

Appendix 1: Regulatory Impact Summary Table*

| Fiscal Costs | FY 2020 | FY 2021 | FY 2022 |
|-------------------------------|----------------|----------------|----------------|
| State Government | \$0 | \$0 | \$0 |
| Local Government | \$0 | \$0 | \$0 |
| Small Businesses | \$0 | \$0 | \$0 |
| Non-Small Businesses | \$0 | \$0 | \$0 |
| Other Person | \$0 | \$0 | \$0 |
| Total Fiscal Costs: | \$0 | \$0 | \$0 |
| | | | |
| Fiscal Benefits | | | |
| State Government | \$0 | \$0 | \$0 |
| Local Government | \$0 | \$0 | \$0 |
| Small Businesses | \$0 | \$0 | \$0 |
| Non-Small Businesses | \$0 | \$0 | \$0 |
| Other Persons | \$0 | \$0 | \$0 |
| Total Fiscal Benefits: | \$0 | \$0 | \$0 |
| | | | |
| Net Fiscal Benefits: | \$0 | \$0 | \$0 |

*This table only includes fiscal impacts that could be measured. If there are inestimable fiscal impacts, they will not be included in this table. Inestimable impacts for State Government, Local Government, Small Businesses and Other Persons are described in the narrative. Inestimable impacts for Non-Small Businesses are described in Appendix 2.

Appendix 2: Regulatory Impact to Non-Small Businesses

This rule change is not expected to have any fiscal impacts on non-small businesses revenues or expenditures because it requires no additional work or reporting. The change was required by SB 121, passed during the 2019 General Session, which eliminated the prohibition on controlled business, and hence the need to report controlled business information to the Department. If a business incurred costs when gathering and reporting such information, they will no longer need to incur those costs. The Department has no way of knowing how many businesses would fit that description, nor the amount of costs that could have been incurred. The Department expects that there will be no fiscal impact for the vast majority of affected businesses.

The head of the Insurance Department, Todd E. Kiser, has reviewed and approved this fiscal analysis.

**"Non-small business" means a business employing 50 or more persons; "small business" means a business employing fewer than 50 persons.

R592. Insurance, Title and Escrow Commission.

R592-11. Title Insurance Producer Annual [and Controlled Business] Reports.

R592-11-1. Authority.

This rule is promulgated pursuant to:

(1) Section 31A-2-404(2)(a), which requires the Title and Escrow Commission [~~(Commission)~~] to make rules related to title insurance;

(2) Section 31A-23a-413, which requires certain title insurance producers to file an annual report [~~the annual filing of a report containing a verified statement of the financial condition, transactions, and affairs by an agency title insurance producer and an individual title insurance producer who is not an employee of a title insurer or who has not been designated to an agency title insurance producer;~~

~~— (3) Subsection 31A-23a-503(8), which requires the annual filing of a controlled business report]; and~~

(4) Subsection 31A-23a-406(1)(g), which requires the maintenance of a physical address in Utah.

R592-11-2. Purpose [~~and Scope~~].

~~[(1) The purpose of t] This rule [is to] establishes the [form] requirements of and filing deadline for the Title Insurance Producer Annual Report [and Controlled Business Report] required by Section 31A-23a-413 [~~and Subsection 31A-23a-503(8)(a)~~.~~

~~— (2) This rule applies to an agency title insurance producer and an individual title insurance producer who is not an employee of a title insurer or who has not been designated to an agency title insurance producer].~~

R592-11-3. Title Insurance Producer Annual Report.

(1) The following shall file a Title Insurance Producer Annual Report not later than April 30 of each year [~~if they have conducted title insurance business in the State of Utah within the time period described in R592-11-3(4)]:~~

(a) an agency title insurance producer; and

(b) an individual title insurance producer who is not an employee of a title insurer or who has not been designated to an agency title insurance producer.

