

**SUBCHAPTER A. BASIC MANUAL OF RULES, RATES AND FORMS FOR THE  
WRITING OF TITLE INSURANCE IN THE STATE OF TEXAS**

**28 TAC §9.1**

**INTRODUCTION.** The Texas Department of Insurance (TDI) proposes to amend 28 TAC §9.1 to adopt by reference amendments to the *Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas (Basic Manual)*.

The item numbers below identify the proposed amendments. Each item number represents amendments to a specific rule or form in the *Basic Manual*. The item numbers are for organizational purposes only and do not represent formal agenda items from a call for rulemaking.

**EXPLANATION.** TDI proposes to amend the *Basic Manual* in order to implement House Bill 2491, 84th Legislature, Regular Session (2015), Senate Bill 807, 84th Legislature, Regular Session (2015), and Senate Bill 1307, 84th Legislature, Regular Session (2015); streamline the Texas Title Insurance Act licensing and continuing education processes; and reduce the regulatory burden on license holders and title insurance businesses.

HB 2491 amended Texas Insurance Code Chapter 2652 to overhaul the escrow officer licensing process. Previously, a title insurance agent or direct operation employing an escrow officer obtained the escrow officer's license and ensured the escrow officer complied with applicable law. An escrow officer was required to obtain a license with each employer and could hold multiple licenses if the escrow officer was employed by multiple title insurance agents or direct operations. Now, escrow officers are responsible for applying for and maintaining their license, and their license is no longer tied to their employment with a particular title insurance agent or direct operation. Instead, escrow officers are appointed by their employing title insurance agent or direct operation. The proposed amendments to the *Basic Manual* implement this new licensing and appointment process.

SB 807 and SB 1307 amended Texas Occupations Code Chapter 55 relating to licensing requirement waivers, exemptions, extensions, and alternative procedures for military service members, military veterans, and military spouses. The proposed amendments to the *Basic Manual* implement SB 807 and SB 1307.

TDI is also proposing to amend the *Basic Manual* to streamline and modernize the licensing and continuing education processes, and to reduce the regulatory burden on license holders and title insurance businesses. Specifically, TDI is proposing to reduce the number of required notices to TDI; to reduce the amount of documentation required for license applications, appointments, and notices; and to no longer require new licenses and appointments for certain changes in the operations of title insurance agents.

Additionally, TDI is proposing to make nonsubstantive changes to conform with current TDI style guidelines.

TDI proposes amendments to the following items as described in the following discussion:

**Item 2018-1:** Amend Section VII – Administrative Rules ("Administrative Rules"), Definitions, to place the definitions in alphabetical order and to make nonsubstantive changes, including changing "shall mean" to "means."

In proposed Section A (current Section N), amend the definition of "assumed name" to only reference the statutory definition in Texas Business and Commerce Code §71.002, to prevent any potential conflict between the statutory definition and the *Basic Manual*.

In proposed Section B (current Section E), amend the definition of "business of title insurance" to only reference the statutory definition in Texas Insurance Code §2501.005, to prevent any potential conflict between the statutory definition and the *Basic Manual*.

Redesignate Section H as Section C.

Amend Section D, defining "company," to remove the reference to Section IV - Procedural Rule (Procedural Rule) P-1. Only referencing the statutory definition will prevent any potential conflict between the statutory definition and the *Basic Manual*.

In proposed Section E (current Section I), amend the definition of "control" to include the language from Procedural Rule P-28, Section A, Subsection 2 within the definition, instead of only referencing it.

In proposed Section F (current Section M), amend the defined term to change it from "designated manager" to "designated on-site manager" to be more descriptive. Amend the definition to refer to the new Title Insurance Licensing Biographical Information (FINT08) form that TDI proposes to adopt, instead of referring to the current form TDI uses to obtain biographical information. Delete the portion of the definition that contains qualifying language for serving as

the designated on-site manager, because this qualifying language is addressed in the proposed FINT08 form.

In proposed Section G (current Section B), amend the definition of "direct operation" to only reference the statutory definition in Insurance Code §2501.003, to prevent any potential conflict between the statutory definition and the *Basic Manual*.

In proposed Section H (current Section G), amend the definition of "entity" to more closely conform to the statutory requirements in Insurance Code §2651.002(c)(1)(C) and to define it based on the substance of the type of business formation instead of defining it based on whether the entity is registered with the Office of the Texas Secretary of State. Insurance Code §2651.002(c)(1)(C) does not reference an entity's registration with the Office of the Texas Secretary of State.

In proposed Section I (current Section L), amend the defined term to change it from "Federal Identification Number" to "Federal Tax Identification Number," and amend the definition to remove the portion of the definition that limits how the number may be used by an applicant. This limitation is addressed within the substantive portion of the Administrative Rules.

In proposed Section J (current Section F), amend the definition of "partnership" to more closely conform to the statutory requirements in Insurance Code §2651.002(c)(1)(B) and to define it based on the substance of the type of business formation instead of defining it based on whether the partnership is registered with the Office of the Texas Secretary of State. A partnership's registration with the Office of the Texas Secretary of State is not relevant in the statutory requirements in Insurance Code §2651.002(c)(1)(B).

Add new Section L to define "sole proprietorship" to include definitions for all organizational types addressed in Insurance Code §2651.002(c)(1).

In proposed Section M (current Subsection C), amend to add "TDI" as a defined term. "TDI" is used in the amended portions of the Administrative Rules, as proposed, to conform with current TDI style guidelines.

In proposed Section N (current Section A), amend the defined terms to change them from "agent" and "title agent" to "title insurance agent," to conform with the statutory term used in Insurance Code, Title 11. Amend the definition to reference only the statutory definition of "title insurance agent" in Insurance Code §2501.003, which will prevent any potential conflict between

the statutory definition and the *Basic Manual*. The meaning of the terms "agent" and "title agent" where used in the Administrative Rules will be clear from the context.

Delete Section J, because, as proposed, the full term "title insurance agent license" is used within the amended portions of the Administrative Rules where the meaning of the term "license" would not be clear from the context. The meaning of the term "license" used in the portions of the Administrative Rules TDI does not propose to amend should be clear.

**Item 2018-2.** Amend Administrative Rule L-1 to make organizational changes, including making the citation of different sections easier. As proposed, Section I will address general title insurance agent requirements; Section II will address title insurance agent license application requirements and license issuance; Section III will address title insurance agent appointments; Section IV will address title insurance agent license expiration, renewal, the effect of a suspension, and surrender; and Section V will address requirements regarding changes in operation.

Delete the undesignated first paragraph, because its substantive content is addressed elsewhere within Administrative Rule L-1, as proposed.

In proposed Section I, Subsection A, Paragraph 1 (current undesignated second paragraph), amend to more closely conform to the requirements of Insurance Code §2651.001, including removing the language in number 3 in the second paragraph and adding proposed Subparagraph c. In addition to addressing the bond or deposit requirements in Insurance Code §2651.001(a)(2) in Subparagraph c, TDI proposes to address the escrow officer bond or deposit requirements in Insurance Code, Chapter 2652, Subchapter C, because a title insurance agent is responsible for the bond or deposit requirements of an appointed escrow officer. Currently, this is only addressed in Administrative Rule L-2.

Add new Section I, Subsection A, Paragraphs 2 and 3 to address the requirements for title insurance agents employing an escrow officer, which is currently only addressed in Administrative Rule L-2. Additionally, the paragraph addresses the new appointment requirements under HB 2491. These requirements conform to Insurance Code §2652.001. These provisions are added here because they are requirements of title insurance agents, not escrow officers.

Add new Section I, Subsection B to inform title insurance agents of their obligations regarding their records.

Add new Section I, Subsection C to address information TDI is proposing to delete from the undesignated first paragraph of Administrative Rule L-1, and to provide that forms may be submitted to TDI electronically.

Add new Section I, Subsection D to change the procedure for the Abstract Plant Information T-52 (FINT120) form. As proposed, title insurance agents must maintain a current and complete FINT120 form, but TDI would only require title insurance agents to submit it on request in order to reduce the regulatory burden.

Add new Section I, Subsection E to specify that license holders who meet certain qualifications pertaining to their military service or the military service of their spouse may request a waiver, extension, exemption, or alternative licensing requirements for the license holder to comply with the certain licensing requirements as provided in 28 TAC §19.803.

Delete the undesignated third paragraph, because, as proposed, sponsoring title insurance companies will no longer be required to submit the FINT120 form, Agent Contract, or Agent Contract Submission (FINT141) form with the title insurance agent license application. As proposed, appointing title insurance companies will only need to attest that the title insurance agent has met the abstract plant requirements and that the title insurance agent has an agent contract with the title insurance company in the Title Insurance Agent or Direct Operation Appointment (FINT10) form in order to reduce the regulatory burden. The title insurance agent will only be responsible for maintaining a current and completed FINT120 form available for TDI inspection.

In proposed Section II (current Section I), amend to reorganize for clarity, including addressing all business organization types together within each application requirement, instead of restating each requirement in separate sections for each business organization type.

Add new Section II, Subsection A, Paragraph 1 to address existing requirements for a title insurance agent license and using the defined terms, as proposed.

Add new Section II, Subsection A, Paragraph 2 to address the existing limitation currently within the definition of "Federal Identification Number" and the undesignated first paragraph of Administrative Rule L-1. The proposal deletes the other references to this limitation.

In proposed Section II, Subsection B, Paragraph 1 (current Section I, Subsection A, Paragraph 1; Section I, Subsection B, Paragraph 1; and Section I, Subsection C, Paragraph 1), address existing fingerprint requirements under 28 TAC §§1.503-1.504. Section A of the currently

used Application for Texas Title Insurance Agent License (FINT143) form, the biographical information portion, will be separated out into its own form, the new proposed FINT08 form. TDI proposes new Subparagraphs a-d to specify who must submit the new FINT08 form. Subparagraphs a-d do not add any new requirements, but use the defined terms, as proposed.

