph (2) above.
- (4) The entity and its designated individual producer shall not have had an agent producer license, or its equivalent or an individual producer license, or its equivalent, suspended, revoked, or refused in any other state, province, district, or territory.

Present law authorizes the Department of Insurance or a title insurer, during normal business hours, to examine, audit, and inspect any and all books, records, files, and escrow and operating accounts related to the title insurance business maintained by the insurance producer or its successor in interest, transferee, or receiver as provided in present law.

Proposed law retains present law and requires all producers to maintain these records in a legible format, readily accessible to the Department of Insurance in a location fully accessible from or physically existing in Louisiana.

Present law requires that individual applicants for licensure by the Department of Insurance pass an examination with a passing score of at least 70% for each line of insurance in which that applicant seeks to transact business in Louisiana unless otherwise exempt in the Code. Requires that the exam test the individual's knowledge in the lines of authority for which application is made, the duties and responsibilities of an insurance producer, and the insurance laws and regulations of Louisiana. Present law does not apply to applicants seeking to write industrial fire, limited life, health and accident, surety, title, surplus lines, or credit insurance business only.

Proposed law retains these provisions but also excludes applicants seeking to write title insurance.

Proposed law provides that an attorney licensed to practice in Louisiana who is applying for licensure as a title insurance producer is exempt from 14 hours of the prelicensing education requirement in those subject areas for which education has already been received through the applicant's legal degree program.

Present law requires each registered insurance producer prelicensing program to provide instruction by a qualified instructor in a structured setting or by verifiable approved self-study with a minimum of 20 hours of supervised instruction or self-study, including instruction in applicable insurance principles, state laws and regulations, and ethical practices, for each of the following lines of authority a license is sought: life, health and accident, property, casualty, and personal lines.

Proposed law retains these provisions and specifically includes title insurance in the lines of authority.

Effective August 1, 2020.

(Amends R.S. 22:512(16), 513, 519, 1545(C)(2), and 1571(E)(1); adds R.S. 22:1545(C)(7))