(2) A Title Insurance Producer Annual Report shall [~~consist of~~] include:

(a) [~~a balance sheet and an income and expense statement prepared and presented in conformity with generally accepted accounting principles;~~

~~— (i) title premium, including endorsement income and expenses, shall be reported separately from the escrow income and expenses;~~

~~— (b) the name and address of each financial institution where a title or escrow trust account is maintained] the number and location of each title or escrow trust account;~~

~~[(e)b] proof of financial protection [that complies with] required by Subsection 31A-23a-204(2) [~~shall consist of one or more of the following~~]:~~

(i) a copy of the declarations page of a fidelity bond;

(ii) a copy of the declarations page of a professional liability insurance policy; or

(iii) a copy of the commissioner's approval of equivalent

financial protection approved by the commissioner;

~~([d]c)~~ the name of the individual title insurance producer designated as the "qualifying licensee," as provided in 31A-23a-204; [and]

~~([e]d)~~ the physical address in Utah maintained by the agency title insurance producer or individual title insurance producer, pursuant to 31A-23a-406(1)(g) [-]; and

(e) the physical address of each Utah branch office maintained by the agency title insurance producer or individual title insurance producer.

~~(3) A title insurance producer may comply with Subsection R592-11-3[-(2)(c) does not apply to an attorney exempted under 31A-23a-204(8)] by completing and submitting [-~~

~~(4) F]the Title Insurance Producer Annual Report Form that is available on the department's website[period shall be the preceding calendar year.~~

~~(5) A Title Insurance Producer Annual Report will be considered protected data if the producer submitting the report requests classification as a protected record in accordance with Sections 63G-2-305 and 63G-2-309].~~

R592-11-4. [Controlled Business Report.

~~(1) The following that conduct title insurance business in the State during the time period described in R592-11-4(2)(a) shall file an annual Controlled Business Report not later than April 30 of each year:~~

~~(a) an agency title insurance producer; and~~

~~(b) an individual title insurance producer who is not an employee of a title insurer or who has not been designated to an agency title insurance producer.~~

~~(2)(a) The Controlled Business Report period shall be the preceding calendar year and shall contain the information required in Subsection 31A-23a-503(8)(a); and~~

~~(b) contain the name, address, and percentage of ownership of each owner.~~

~~(3) A Controlled Business Report is a public record upon filing.~~

R592-11-5.]Electronic Filing of Title Insurance Producer Annual Report[-and Controlled Business Report].

~~[(1)]The Title Insurance Producer Annual Report[-and the Controlled Business Report] shall be submitted[-together] electronically using the Insurance Department's[-of Insurance's] secure file upload site located at <https://forms.uid.utah.gov/insurance/fileUploads/>[-~~

~~(a) Registration may be required.~~

~~(2) The Title Insurance Producer Annual Report and the Controlled Business Report shall be submitted not later than April 30 of each year as attachments to the Title Insurance Agency Annual Reports Transmittal Form.~~

~~(3) The following report forms, which are available on the department's website, shall be used to submit the Title Insurance Producer Annual Report and the Controlled Business Report:~~

~~(a) Title Insurance Producer Annual and Controlled Business~~

~~Reports Transmittal form; and~~

~~_____ (b) Controlled Business Report form.~~

~~_____ (4) Actual copies of the forms may be used or may be adapted to a particular word processing system, however, if adapted, the content, size, and font shall be similar and shall be:~~

~~_____ (a) converted to one portable document format or PDF prior to submission; and~~

~~_____ (b) submitted in the order listed on the Annual Report Checklist located _____ at~~

~~http://insurance.utah.gov/agent/title/agency-reports-information.p
hp.~~

~~R592-11-6. Penalties.~~

~~_____ A person found to be in violation of this rule shall be subject to penalties as provided under Section 31A-2-308].~~

R592-11-[7]5. Enforcement Date.

The commissioner will begin enforcing this rule [45 days from the rule's] on its effective date.

R592-11-8. Severability.

If any provision [~~or clause~~] of this rule or its application to any person or situation is held to be invalid, that invalidity shall not affect any other provision or application of this rule which can be given effect without the invalid provision or application, and to this end the provisions of this rule are declared to be severable.

KEY: title insurance

Date of Enactment or Last Substantive Amendment: April 15, 2016

Notice of Continuation: June 15, 2016

Authorizing, and Implemented or Interpreted Law: 31A-2-404(2)(a); 31A-23a-406(1)(g); 31A-23a-413; 31A-23a-503(8)