Delete Section I, Subsection A, Paragraph 2; Section I, Subsection B, Paragraph 2; and Section I, Subsection C, Paragraph 2, because the new proposed Application for Title Insurance Agent or Direct Operation License (FINT143) form will provide instructions on how it should be completed.

Redesignate Section I, Subsection A, Paragraph 3; Section I, Subsection B, Paragraph 3; and Section I, Subsection C, Paragraph 4, as Section II, Subsection B, Paragraph 2.

In proposed Section II, Subsection B, Paragraph 3 (current Section I, Subsection A, Paragraph 4; Section I, Subsection B, Paragraph 4; and Section I, Subsection C, Paragraph 6), address existing appointment requirements and incorporate a new proposed approach to licenses and appointments. As proposed, Section C of the currently used FINT143 form, the initial appointment portion, will be separated out into its own form, the FINT10 form. As proposed, the new FINT10 form will be used for all filings associated with title insurance companies authorizing or de-authorizing a title insurance agent to bind the insurer to issue a title insurance policy. Additionally, in order to reduce the regulatory burden, TDI is proposing that title insurance companies no longer be required to submit a FINT141 form, the title insurance agent contract, a FINT120 form, a Title Agent Update (FINT129) form, or a Schedule D form with each appointment. Instead, as proposed, appointing title insurance companies will only be required to attest that the title insurance agent has a current Schedule D, has an agent contract, and meets the requirements regarding abstract plants.

In proposed Section II, Subsection B, Paragraph 4 (current Section I, Subsection A, Paragraph 6; Section I, Subsection B, Paragraph 6; and Section I, Subsection C, Paragraphs 8-9), address existing title insurance agent and escrow officer bond or deposit requirements and add detail on how an applicant can demonstrate compliance.

Add new Section II, Subsection B, Paragraph 5 to require that an applicant demonstrate compliance with the capitalization requirements in Insurance Code §2652.012.

Redesignate Section I, Subsection A, Paragraph 5; Section I, Subsection B, Paragraph 5; and Section I, Subsection C, Paragraph 7, as Section II, Subsection B, Paragraph 6.

Add new Section II, Subsection B, Paragraph 7 to clarify existing requirements regarding appointment fees.

Delete Section I, Subsection B, Paragraph 7, and Section I, Subsection C, Paragraph 3, because the new proposed FINT143 form instructs partnerships and entities to submit this information.

Delete Section I, Subsection C, Paragraph 5, because franchise tax documentation will no longer be required, as proposed, in order to reduce the regulatory burden.

In proposed Section III, Subsection A, Paragraph 1 (current Section II), incorporate the new proposed approach to licenses and appointments. As proposed, a title insurance company is only required to submit the new FINT10 form and, in order to reduce the regulatory burden, will no longer be required to submit a FINT141 form, the title insurance agent contract, a FINT120 form, a FINT129 form, a Schedule D form, or a Notification of Appointment (FINT142) form with each appointment. Instead, as proposed, appointing title insurance companies will only be required to attest that the title insurance agent has a current Schedule D, has an agent contract, and meets the requirements regarding abstract plants.

Add new Section III, Subsection A, Paragraph 2 to address the date an appointment is effective under Insurance Code §2651.009(c-2).

Add new Section III, Subsection A, Paragraph 3 to specify that title insurance agents may act for multiple title insurance companies in a county, as allowed under Insurance Code §2651.009(a).

In proposed Section III, Subsection A, Paragraph 4 (current Section IV, Subsection A), amend the current language for clarity.

In proposed Section III, Subsection B, Paragraph 1 (current Section V, Subsection A, Paragraph 3), incorporate the new proposed approach to licenses and appointments. As proposed, a title insurance company will only be required to submit the new FINT10 form and, in order to reduce the regulatory burden, will no longer be required to submit the title insurance agent contract or amendments, a FINT141 form, a FINT120 form, or a FINT129 form with each change in county. Instead, as proposed, the title insurance company will only be required to attest that the title

insurance agent has a current Schedule D, has an agent contract, and meets the requirements regarding abstract plants.

In proposed Section III, Subsection B, Paragraph 2 (current Section VI, Subsection E), specify that a title insurance agent may not operate in an additional county on behalf of a title insurance company until the earlier of the eighth business day following the date the complete FINT10 form is submitted, unless TDI notified the title insurance company that the appointment was rejected; or when TDI's website reflects the additional counties.

In proposed Section III, Subsection C (current Section III), amend the language to only address appointment terminations in the subsection and to use the term "termination" for the ending of an appointment, instead of "cancellation." "Termination" is the statutory term used. Section III, Subsection B, which currently addresses the surrender of a license, would be addressed in proposed Section IV, Subsection D.

Add new Section III, Subsection C, Paragraph 1 to specify the effect of terminating an appointment.

Add new Section III, Subsection C, Paragraph 2 to specify that an appointment with a title insurance company is terminated when a title insurance agent is no longer authorized to operate in any counties.

In proposed Section III, Subsection C, Paragraph 3 (current Section III, Subsection D), amend the language for clarity and to specify that if the title insurance agent is seeking a new appointment, the new appointment must be actively pursued within the existing license period in line with existing provisions regarding license suspensions.

In proposed Section III, Subsection C, Paragraph 4, Subparagraph a (current Section III, Subsection A), amend the language to no longer require the title insurance company state the reason for the termination, unless it is for cause, and to specify that the FINT10 form must be used to give TDI notice of appointment terminations.

In proposed Section III, Subsection C, Paragraph 4, Subparagraph b (current Section III, Subsection C), amend the language to align the notification requirement to that of the title insurance company under Section III, Subsection C, Paragraph 4, Subparagraph a, as proposed, and to no longer require a title insurance agent state the reason that the title insurance agent is terminating the appointment in order to reduce the regulatory burden.

In proposed Section III, Subsection D, Paragraph 1 (current Section IV, Subsection B), amend the language to reference Insurance Code §2651.010.

In proposed Section III, Subsection D, Paragraph 2 (current Section IV, Subsection B, Paragraph 2), amend the language for clarity and to reference the new proposed appointment provision.

Add new Section III, Subsection D, Paragraph 3 to specify that the requirements of Administrative Rule D-1 still apply to a suspended license.

Amend Section IV, Subsection A by deleting the second sentence, because the issue is more directly addressed in the proposed Section III, Subsection A, Paragraph 4.

Delete Section IV, Subsection C, because, although TDI will continue sending notices of renewal, TDI does not believe it is necessary to have this provision within the *Basic Manual*.

In proposed Section IV, Subsection B, Paragraph 1 (current Section IV, Subsection D), amend the language to reference the new proposed Title Insurance Agent or Direct Operation Renewal Application (FINT03) form and to no longer require title insurance agents to submit franchise tax documentation in order to reduce the regulatory burden.

Redesignate Section IV, Subsection E as Section IV, Subsection B, Paragraph 2.

In proposed Section IV, Subsection B, Paragraph 3 (current Section IV, Subsection F), clarify existing requirements regarding licenses renewed after expiration.

In proposed Section IV, Subsection B, Paragraph 4 (current Section IV, Subsection G), specify the effect of a license being ineligible for renewal. This does not modify existing requirements.

Redesignate Section IV, Subsection B, Paragraph 1 as Section IV, Subsection C, Paragraph 1.

In proposed Section IV, Subsection C, Paragraphs 2-3 (current Section IV, Subsection I), specify that a license that is suspended on its expiration is not eligible for renewal and that a valid appointment must be received by TDI prior to the expiration of the suspended license for it to be eligible for renewal.

Redesignate Section III, Subsection B as Section IV, Subsection D.

Amend Section V to reorganize for clarity and to incorporate a proposed new approach to changes in operation. Currently, certain ownership changes in a title insurance agent partnership

or entity require the cancellation of all existing title insurance agent and escrow officer licenses and appointments and for new licenses and appointments to be acquired. In order to reduce the regulatory burden, TDI is proposing to allow title insurance agents and escrow officers to keep their existing licenses and appointments when these certain changes in ownership occur. As proposed, TDI will only require a notice of the changes.

In proposed Section V, Subsection A, Paragraph 1 (current Section V, Subsection B), specify that a new license is only required if it expires, is surrendered, or is revoked under the proposed new approach to changes in operation and that the business of title insurance may not be conducted until a new license is acquired.

Add new Section V, Subsection A, Paragraph 2 to clarify that a title insurance agent license is non-transferable.

In proposed Section V, Subsection B (current Section V, Subsection A), amend the language to reorganize for clarity and to incorporate the proposed new approach to changes in operation. TDI proposes to broadly organize Subsection B based on the type of form or other documentation required instead of listing required documentation under each of the addressed changes in operation. Additionally, TDI is proposing to address different categories of changes in operation more broadly to provide more clarity, instead of addressing more specific circumstance as it is currently. Last, the proposed new approach replaces the various forms currently required for different changes in operations with only the FINT129 and FINT08 forms in order to reduce the regulatory burden.

Add new Section V, Subsection B, Paragraph 1, Subparagraph a to address existing notification requirements for all mergers, exchanges, and conversions. This proposed provision reduces the documentation required with the notification in order to reduce the regulatory burden and would not add to any existing requirements.

Add new Section V, Subsection B, Paragraph 1, Subparagraph b to address existing notification requirements for a merger of two or more title insurance agents in which one existing title insurance agent survives the merger. This proposed provision reduces the documentation required with the notification in order to reduce the regulatory burden and would not add to any existing requirements. Additionally, as proposed, Clause iii will specify that TDI will combine all

existing title insurance company appointments and escrow officer appointments of the merged title insurance agents into the surviving title insurance agent.

In proposed Section V, Subsection B, Paragraph 1, Subparagraph c (current Section V, Subsection A, Paragraphs 4-5), combine the two separate existing provisions for title insurance agent's name and assumed name changes to reduce the documentation required with the notification in order to reduce the regulatory burden. This provision, as proposed, would not add to any existing requirements.

In proposed Section V, Subsection B, Paragraph 1, Subparagraph c, Clause iii (current Section VI, Subsection C), broaden the requirement to cover any name change.

