

BULLETIN 2008-4

To: All Title Insurance Agencies

From: D. Kent Michie, Utah Insurance Commissioner and the Title and Escrow Commission

Date: April 28, 2008

Subject: **Title Insurance Recovery, Education, and Research Fund Act Initial Capitalization Assessment**

The purpose of this bulletin is to describe how and when the initial capitalization assessment for the Title Insurance Recovery, Education, and Research Fund will be implemented.

House Bill 466, Title Insurance Recovery, Education, and Research Act, takes effect July 1, 2008. This legislation modifies Section 31A-23a-204 to delete the requirement for a title insurance agency to maintain a 1% reserve account. In Section 31A-41-201, the legislation also creates a title insurance recovery, education, and research fund, hereinafter known as the Fund, within the Utah Insurance Department.

In accordance with Section 31A-41-202, the initial capitalization of the Fund is an assessment of each title agency of up to 2% of the balance in the title agency's 1% reserve account as of December 31, 2007 or \$1,000 whichever is greater. The Department will calculate the required balance in each agency's 1% reserve account based on the information reported in each title agency's annual report due April 30, 2008. If the 1% reserve account is deficient, notice of the deficiency will be sent to the title agency so the deficiency can be corrected and the reserve account brought current prior to June 30, 2008.

The Title and Escrow Commission established a target goal for the initial capitalization of the Fund of \$350,000. Based on the information reported in the title agencies' annual reports, the Department will perform a calculation based on 2% of the balances in the reserve account to determine what the 2% figure will produce to initially capitalize the Fund. Should the calculated amount exceed the Fund's target goal of \$350,000, the Department will reduce the 2% figure to a level that will generate the target goal of \$350,000.

The Department will prepare and send each agency an invoice with the amount due from each agency. These invoices should be in the mail prior to June 15, 2008 so that each agency may have their invoice paid not later than August 1, 2008 as required by the legislation. If an agency feels that there has been an error in the calculation of its assessment, the agency should contact Mickey Braun, Assistant Commissioner at jbrown@utah.gov or 801-538-3865.

This Bulletin expires upon completion of the initial capitalization of the Fund.

DATED this 28th day of April 2008

D. Kent Michie
Commissioner