Add new Section V, Subsection B, Paragraph 1, Subparagraph d to address existing notification requirements for a change in the ownership percentages of the title insurance agent. This proposed provision reduces the documentation required with the notification in order to reduce the regulatory burden and would not add to any existing requirements.

In proposed Section V, Subsection B, Paragraph 1, Subparagraph e (current Section V, Subsection A, Paragraph 2), specify that the notification is required for a change in the physical or mailing address. As proposed, a notice for a change in branch office address will no longer be required to reduce the regulatory burden.

Add new Section V, Subsection B, Paragraph 2 to address when the FINT08 form is required for a change in operations. These proposed provisions would not add to any existing requirements.

In proposed Section V, Subsection B, Paragraph 3 (current Section V, Subsection A, Paragraph 9), amend the language to no longer require notification for changes in the title insurance agent's title plant in order to reduce the regulatory burden. In line with the proposed new approach to title plant documentation, TDI would only require the title insurance agent to update the title insurance agent's records with the changes and to make those records available on request.

In proposed Section V, Subparagraph B, Paragraph 4 (current Section IV, Subsection H), amend the language to no longer require notification for changes in the bonds or deposits in order to reduce the regulatory burden. TDI would only require the title insurance agent to update the title insurance agent's records with the changes and to make those records available on request.

Delete Section VI, Subsections A, B, and D, because these provisions would no longer be necessary with the proposed new approach to changes in operation.

Delete Section VII, because it was meant to only apply temporarily and is no longer necessary.

**Item 2018-3.** Adopt the Application for Title Insurance Agent or Direct Operation License (FINT143) form for a title insurance agent or direct operation license applicant to use to apply for a license under Administrative Rule L-1, Section II, and Administrative Rule L-3, Section II, as proposed. Information within brackets is subject to change.

**Item 2018-4.** Adopt the Title Insurance Licensing Biographical Information (FINT08) form for a title insurance agent or direct operation license applicant and other associated individuals to use to provide personal background information to TDI as required under Administrative Rule L-1, Section II, Subsection B, Paragraph 1, and Administrative Rule L-3, Section II, Subsection B, Paragraph 1, as proposed. Information within brackets is subject to change.

**Item 2018-5.** Adopt the Title Insurance Agent or Direct Operation Appointment (FINT10) form for a title insurance company to use when authorizing or de-authorizing a title insurance agent or direct operation to bind the insurer to issue a title insurance policy. Information within brackets is subject to change.

**Item 2018-6.** Adopt the Title Insurance Agent or Direct Operation Renewal Application (FINT03) form for a title insurance agent or direct operation to renew their license under Administrative Rule L-1, Section IV, Subsection B, and Administrative Rule L-3, Section IV, Subsection B, as proposed. Information within brackets is subject to change.

**Item 2018-7.** Adopt the Title Insurance Agent or Direct Operation Change Request (FINT129) form for a title insurance agent or direct operation to provide information as specified in Administrative Rule L-1, Section V, Subsection B, Paragraph 1, and Administrative Rule L-3, Section V, Subsection B, Paragraph 1, as proposed. Information within brackets is subject to change.

**Item 2018-8.** Amend the Texas Title Insurance Agent/Direct Operation Bond to update the reference to Insurance Code Article 9.38 to the codified provision of Insurance Code §2651.101 and to make non-substantive changes.

**Item 2018-9.** Amend the Texas Escrow Officers Schedule Bond to update the reference to Article 9.45 to the codified provision, Insurance Code §2652.101 and to make non-substantive changes.

**Item 2018-10.** Amend Administrative Rule L-2 to implement HB 2491 and to replace the existing staggered license renewal system with one consistent with the renewal system established under Senate Bill 876, 84th Legislature, Regular Session (2015). Additionally, revise the language to make organizational changes. As proposed, Section I will address general requirements; Section II will still address the application for and issuance of an escrow officer license; Section III will still address escrow officer appointments; Section IV will address the expiration, renewal, and surrender of an escrow officer license; and Section V will address changes of name, address, or contact information.

Amend Section I, Subsection A to conform to Insurance Code §2501.003.

Amend Section I, Subsection B to implement HB 2491 by adding that a title insurance agent or direct operation may not employ *or appoint* an unlicensed escrow officer and to note that a deposit may be made instead of acquiring a bond under Insurance Code §2651.102 and §2652.102.

Amend Section I, Subsection C to implement HB 2491 by indicating that escrow officers must be appointed by a title insurance agent or direct operation prior to performing the duties of an escrow officer.

Amend Section I, Subsection D to implement HB 2491 by indicating that escrow officers must be appointed prior to performing the duties of an escrow officer.

Amend Section I, Subsection E to implement HB 2491 by indicating that escrow officers must be appointed prior to performing the duties of an escrow officer and to use the new proposed defined terms.

In proposed Section I, Subsection F (current undesignated first sentence), specify that the required forms are available on the TDI website and that they may be submitted electronically if such submission is available.

Add new Section I, Subsection G to specify that license holders who meet certain qualifications pertaining to their military service, or that of their spouse, may request a waiver,

extension, exemption, or alternative licensing requirements for the license holder to comply with certain licensing requirements as provided in 28 TAC §19.803.

In proposed Section II, Subsection A (current Section II, first undesignated provision), implement HB 2491 by indicating that the responsibility of obtaining and maintaining the escrow officer license is now with the escrow officer.

In proposed Section II, Subsection A, Paragraph 1 (current Section II, Subsection A), reference the new proposed Application for Escrow Officer License (FINT132) form.

Add new Section II, Subsection A, Paragraph 2 to specify that the new proposed Escrow Officer Appointment (FINT09) form must be submitted in order to obtain an escrow license.

In proposed Section II, Subsection A, Paragraph 3 (current Section II, Subsection B), specify that the fee may be paid by either the escrow officer license applicant or the appointing title insurance agent or direct operation.

In proposed Section II, Subsection B (current Section II, Subsection C), specify that the appointing title insurance agent or direct operation is responsible for updating and maintaining the appointed escrow officer's bond or deposit under Insurance Code, Chapter 2652, Subchapter C, and reference provisions in Administrative Rules L-1 and L-3, as proposed, that address escrow officer bond or deposit requirements. Delete Paragraph 1, because escrow officers are not responsible for their bond or deposit requirements and this information is addressed in Administrative Rules L-1 and L-3, as proposed. Delete Paragraph 2, because the required bond form is adopted by reference.

Add new Section II, Subsection C to specify that TDI will not prorate the initial license application fee for a license period shorter than 24 months.

Add new Section II, Subsection D to specify that an escrow officer appointment fee is not required for the first appointment made with a license application.

In proposed Section III, Subsection A (current Section III), address escrow officers holding multiple appointments to implement HB 2491, instead of addressing title insurance agents using multiple escrow officers.

Add new Section III, Subsection A, Paragraph 1 to implement HB 2491 by specifying that an escrow officer is not required to obtain an additional license to be employed or appointed by additional title insurance agents or direct operations.

In proposed Section III, Subsection A, Paragraph 2 (current Section III, Subsection C), amend to specify that each title insurance agent or direct operation must separately appoint the escrow officer and to not require the submission of documentation regarding the changes in the escrow officer's schedule bond with new appointments.

In proposed Section III, Subsection A, Paragraph 3 (current Section III, Subsections A-B), implement HB 2491 by referencing the new proposed FINT09 form and specifying the amount of the appointment fee required under Insurance Code §2652.1511(c)(1).

Add new Section III, Subsection A, Paragraph 4 to implement HB 2491 by specifying when an escrow officer appointment is effective under Insurance Code §2652.1511(e).

Add new Section III, Subsection B, Paragraph 1 to implement HB 2491 by specifying when an appointment expires under Insurance Code §2652.1511(d).

In proposed Section III, Subsection B, Paragraph 2 (current Section IV, Subsection A, Paragraph 1), amend the language to implement HB 2491 by addressing the cancellation of an escrow officer's appointment instead of the escrow officer's license and to no longer require the submission of the updated bond to reduce the regulatory burden.

In proposed Section III, Subsection B, Paragraph 3 (current Section IV, Subsection C), amend to implement HB 2491 by addressing the cancellation of an escrow officer's appointment instead of the escrow officer's license and deleting the reference to the submission of the updated bond to reduce the regulatory burden.

In proposed Section III, Subsection B, Paragraph 4 (current Section IV, Subsection A, Paragraph 2), amend the language to no longer require the submission of documentation regarding changes to the escrow officer's schedule bond as a result of the escrow officer ceasing to act as an escrow officer for a title insurance agent or direct operation in order to reduce the regulatory burden.

In proposed Section IV, Subsection A, Paragraph 1 (current Section V, Subsection A), replace the existing staggered license renewal system with one consistent with the renewal system created under SB 876. Set escrow officer license expiration dates as specified in Insurance Code §4003.001, except that the expiration date will be extended to the last day of the escrow officer license holder's birth month. This method gives effect to the intent of SB 876, which generally set license expirations on a license holder's birthday; however, it does not raise the same privacy

concerns. Additionally, revise to provide that any license fee will not be increased based on an extended initial license period and that an escrow officer is not required to obtain additional continuing education credit hours during an extended license period.

Add new Section IV, Subsection A, Paragraph 2 to give effect to the intent of SB 876 by providing for the expiration date alignment of a new escrow officer license to that of any other existing license. Additionally, revise to provide that the application fee will not be decreased or increased based on the length of the initial license period and that an escrow officer is not required to obtain additional continuing education credit hours during an extended license period.

Add new Section IV, Subsection A, Paragraph 3, Subparagraph a to set the first expiration date under the new system for all escrow officer licenses held by an individual on the last day of the individual's birth month after the expiration date of the escrow officer license with the longest remaining term in order to align all existing escrow officer licenses. After this initial alignment period, an escrow officer will only hold one license. Aligning to the longest existing licensing period will prevent any added regulatory burden on escrow officer license holders during the transition to a single escrow officer license as established by HB 2491 and promote the efficient use of state resources by avoiding proration issues. Additionally, the new language specifies that, after the alignment period, expiration dates are determined under proposed Administrative Rule L-2, Section IV, Subsection A, Paragraph 1.

Add new Section IV, Subsection A, Paragraph 3, Subparagraph b to specify that TDI will not charge an additional fee or require a renewal application before the renewal date for license terms extended beyond two years. This will prevent any added regulatory burden on escrow officer license holders during the transition to a single escrow officer license and promote the efficient use of state resources.

Add new Section IV, Subsection A, Paragraph 3, Subparagraph c to specify that escrow officer license holders are not required to obtain additional continuing education during an extended license period. This will prevent any added regulatory burden on escrow officer license holders during the transition to a single escrow officer license.

In proposed Section IV, Subsection B, Paragraph 1 (current Section V, Subsection B), delete the reference to the existing staggered renewal system, to specify that the fee may be paid by the escrow officer license holder or the appointing title insurance agent or direct operation, and

to clarify that meeting existing continuing education requirements under Insurance Code §2652.058(a) and Procedural Rule P-28 is a requirement for license renewal. Also, delete the provision in Paragraph 2 regarding proration, because an escrow officer license would not be renewed for less than two years.

In proposed Section IV, Subsection B, Paragraph 2 (current Section V, Subsection C), implement HB 2491 by specifying that the responsibility for renewing a license is on the escrow officer license holder, and delete the reference to the proper rider for the escrow officer's bond being required, as updated bond documentation would no longer be required.

In proposed Section IV, Subsection B, Paragraph 3 (current Section V, Subsection D), specify the amount of the late fee, and state that it is one-half of the original license renewal fee.

In proposed Section IV, Subsection B, Paragraph 4 (current Section V, Subsection E), provide that, if a license is expired for more than 90 days, all escrow officer appointments are canceled. Additionally, provide more detail regarding the existing new licensure requirement.

In proposed Section IV, Subsection C, Paragraph 1 (current Section IV, Subsection B), implement HB 2491 by specifying that only escrow officers may surrender their license, and reduce the regulatory burden by reducing the documentation required for the surrender of the license.

In proposed Section IV, Subsection C, Paragraph 2 (current Section IV, Subsection C), specify that the surrender of a license is effective when TDI receives the written notice, and delete the reference to the updated bond.

Add new Section IV, Subsection C, Paragraph 3 to implement HB 2491 by specifying that all current appointments under the escrow officer license are canceled on termination of the license in accordance with Insurance Code §2652.1511(d).

Add new Section IV, Subsection C, Paragraph 4 to specify that a title insurance agent or direct operation may remove an individual from its escrow officer's schedule bond and decrease the aggregate amount of the bond on the surrender of that individual's escrow officer license.

Delete Section VI, because this provision is no longer required with HB 2491.

In proposed Section V (current Sections VII and VIII), require notification of a change in mailing and email address and telephone number, in addition to a change in residential address, and reference the new proposed Escrow Officer Name or Address Change Request (FINT01) form.

For a notice of escrow officer name change, shift the responsibility of an escrow officer name change notice from the title insurance agent or direct operation to the escrow officer, to reduce the amount of documentation required with the notice in order to reduce the regulatory burden.

**Item 2018-11.** Adopt the Application for Escrow Officer License (FINT132) form for an escrow officer license applicant to use to apply for an escrow officer license under Administrative Rule L-2, Section II, as proposed. Information within brackets is subject to change.

**Item 2018-12.** Adopt the Escrow Officer Appointment (FINT09) form for a title insurance agent or direct operation to use to appoint an escrow officer and to cancel the appointment of an escrow officer. Information within brackets is subject to change.

**Item 2018-13.** Adopt the Escrow Officer License Renewal Application (FINT02) form for an escrow officer to use to renew their license under Administrative Rule L-2, Section IV, Subsection B, as proposed. Information within brackets is subject to change.

**Item 2018-14.** Adopt the Escrow Officer Name or Address Change Request (FINT01) form for an escrow officer to use to notify TDI if an escrow officer's name, residential, mailing, or email address, or telephone number changes, as required under Administrative Rule L-2, Section V, as proposed. Information within brackets is subject to change.

**Item 2018-15.** Amend Administrative Rule L-3 to make organizational changes so different sections can be more easily cited. The proposed changes to Administrative Rule L-3 are intended to align to Administrative Rule L-1, as proposed. As proposed, Section I will address general requirements of direct operations; Section II will address direct operation license application requirements and license issuance; Section III will address the appointment of a direct operation by another title insurance company; Section IV will address direct operation license expiration, renewal, and surrender; and Section V will address requirements regarding changes in operation.

Delete the undesignated first paragraph, because the substantive content of this paragraph is addressed elsewhere within Administrative Rules, L-3, as proposed.

Add new Section I, Subsection A, Paragraphs 1 – 2 to address the statutory requirements in Insurance Code §2651.051.

Add new Section I, Subsection A, Paragraph 3 to address the bond or deposit required to act as a direct operation. A direct operation is responsible for the bond or deposit requirements of an appointed escrow officer.

Add new Section I, Subsection A, Paragraph 4 to address the requirements for direct operations employing an escrow officer, including the new appointment requirements under HB 2491. These requirements conform to Insurance Code §2652.001. This topic is currently only addressed in Administrative Rule L-2. These requirements are being added here because they are requirements of direct operations, not escrow officers.

Add new Section I, Subsection B to clearly inform direct operation license holders of their obligations regarding their records.

Add new Section I, Subsection C to address information TDI is proposing to delete from the first paragraph of Administrative Rules, L-3, and to note that forms may be submitted to TDI electronically.

Add new Section I, Subsection D to address TDI's proposed change regarding the FINT120 form. As proposed, direct operations must maintain a current and complete FINT120 form, but, in order to reduce the regulatory burden, TDI will only require direct operations to provide it on request.

Add new Section II, Subsection A to address the existing limitation currently within the definition of "Federal Identification Number" and the first paragraph of Administrative Rules, L-3. Delete the other references to this limitation.

In proposed Section II, Subsection B (current Section I, Subsection 1), specify that a direct operation license applicant must use the new proposed FINT143 form, instead of the currently used Application for Texas Direct Operation License (FINT130) form.

Add new Section II, Subsection B, Paragraph 1 to address existing fingerprint requirements under 28 TAC §1.503 – §1.504. TDI proposes new Subparagraphs a and b to specify who must submit the new proposed FINT08 form.

Add new Section II, Subsection B, Paragraph 2 to require a copy of the applicant's Assumed Name Certificate if an assumed name is used.

Add new Section II, Subsection B, Paragraph 3, Subparagraph a to require a direct operation license applicant to attest that the direct operation has a current Schedule D.

In proposed Section II, Subsection B, Paragraph 3, Subparagraph b (current Section I, Subsection 3), no longer require the submission of the FINT120 form, in order to reduce the regulatory burden. As proposed, TDI will only require the direct operation to attest that its abstract plant has met requirements and keep a current and completed FINT120 form available for TDI inspection.

In proposed Section II, Subsection B, Paragraph 4 (current Section I, Subsection 5), address existing bond or deposit requirements and add detail on how an applicant can demonstrate compliance. Additionally, add provisions regarding escrow officer bond or deposit requirements that currently exist in Administrative Rule L-2 here because the bond or deposit requirements are obligations of the title insurance agent or direct operation, not the escrow officer. TDI is not proposing any new requirements for bonds or deposits.

Add new Section II, Subsection B, Paragraph 5 to require that an applicant demonstrate compliance with the capitalization requirements in Insurance Code §2651.012.

Redesignate Section I, Subsection 4 as Section II, Subsection B, Paragraph 6.

Redesignate Section I, Subsection 2 as Section II, Subsection B, Paragraph 7.

Add new Section III to address appointments of direct operations by other title insurance companies. The requirements of Section III are consistent with the requirements of Administrative Rule L-1, Section III, as proposed, with the exception of the provisions that do not apply to direct operations.

Add new Section III, Subsection A, Paragraph 1 to specify what must be submitted to TDI to make an appointment.

Add new Section III, Subsection A, Paragraph 2 to address the date an appointment is effective under Insurance Code §2651.009(c-2).

Add new Section III, Subsection A, Paragraph 3 to specify that direct operations may act for multiple title insurance companies in a county under Insurance Code §2651.009(a).

Add new Section III, Subsection A, Paragraph 4 to specify that appointments do not need to be renewed under Insurance Code §2651.009(e).

In proposed Section III, Subsection B, Paragraph 1 (current Section II, Subsection C), incorporate the new proposed approach to licenses and appointments. As proposed, a title insurance company will only be required to submit the new FINT10 form and, in order to reduce

the regulatory burden, will no longer be required to submit the agent contract, a FINT141 form, a FINT120 form, or a FINT129 form with each change in county under an appointment. Instead, as proposed, the title insurance company will only be required to attest that the direct operation has a current Schedule D, has an agent contract, and meets the requirements regarding abstract plants.

Add new Section III, Subsection B, Paragraph 2 to address the date an appointment to an additional county is effective.

Add new Section III, Subsection C, Paragraph 1 to explain the effect of terminating an appointment in accordance with Insurance Code §2651.009(f).

Add new Section III, Subsection C, Paragraph 2 to specify that an appointment is terminated when a direct operation is no longer authorized to operate in any counties.

Add new Section III, Subsection C, Paragraph 3 to specify how a direct operation or title insurance company may terminate the direct operation's appointment.

In proposed Section IV, Subsection A (current Section IV, Subsection A-B), modify the existing staggered renewal system and set a direct operation's license expiration at two years after the date of issuance, as authorized under Insurance Code §2651.054.

In proposed Section IV, Subsection B, Paragraph 1 (current Section IV, Subsection B), delete the reference to when the license expires, as that will be addressed in Section IV, Subsection A, as proposed. Additionally, delete the reference to proration, because a license should not be renewed for less than the full two year term.

Redesignate Section IV, Subsections C-D as Section IV, Subsection B, Paragraph 2-3.

In proposed Section IV, Subsection B, Paragraph 4 (current Section IV, Subsection E), specify the effect of a license being ineligible for renewal. This does not modify existing requirements.

Delete Section III, Subsection A, because TDI only needs notice from the direct operation regarding cancellation of its license.

In proposed Section IV, Subsection C (current Section III, Subsection B), replace the term "cancellation" with "surrender," which is the statutorily used term.

In proposed Section V (current Section II), reorganize to be consistent with Administrative Rule L-1, Section V, as proposed. As proposed, Subsection A will address circumstances requiring a new license and Subsection B will address circumstances not requiring a new license.

Add new Section V, Subsection A, Paragraph 1 to specify the only circumstances when a new license is be required. This does not change existing requirements.

Add new Section V, Subsection A, Paragraph 2 to clarify that a direct operation license is non-transferable.

Add new Section V, Subsection B, Paragraph 1, Subparagraph a to require notification of all mergers, exchanges, and conversions prior to the transaction.

Add new Section V, Subsection B, Paragraph 1, Subparagraph b to require a direct operation notify TDI if its name or assumed name changes and to specify that a new name may not be used until the direct operation has been notified by TDI that the license has been updated with the new name.

In proposed Section V, Subsection B, Paragraph 1, Subparagraph c (current Section II, Subsection A), specify that the new proposed FINT129 form is required.

Add new Section V, Subsection B, Paragraph 2 to require direct operations notify TDI of each new manager or designated on-site manager.

In proposed Section V, Subsection B, Paragraph 3 (current Section II, Subsection B), no longer require written notification of changes to a direct operation's title plant, in order to reduce the regulatory burden. Direct operations would only be required to update its records and make them available to TDI on request.

In proposed Section V, Subsection B, Paragraph 4 (current Section IV, Subparagraph F), no longer require that a direct operation file documentation of changes to its bond or deposit, in order to reduce the regulatory burden. A direct operation would only be required to update its documentation regarding changes in its bonds or deposits and make the documentation available to TDI on request.

In proposed Section V, Subsection B, Paragraph 5 (current Section II, Subsection C), only require that the direct operation submit the new proposed FINT10 form and attest that the direct operation has a current Schedule D and meets the requirements regarding abstract plants.

**Item 2018-16.** Amend Procedural Rule P-28 to implement HB 2491 and to shift the responsibility of reporting course credit hours from license holders to continuing education course providers. Shifting responsibility to course providers will create a more efficient system to verify continuing education compliance and will reduce the regulatory burden on license holders. As part

of the implementation of HB 2491, which added Insurance Code §2652.058(g), TDI is proposing to amend the provisions of Procedural Rule P-28 to make them consistent with the provisions of TAC Title 28, Chapter 19, Subchapter K, which sets out the rules for continuing education requirements established by Insurance Code, Chapter 4004. Additionally, amend the language to reference the TDI Administrator throughout to implement HB 2491, and to clarify and reorganize existing requirements.

Delete Section A, Subsection 1, because the substantive information detailed is addressed in other portions of Procedural Rule P-28, as proposed.

In proposed Section I, Subsection A, Paragraph 1 (current Section A, Subsection 2, Paragraph c), amend the definition of "licensee" to only refer to individuals who are required to complete continuing education under Insurance Code §§2651.204 and 2652.058.

In proposed Section I, Subsection A, Paragraph 2 (current Section B, Subsection 1), amend the definition of "management personnel" to only refer to individuals who are required to submit a FINT08 form under Administrative Rules L-1, Section II, Subsection B, Paragraph 1, and L-3, Section II, Subsection B, Paragraph 1 instead of repeating the language from those provisions.

In proposed Section I, Subsection A, Paragraph 3 (current Section A, Subsection 2, Paragraph d), amend the definition of "provider" to add that a provider is an entity, partnership, or individual that provides title insurance continuing education or professional training courses.

In proposed Section I, Subsection A, Paragraph 4 (current Section A, Subsection 2, Paragraph b), amend the defined term to replace "department" with "TDI" to conform with current TDI style guidelines.

Add new Section I, Subsection A, Paragraph 5 to define "TDI Administrator," to implement HB 2491.

Delete Section A, Subsection 2, Paragraph a, which defines "Continuing Education Coordinator," because the term will no longer be used in Procedural Rule P-28, as proposed.

Delete Section A, Subsection 2, Paragraph e, which defines "Certified Transcript," because the term will no longer be used in Procedural Rule P-28, as proposed.

Delete Section A, Subsection 2, Paragraph f, which defines "control," because the term will not be used as currently defined in Procedural Rule P-28, as proposed.

Delete Section A, Subsection 2, Paragraph g, which defines "entity," because the term will no longer be used in Procedural Rule P-28.

In proposed Section I, Subsection B (current Section A, Subsection 10), amend the language to simply specify that forms are available from the TDI website and on request from TDI. Further, specify that forms may be submitted electronically if such submission is available.

Add new Section I, Subsection C to implement HB 2491 by referencing the escrow officer continuing education provider registration and course certification fees required under Insurance Code Chapter 4004, Subchapter C, and established in 28 TAC §19.1012(b).

In proposed Section II, Subsection A (current Section A, Subsection 7), implement HB 2491 by aligning the provisions to the registration requirements established in 28 TAC §19.1005.

In proposed Section II, Subsection A, Paragraph 1 (current Section A, Subsection 7), implement HB 2491 by detailing the information TDI may require in a provider registration application and specifying that the application must include the applicable registration or renewal fee under 28 TAC §19.1012(b)(1).

Add new Section II, Subsection A, Paragraph 2 to specify that a failure to submit a completed application and all of the requested items will result in the rejection of the application.

Add new Section II, Subsection A, Paragraph 3 to specify that a provider may only obtain one registration and that the provider's registration is not contingent on the provider certifying and offering a course.

Add new Section II, Subsection A, Paragraph 4 to implement HB 2491 by specifying that a provider registration expires after two years and that a provider may renew its registration up to 90 days in advance of the expiration date.

Add new Section II, Subsection A, Paragraph 5 to implement HB 2491 by requiring providers who are currently offering certified title insurance continuing education courses, but are not registered as providers, to register.

In proposed Section II, Subsection B (current Section A, Subsection 9), implement HB 2491 by aligning the provisions to the certification requirements established 28 TAC §19.1007.

In proposed Section II, Subsection B, Paragraph 1 (current Section A, Subsection 9, Paragraph a), implement HB 2491 by detailing the information TDI may require in a course certification application and specifying that the application must include the applicable submission

fee under 28 TAC §19.1012(b)(2). Additionally, amend the language to no longer automatically approve and certify courses 30 days after the application is filed.

Add new Section II, Subsection B, Paragraph 2 to specify that a failure to submit a completed application and all of the requested items will result in the rejection of the application.

Redesignate Section A, Subsection 9, Paragraph d as Section II, Subsection B, Paragraph 3.

Add new Section II, Subsection B, Paragraph 4 to implement HB 2491 by specifying that a course certification expires after two years and that, if a course is significantly changed, the course requires a new certification.

Delete Section A, Subsection 9, Paragraph b, because, as proposed, TDI will award credit hours for successfully completed State Bar of Texas courses without the course being certified by TDI under Procedural Rule P-28, Section II, Subsection I, Paragraph 3.

Delete Section A, Subsection 9, Paragraph c, because this provision was only temporarily effective.

In proposed Section II, Subsection C (current Section A, Subsection 7, Paragraph i), align the requirements for the assignment of a course to 28 TAC §19.1008. As proposed, Paragraph 1 will address the items TDI may require in order to approve or disapprove a course's assignment; Paragraph 2 will address the restrictions on an assignment; Paragraph 3 will address assignor and assignee responsibilities regarding course information demonstrating compliance with the certification requirements under Procedural Rule P-28, Section II, Subsection B; Paragraph 4 will specify that an assignment does not affect the certification period; Paragraph 5 will specify that an assignee is responsible for complying with Procedural Rule P-28 with respect to the assigned course; Paragraph 6 will specify that TDI may not act on any parties behalf in a dispute; Paragraph 7 will specify when an assignment terminates; and Paragraph 8 will specify that an assignee may not offer an expired course, unless the assignor recertifies the course.

In proposed Section II, Subsection D, Paragraph 1 (current Section A, Subsection 5, Paragraph a), delete the portion of the sentence regarding assisting customers in making informed decisions regarding their insurance needs, because courses should cover broader issues.

Redesignate Section A, Subsection 5, Paragraphs b – e as Section II, Subsection D, Paragraphs 2 – 5.

In proposed Section II, Subsection D, Paragraph 6 (current Section A, Subsection 5, Paragraph f), list the topics in subparagraphs and to clarify some of the topics to more closely align to Insurance Code §§2651.204(c) and 2652.058(c).

In proposed Section II, Subsection D, Paragraph 7 (current Section A, Subsection 5, Paragraph g), add a reference to the State Board of Public Accountancy.

Redesignate Section A, Subsection 5, Paragraph i as Section II, Subsection D, Paragraphs 8.

Add new Section II, Subsection E to implement HB 2491 by addressing instructor requirements established in 28 TAC §19.1005. As proposed, Paragraph 1 will require providers to certify that course instructors meet specific qualifications and Paragraph 2 will require providers to maintain a written statement from the instructor certifying compliance with Paragraph 1.

In proposed Section II, Subsection F, Paragraph 1 (current Section A, Subsection 6, Paragraph a), implement HB 2491 by amending the requirements of a classroom course to align to 28 TAC §19.1009. Specifically, amend the language to require certain monitoring of attendance, a minimum of three students be involved in each presentation of the course, a question and answer and discussion period, that the course pace be set by the instructor, and that the course does not allow for independent completion of the course by students.

In proposed Section II, Subsection F, Paragraph 2 (current Section A, Subsection 6, Paragraph b), implement HB 2491 by amending to align to 28 TAC §19.1009. Specifically, amend the language to specify that the course must be designed in such a manner as to insure that the course cannot be completed by the typical enrollee in less time than the period for which the course is certified.

In proposed Section II, Subsection G, Paragraph 1 (current Section A, Subsection 8, Paragraphs a), implement HB 2491 by aligning the language with the requirements to 28 TAC §19.1011. Specifically, specify that attendance rosters must be used and that another assessment measure may not be used in an attendance roster's place. Proposing to specify that sign-in and sign-out sheets requiring certain student information must be used. Additionally, delete the reference to partial credit for a course, because partial credit will no longer be given, as proposed.

In proposed Section II, Subsection G, Paragraph 2 (current Section A, Subsection 8, Paragraph b), implement HB 2491 by aligning the language with the requirements to 28 TAC

§19.1011. Specifically, specify that a written, online, or computer-based examination may be used as a means of completion of the course, a provider is not required to monitor the final examination, and that certain records regarding examination attempts must be kept.

Redesignate Section A, Subsection 8, Paragraph b, Subparagraphs 1 – 7 as Section II, Subsection G, Paragraph 2, Subparagraphs a – g.

Add new Section II, Subsection G, Paragraph 2, Subparagraphs h – k to specify what type of examination questions may be used, the number of questions required, what materials may be used by the license holder when taking an exam, and that the examination must be mailed or delivered directly to the provider to align with 28 TAC §19.1011.

In proposed Section II, Subsection H, Paragraph 1 (current Section A, Subsection 8, Paragraph c), implement HB 2491 by requiring providers to issue certificates of completion within 30 calendar days of the completion of the course and to add detail regarding the requirements of certificates of completion to align with 28 TAC §§19.1007 and 19.1011. Additionally, delete the reference to a certificate of completion or certified transcript covering multiple licenses, because multiple licenses will no longer be held.

Add new Section II, Subsection H, Paragraph 2 to require that providers report course completions to TDI or the TDI Administrator within 30 calendar days.

In proposed Section II, Subsection I (current Section A, Subsection 7), implement HB 2491 by amending the language to align credit hour calculations with 28 TAC §19.1010 and replace the terms "teach" or "teacher" with "instruct" or "instructor" throughout.

In proposed Section II, Subsection I, Paragraph 1 (current Section A, Subsection 7, Paragraph a), amend to grant credit hours at a rate of one hour for every 50 minutes of actual instruction time, plus additional partial hours of credit in half-hour increments.

In proposed Section II, Subsection I, Paragraph 2 (current Section A, Subsection 7, Paragraph b), amend to award credit based on the average completion time or the average number of hours of the credit hours other states award.

In proposed Section II, Subsection I, Paragraph 3 (current Section A, Subsection 7, Paragraph c and Section A, Subsection 5, Paragraph h), amend to award credit hours for State Board of Public Accountancy courses in addition to State Bar of Texas courses.

In proposed Section II, Subsection I, Paragraph 4 (current Section A, Subsection 7, Paragraph d), specify that law school courses may also qualify for credit hours.

In proposed Section II, Subsection I, Paragraph 5 (current Section A, Subsection 7, Paragraph e), amend to set the number of credit hours awarded for course preparation equal to the number of hours of course instruction and no longer require that a course provider report course preparation hours of an instructor.

Delete Section A, Subsection 7, Paragraph f, because TDI will no longer grant partial credit for partially completed courses.

In proposed Section II, Subsection I, Paragraph 6 (current Section A, Subsection 7, Paragraph g), provide that credit for any single course will only be given once in a reporting period, whether instructing the course or completing it as a student.

Delete Subsection A, Subsection 7, Paragraph h, because, as proposed, license holders will no longer be required to report continuing education credit hours. Providers would be responsible for reporting course completions.

In proposed Section III, Subsection A, Paragraph 1 (current Section A, Subsection 3, Paragraph a), specify the number of credit hours required within this provision and add that credit hours may only be applied to a single reporting period and that excess hours may not be carried forward to the next reporting period. Additionally, increase the number of required ethics hours from one credit hour to two credit hours to improve industry knowledge of ethical issues and bring about greater protection of the public. The total number of required credit hours is not being modified.

Redesignate Section A, Subsection 3, Paragraphs b as Section III, Subsection A, Paragraphs 2.

In proposed Section III, Subsection A, Paragraph 3 (current Section A, Subsection 3, Paragraph c), amend to only address the proration of continuing education requirements for new license holders with initial reporting periods of less than 24 months. Modify the proration chart to evenly distributed the credit hours through the 23 month prorated period; each month period's credit hour requirement is rounded down to the nearest whole credit hour. As proposed, the chart will begin at six months, because initial license periods should no longer be less than six months.

Additionally, amend to require two ethics credit hours regardless of the length of the reporting period.

Add new Section III, Subsection A, Paragraph 4 to specify the circumstances when self-study courses may be completed under Insurance Code §2651.204(d) and §2651.058(d) and to limit the total amount of self-study credit hours allowed.

Add new Section III, Subsection A, Paragraph 5 to specify that a license holder must complete at least 50 percent of their required continuing education hours in classroom courses.

In proposed Section III, Subsection B, Paragraph 1 (current Section A, Subsection 4), combine Paragraphs a and b, and to modify some of the requirements regarding documentation in order to broaden what may be submitted to support the application.

Add new Section III, Subsection B, Paragraph 2 to specify that license holders who meet certain qualifications pertaining to their military service or that of their spouse may request an extension of time for the license holder to comply with the continuing education requirements or an exemption from all or part of the requirements as provided in 28 TAC §19.803.

Delete Section A, Subsection 12, Paragraph a, because the substance of this provision is sufficiently addressed in Section III, Subsection A, as proposed.

Delete Section A, Subsection 12, Paragraph b, because providers would be responsible for reporting course completions, not license holders.

In proposed Section III, Subsection C, Paragraph 1 (current Section A, Subsection 13, Paragraph a), amend the language to no longer require license holders to submit evidence of course completion and to specify that relevant records must be maintained if the records or the licensee's compliance is the subject of an investigation or audit.

In proposed Section III, Subsection C, Paragraph 2 (current Section A, Subsection 12, Paragraph c), amend the language to reflect the proposed requirement that providers report course completions and delete the reference to certified transcripts, because they would no longer be used to show course completions.

In proposed Section III, Subsection C, Paragraph 3 (current Section A, Subsection 13, Paragraph b), align the provision with 28 TAC §19.1014. Specifically, add detail regarding what records must be maintained.

Add new Section III, Subsection C, Paragraph 4 to require providers to furnish course completion information to TDI or the TDI Administrator if requested to align with 28 TAC §19.1014.

In proposed Section III, Subsection C, Paragraph 5 (current Section A, Subsection 13, Paragraph c), align the provision with 28 TAC §19.1014. Specifically, state that TDI or the TDI Administrator may conduct an audit without prior notice and attend courses without identifying themselves as employees of TDI or the TDI Administrator. Further, delete the reference to licensees, because this provision would only pertain to providers, as proposed.

Add new Section III, Subsection C, Paragraph 6 to specify that TDI will rely on provider records and that it is an individual's responsibility to notify TDI of any inaccuracies.

In proposed Section III, Subsection D, Paragraph 1 (current Section A, Subsection 14, Paragraph a), add a reference to an extension.

In proposed Section III, Subsection D, Paragraph 2 (current Section A, Subsection 14, Paragraph b), specify that a provider may also be subject to disciplinary action beyond having their courses removed from the list of certified courses.

In proposing Section III, Subsection D, Paragraph 3 (current Section A, Subsection 14, Paragraph c), amend the language to allow continuing education to be completed during the 90 day late renewal period and to specify that a license is not eligible for renewal, unless continuing education requirements have been met.

Delete Section A, Subsection 11, because TDI has determined that these provisions are not necessary or required under statute.

Delete Section B, Subsection 2, because it repeats provisions more appropriately addressed in Administrative Rule L-1.

In proposed Section IV, Subsection A, Paragraph 1 (current Section B, Subsection 3), replace some of the existing language with the "management personnel" defined term and clarify that direct operation management personnel are also subject to professional training requirements. Further, delete the previously applicable implementation language.

In proposed Section IV, Subsection A, Paragraph 2 (current Section B, Subsection 4), amend the language to include experience with a direct operation.

Add new Section IV, Subsection A, Paragraph 3 to specify that management personnel who are required to complete professional training must submit proof of compliance with their title insurance agent or direct operation license application.

Redesignate Section B, Subsection 7 as Section IV, Subsection A, Paragraph 4.

In proposed Section IV, Subsection B, Paragraph 1 (current Section B, Subsection 10), require that providers of professional training courses register in compliance with Section II, Subsection A.

In proposed Section IV, Subsection B, Paragraph 2 (current Section B, Subsection 5, Paragraph a), require that providers certify their courses in compliance with Section II, Subsection B.

Redesignate Section B, Subsection 5, Paragraph b as Section IV, Subsection B, Paragraph 3.

Redesignate Section B, Subsection 9 as Section IV, Subsection B, Paragraph 4.

Add new Section IV, Subsection B, Paragraph 5 to specify that providers of professional training courses may assign courses under proposed Section II, Subsection C.

Add new Section IV, Subsection B, Paragraph 6 to specify that providers must comply with proposed Section II, Subsections E and G relating to instructor requirements and course requirements for successful completion, respectively.

In proposed Section IV, Subsection B, Paragraph 7 (current Section B, Subsection 8), reference the new proposed Section II, Subsection H, Paragraph 1 regarding certificates of completion.

Add new Section IV, Subsection B, Paragraph 8 to specify that professional training course credit hours will be calculated under Section II, Subsection I.

**FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Mike Carnley, special assistant for innovation and technology for Administrative Operations Division, has determined that, for each year of the first five years the amendments are in effect, there will be no fiscal impact on state and local governments as a result of the enforcement or administration of the proposed provisions, and there will be no effect on local employment or the local economy.

**PUBLIC BENEFIT AND COST NOTE.** For each year of the first five years the proposed amendments are in effect, Mr. Carnley expects public benefits from adopting rules implementing HB 2491, SB 807, and SB 1307, streamlining and modernizing the licensing and continuing education processes, increasing compliance with continuing education requirements, and reducing the regulatory burden on license holders and others.

Mr. Carnley anticipates overall reduced costs of compliance for title insurance agents, direction operations, and escrow officers under Administrative Rules L-1, L-2, and L-3, and Procedural Rule P-28, as proposed. Specifically, the number of required notices to TDI will be reduced and the amount of documentation required with notices will be reduced. Additionally, license holders will no longer be required to report their own continuing education hours.

Mr. Carnley anticipates that license holders complying with proposed Administrative Rules L-1, Section I, Subsection E; L-2, Section I, Subsection G; L-2, Section V; and L-3, Section V, Subsection B, Paragraphs 1 – 2; and Procedural Rules P-28, Section II, Subsection H, Paragraph 2; and P-28, Section III, Subsection B, Paragraph 2, may incur additional costs of compliance that are not created as a result of statute.

Individuals requesting a waiver, extension, exemption, or alternative licensing requirement under proposed Administrative Rules L-1, Section I, Subsection E; and L-2, Section I, Subsection G; and Procedural Rule P-28, Section III, Subsection B, Paragraph 2, may incur additional costs of compliance related to submitting the request. Costs of compliance with submission requirements under these provisions will vary based on the resources available to the individual. Cost components for an individual required to comply with submission requirements under these provisions include the cost to gather the information, prepare the information for submission, and complete and submit the required information.

TDI believes that the information being requested should be available to the individual and that the individual should be able to submit the information. Costs may arise from copying the additional one to three pages of information or converting the information into an electronic document, and costs may arise from submitting the information to TDI by mail or electronically. While it is not feasible to determine the actual cost for every situation, TDI estimates the additional cost of an individual submission to TDI would be less than \$5 if mailed and less than that if submitted electronically.

Escrow officers may incur additional costs of compliance with the new required notice to TDI for a change in name, email address, mailing address, or telephone number under proposed Administrative Rule L-2, Section V. Currently, escrow officers are only required to give notice of a change in residential address and the appointing title insurance agent or direct operation is responsible for the notice to TDI of a name change. Costs of compliance with the notice requirements under these provisions will vary based on the resources available to the escrow officer. Cost components for an escrow officer required to comply with these provisions include the cost to gather the information, prepare the information for submission, and complete and submit the required information.

TDI believes that the information being requested should be readily available to the escrow officer and that the escrow officer should be able to submit the information. Costs may arise from copying one to four pages of information that may need to be attached, or converting the documents into an electronic document, and submitting the information to TDI by mail or electronically. While it is not feasible to determine the actual cost for every situation, TDI estimates the additional cost of an individual notice to TDI would be less than \$5 if mailed and less than that if submitted electronically.

Direct operations may incur additional costs of compliance with the new required notices for (1) mergers, exchanges, and conversions; (2) changes in name or assumed name; and (3) new managers or designated on-site managers under proposed Administrative Rule L-3, Section V, Subsection B, Paragraphs 1 – 2. Costs of compliance with the notice requirements under these provisions will vary based on the resources available to the direct operation. Cost components for a direct operation required to comply with these provisions include the cost to gather the information, prepare the information for submission, and complete and submit the required information.

TDI believes that the information being requested should be readily available to the direct operation and that the direct operation should be able to submit the information. Costs may arise from copying one to four pages of information that may need to be attached, or converting the documents into an electronic document, and submitting the information to TDI by mail or electronically. While it is not feasible to determine the actual cost for every situation, TDI

estimates the additional cost of a direct operation notice to TDI would be less than \$5 if mailed and less than that if submitted electronically.

Continuing education providers may incur additional costs of compliance when reporting continuing education course completion information to TDI or the TDI Administrator under proposed Procedural Rule P-28, Section II, Subsection H, Paragraph 2. Costs of compliance with the reporting requirements will vary depending on the resources available to the provider. Cost components include the cost to gather the information, prepare the information, and submit it to TDI or the TDI Administrator.

TDI believes that the information being reported should be readily available to the provider as the provider is currently required to maintain information regarding course completions. Electronic delivery will be preferred, which should have almost no identifiable cost. While it is not feasible to determine the actual cost for every situation, TDI estimates the additional cost of submitting an individual course completion report to TDI or the TDI Administrator after each course would be less than \$4.

#### **ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.**

As required by Government Code §2006.002(c), TDI has determined that the proposed Administrative Rules L-1, Section I, Subsection E; L-2, Section I, Subsection G; L-2, Section V; and Procedural Rules P-28, Section II, Subsection H, Paragraph 2; and P-28, Section III, Subsection B, Paragraph 2, will have an adverse economic effect on small or micro businesses and individual license holders. There are up to approximately 731 small or micro businesses affected by these amendments, up to approximately 561 title insurance agents and 170 escrow officers. In accordance with Government Code §2006.002(c-1), TDI considered other regulatory methods to accomplish the objectives of the proposal that will also minimize any adverse impact on small and micro businesses.

#### **Proposed Administrative Rules L-1, Section I, Subsection E; and L-2, Section I, Subsection G; and Procedural Rule P-28, Section III, Subsection B, Paragraph 2**

The objective of proposed Administrative Rules L-1, Section I, Subsection E; and L-2, Section I, Subsection G; and Procedural Rule P-28, Section III, Subsection B, Paragraph 2, is to implement SB 807 and SB 1307, and Insurance Code §36.109. These provisions relate to licensing

and continuing education requirements for military service members, military veterans, and military spouses. The exact number of those affected is unknown; however, each affected license holder is an individual. The costs associated with these provisions arise from gathering information and submitting it with a request to TDI that the individual desires to take advantage of the licensing or continuing education waivers, extensions, exemptions, or alternative licensing requirements authorized in 28 TAC §19.803. No costs are paid to TDI.

TDI considered the following other regulatory methods to accomplish the objectives of these provisions while minimizing any adverse impact on small and micro businesses: (i) not adopting these provisions, (ii) not requiring the submission of information or a request for individuals wanting to take advantage of the licensing or continuing education waivers, extensions, exemptions, or alternative licensing requirements authorized in 28 TAC §19.803, or (iii) adopting different requirements for individuals wanting to take advantage of the licensing or continuing education waivers, extensions, exemptions, or alternative licensing requirements authorized in 28 TAC §19.803.

*Not proposing Administrative Rules L-1, Section I, Subsection E; and L-2, Section I, Subsection G; or Procedural Rule P-28, Section III, Subsection B, Paragraph 2.* Occupations Code, Chapter 55 requires a state agency to adopt rules relating to the licensing of military service members, military veterans, and military spouses. These provisions are TDI's proposed rule to comply with this requirement for title insurance agents and escrow officers. Therefore, if TDI did not propose these provisions, it would not be in compliance with Occupations Code, Chapter 55. In addition, without these provisions, military service members, military veterans, and military spouses would have no guidance on how to take advantage of the opportunities provided by Occupations Code, Chapter 55. For these reasons, TDI rejects this option.

*Not requiring the submission of information or a request for individuals wanting to take advantage of the licensing or continuing education waivers, extensions, exemptions, or alternative licensing requirements authorized in 28 TAC §19.803.* TDI rejects this option for the following reasons: (i) without the request, TDI will not know that the individual seeks to take advantage of these waivers, extensions, exemptions, or alternative licensing requirements; and (ii) without the information, TDI will not know that the individual qualifies under statute and rule.

*Adopting different requirements for individuals wanting to take advantage of the licensing or continuing education waivers, extensions, exemptions, or alternative licensing requirements authorized in 28 TAC §19.803.* It is necessary that TDI have sufficient information to verify that an individual is qualified take advantage of these provisions, and in drafting these provisions, TDI attempted to balance its need for information with the burden the requirement places on an individual in order to minimize costs for the individual. In addition, any changes to the required information would likely still result in the same costs to the individual. For these reasons, TDI rejects this option.

TDI, after considering the purpose of the authorizing statutes, does not believe it is legal or feasible to waive or modify the requirements of proposed Administrative Rules L-1, Section I, Subsection E; and L-2, Section I, Subsection G; or Procedural Rule P-28, Section III, Subsection B, Paragraph 2 for individual license holders.

#### **Proposed Administrative Rule L-2, Section V**

The objective of the new required notices in proposed Administrative Rules L-2, Section V is to keep TDI records up to date with changes in escrow officer contact information. Up-to-date license holder contact information is vital for TDI's regulation of license holders. There were 7,191 individuals licensed as escrow officers in fiscal year 2017. The costs associated with these provisions arise from gathering information, preparing it for submission, and submitting it to TDI. No costs are paid to TDI.

TDI considered the following other regulatory methods to accomplish the objectives of these provisions while minimizing any adverse impact on small and micro businesses: (i) not modifying the existing provisions, (ii) adopting different requirements for small or micro businesses, or (iii) not requiring the new notices.

*Not modifying the existing provisions.* The existing provisions, Administrative Rule L-2, Sections VII-VIII, require an escrow officer to notify TDI when the escrow officer's residential address changes and the appointing title insurance or direct operation to notify TDI when an escrow officer's name changes. If TDI only has a residential address for an escrow officer, it can impede effective communication between TDI and the escrow officer. First, a mailing address may be required to communicate by mail if it is not the same as the residential address. Second,

communication by phone or email is more efficient and generally preferred by both TDI staff and the public for routine matters based on TDI staff's experience.

HB 2491 shifted most of the escrow officer license maintenance responsibilities from the appointing title insurance agent or direct operation to the escrow officer. Shifting the name change notice responsibilities to the escrow officer is in line with the legislative intent behind HB 2491. Further, shifting the responsibilities would provide for greater overall efficiency to a name change notice. Currently, because an escrow officer may be appointed by multiple title insurance agents and direct operations, multiple name change notices from the appointing title insurance agents and direct operations may be required. If an escrow officer is required to provide the notice, only one submission to TDI is required. For these reasons, TDI rejects this option.

*Adopting different requirements for small or micro businesses.* TDI rejects this option because all licensed escrow officers are either small or micro businesses or individuals. It would not be reasonable to differentiate between small or micro business licensees and individual licensees, who likely have resources at their disposal.

*Not requiring the new notices.* TDI rejects this option because without the information provided in the notices, TDI will not be able to effectively communicate with or regulate licensed escrow officers. TDI attempted to balance its need for information with the burden the requirement places on an individual in order to minimize costs for the individual.

After balancing the interests, TDI does not believe the requirements of proposed Administrative Rules L-2, Section V should be waived or modified for licensed escrow officers.

**Proposed Procedural Rule P-28, Section II, Subsection H, Paragraph 2**

The objective of the new continuing education course completion reporting requirement for providers in proposed Procedural Rule P-28, Section II, Subsection H, Paragraph 2 is to reduce the regulatory burden on individual license holders and to create a more efficient system to verify continuing education compliance with Insurance Code §§2651.0021, 2651.204, and 2652.058. There are 22 title insurance continuing education providers currently offering courses. Based on the information available to TDI, it appears up to three providers may be considered small or micro businesses. The costs associated with this provision arise from gathering information, preparing it for submission, and submitting it to TDI. No costs are paid to TDI.

TDI considered the following other regulatory methods to accomplish the objectives of these provisions while minimizing any adverse impact on small and micro businesses: (i) continuing to require individual license holders to report their continuing education credit hours, (ii) not requiring either the individual licensee or the continuing education provider to report their continuing education credit hours, or (iii) adopting different requirements for small or micro business continuing education providers.

*Continuing to require individual license holders to report their continuing education credit hours.* Procedural Rule P-28, Sections II, Subsection 12, Paragraph b, currently requires individual license holders to attach copies of course completion certificates or a certified transcript to their license renewal application. Beyond individual license holders incurring the costs of reporting continuing education credit hours, this method requires TDI to review and verify each certificate of completion or certified transcript for each renewal application received. If a license holder does not have enough qualifying credit hours or TDI determines that a submitted certificate of completion or certified transcript does not meet requirements, their license may not be eligible for renewal. The current process is inefficient and can cause delays in the license renewal process. If providers reported course completions after each completion, TDI could maintain up-to-date continuing education records for each license holder, which would be accessible to the license holder. TDI and a license holder would know whether the license holder had the required continuing education credit hours before the renewal application is submitted. This change will reduce the regulatory burden on individual license holders and improve the efficiency of the renewal process. These benefits outweigh the small increase in costs providers will incur. Plus, providers will most likely be able to recoup any additional costs by passing them onto their students through the fee charged for their courses. For these reasons, TDI rejects this option.

*Not requiring either the individual licensee or the continuing education provider to report their continuing education credit hours.* TDI rejects this option because without license holder continuing education course completion information, TDI could not verify compliance with continuing education requirements of Insurance Code §§2651.0021, 2651.204, and 2652.058.

*Adopting different requirements for small or micro business continuing education providers.* If TDI adopted different requirements for small or micro businesses, such as license holders reporting course completion information instead of providers, it would only shift costs

from one small or micro business to the individual license holders who are students. Further, it would introduce confusion into the continuing education compliance verification system. TDI could not know if its records were accurate until the time of renewal if some course completion information was received from providers as courses were completed and some from license holders on renewal. This would remove most of the benefit this amendment is intended to provide. For these reasons, TDI rejects this option.

After balancing the interests, TDI does not believe the requirements of proposed Procedural Rule P-28, Section II, Subsection H, Paragraph 2 should be waived or modified for small or micro business continuing education providers.

TDI does not anticipate that proposed Administrative Rule L-3, Section V, Subsection B, Paragraph 1 will affect small or micro businesses. Out of the 11 active direct operation license holders, none are small or micro businesses. As a result, and in accordance with Government Code §2006.002(c), it is not necessary for TDI to address proposed Administrative Rule L-3, Section V, Subsection B, Paragraph 1 in its regulatory flexibility analysis.

TDI has determined that the proposal will not have an adverse economic effect on rural communities. As a result, and in accordance with Government Code §2006.002(c), it is not necessary for TDI to address rural communities in its regulatory flexibility analysis.

**EXAMINATION OF COSTS UNDER GOVERNMENT CODE §2001.0045.** TDI has determined that the proposal imposes a possible cost on regulated persons. However, no additional rule amendments or repeals are required under Government Code §2001.0045 because the proposal is necessary to implement HB 2491, SB 807, and SB 1307; and to reduce the burden imposed on regulated persons by the rule.

**GOVERNMENT GROWTH IMPACT STATEMENT.** During the first five years that the proposed rule would be in effect, the proposed rule or its implementation:

- (1) does not create or eliminate a government program;
- (2) does not require the creation of new employee positions or the elimination of existing employee positions;

- (3) does not require an increase or decrease in future legislative appropriations to the agency;
- (4) does not require an increase or decrease in fees paid to the agency;
- (5) creates new regulations to implement HB 2491, SB 807, and SB 1307;
- (6) expands, limits, and repeals existing regulations;
- (7) does not increase or decrease the number of individuals subject to the rule's applicability; and
- (8) does not positively or adversely affect the Texas economy.

**TAKINGS IMPACT ASSESSMENT.** TDI has determined that no private real property interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to property that would otherwise exist in the absence of government action. As a result, this proposal does not constitute a taking or require a takings impact assessment under Government Code §2007.043.

**REQUEST FOR PUBLIC COMMENT.** If you wish to comment on this proposal you must do so in writing no later than 5 p.m., Central time, on July 30, 2018. TDI requires two copies of your comments. Send one copy to [ChiefClerk@tdi.texas.gov](mailto:ChiefClerk@tdi.texas.gov), or to the Office of the Chief Clerk, Mail Code 113-2A, Texas Department of Insurance, P.O. Box 149104, Austin, Texas 78714-9104. Send the other copy to [Jamie.Walker@tdi.texas.gov](mailto:Jamie.Walker@tdi.texas.gov), or to Jamie Walker, Deputy Commissioner, Financial Regulation Division, Mail Code 113-1F, Texas Department of Insurance, P.O. Box 149104, Austin, Texas 78714-9104. Separately, submit any request for a public hearing to the Texas Department of Insurance, Office of the Chief Clerk, Mail Code 113-2A, P.O. Box 149104, Austin, Texas 78714-9104, before the close of the public comment period. If TDI holds a hearing, TDI will consider written and oral comments presented at the hearing.

**STATUTORY AUTHORITY.** TDI amends 28 TAC §9.1 under Insurance Code §§2551.003, 2651.0021, 2651.204, 2652.058, 2703.208, 4003.002, and 36.001, and Occupations Code §§55.002 and 55.004.

Insurance Code §2551.003 authorizes the Commissioner to adopt and enforce rules that TDI determines are necessary to accomplish the purposes of Title 11, Insurance Code, concerning title insurance regulation.

Insurance Code §2651.0021 provides that the Commissioner adopt by rule a professional training program for a title insurance agent and the management personnel of the title insurance agent.

Insurance Code §2651.204 provides that the Commissioner adopt rules to administer that section, which relates to the required continuing education of title insurance agents.

Insurance Code §2652.058 provides that the Commissioner adopt rules to administer that section, which relates to the required continuing education of escrow officers.

Insurance Code §2703.208 allows additions or amendments to the *Basic Manual* to be proposed and adopted by reference by publishing notice of the proposal or adoption in the Texas Register.

Insurance Code §4003.002 provides that the Commissioner may adopt by rule a system under which licenses expire on various dates during a licensing period.

Insurance Code §36.001 provides that the Commissioner may adopt any rules necessary and appropriate to implement the powers and duties of TDI under the Insurance Code and other laws of this state.

Occupations Code §55.002 provides a state agency that issues a license adopt rules to exempt an individual who holds a license issued by the agency from any increased fee or other penalty imposed by the agency for failing to renew the license in a timely manner if the individual establishes to the satisfaction of the agency, that the individual failed to renew the license in a timely manner because the individual was serving as a military service member.

Occupations Code §55.004 provides that a state agency that issues a license adopt rules for the issuance of the license to an applicant who is a military service member, military veteran, or military spouse and holds a current license issued by another jurisdiction that has licensing requirements that are substantially equivalent to the requirements for the license in this state, or held the license in Texas within the five years preceding the application date.

**CROSS-REFERENCE TO STATUTE.** This proposal implements the following statutes:

Amended 28 TAC §9.1 affects Insurance Code §§2651.001 – 2651.004, 2651.006 – 2651.010, 2651.012, 2651.051-2651.055, 2651.101 – 2651.102, 2651.201, 2651.204, 2651.206, 2652.001 – 2652.003, 2652.051 – 2652.053, 2652.055 – 2652.058, 2652.101 – 2652.103, 2652.151 – 2652.153, 4003.002, and 4004.101 – 4004.104; and Occupations Code §§55.001 – 55.004, and 55.009.

**TEXT.**

**SUBCHAPTER A. BASIC MANUAL OF RULES, RATES, AND FORMS FOR THE WRITING OF TITLE INSURANCE IN THE STATE OF TEXAS**

**§9.1. *Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas.***

The Texas Department of Insurance adopts by reference the *Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas* as amended, effective August 1, 2018 [~~June 10, 2018~~]. The document is available from and on file at the Texas Department of Insurance, Mail Code 104-PC, PO Box 149104, Austin, Texas 78714-9104. The document is also available on the TDI website at [www.tdi.texas.gov](http://www.tdi.texas.gov), and by email from [ChiefClerk@tdi.texas.gov](mailto:ChiefClerk@tdi.texas.gov).

**CERTIFICATION.** This agency certifies that legal counsel has reviewed the proposal and found it to be within the agency's legal authority to adopt.

Issued in Austin, Texas, on June 14, 2018.

/s/ Norma Garcia

Norma Garcia, General Counsel  
Texas Department of Insurance