

2668

2011-2012 Regular Sessions

I N S E N A T E

January 28, 2011

Introduced by Sen. KRUGER -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance

AN ACT to amend the insurance law, in relation to the licensing of agents of authorized title insurance companies

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Paragraph 4 of subsection (a) of section 2101 of the insurance law, as amended by chapter 687 of the laws of 2003, is amended to  
2 read as follows:  
3

4 (4) any [agent or other representative of any] EMPLOYEE OF AN AUTHORIZED title insurance company OR LICENSED TITLE INSURANCE AGENT WHO  
5 DEVOTES SUBSTANTIALLY ALL OF HIS SERVICE TO THE SOLICITATION OF TITLE  
6 INSURANCE BUSINESS FROM THE INSURING PUBLIC AND WHO RECEIVES FOR THE  
7 SOLICITATION OF SUCH TITLE INSURANCE COMPENSATION IN THE FORM OF SALARY  
8 OR COMMISSION;  
9

10 S 2. Section 2101 of the insurance law is amended by adding a new  
11 subsection (w) to read as follows:

12 (W) IN THIS ARTICLE, AN "AGENT OF AN AUTHORIZED TITLE INSURANCE COMPANY"  
13 MEANS ANY PERSON, FIRM OR CORPORATION AUTHORIZED IN WRITING BY AN  
14 AUTHORIZED TITLE INSURANCE COMPANY TO PERFORM AND WHO ACTUALLY PERFORMS  
15 THE FOLLOWING SERVICES:

16 (1) ISSUE COMMITMENTS TO INSURE OR REPORTS OF TITLE BASED UPON A  
17 SEARCH OR EXAMINATION OF TITLE.

18 (2) DETERMINE INSURABILITY IN ACCORDANCE WITH UNDERWRITING RULES AND  
19 STANDARDS PRESCRIBED BY THE TITLE INSURANCE COMPANY; AND, IN ADDITION,  
20 PERFORMS, IN SUBSTANTIAL PART, THE FOLLOWING:

- 21 (A) COLLECTS PREMIUMS;  
22 (B) CLOSES OR SETTLES TITLE; AND  
23 (C) RECORDS CLOSING DOCUMENTS.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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1 S 3. Paragraphs 10 and 11 of subsection (g) of section 2103 of the  
2 insurance law, paragraph 10 as amended and paragraph 11 as added by  
3 chapter 687 of the laws of 2003, are amended to read as follows:

4 (10) in the discretion of the superintendent, as to all or any part of  
5 the written examination or the prerequisite minimum ninety hour course  
6 specified in subparagraph (B) of paragraph two of subsection (f) of this  
7 section, of any individual seeking to be named a licensee or sublicen-  
8 see, upon whom has been conferred the Chartered Property Casualty Under-  
9 writer (C.P.C.U.) designation by the American Institute for Property and  
10 Liability Underwriters; [or]

11 (11) of any individual who applies for an insurance agent license in  
12 this state who was previously licensed for the same line or lines of  
13 authority in another state, provided, however, that the applicant's home  
14 state grants non-resident licenses to residents of this state on the  
15 same basis. Such individual shall also not be required to complete any  
16 prelicensing education. This exemption is only available if the person  
17 is currently licensed in that state or if the application is received  
18 within ninety days of the date of cancellation of the applicant's previ-  
19 ous license and if the prior state issues a certification that, at the  
20 time of cancellation, the applicant was in good standing in that state  
21 or the state's producer database records, maintained by the National  
22 Association of Insurance Commissioners, its affiliates or subsidiaries,  
23 indicate that the producer is or was licensed in good standing for the  
24 line of authority requested. An individual or entity licensed in another  
25 state who moves to this state shall make an application within ninety  
26 days of establishing legal residence to become a resident licensee. No  
27 prelicensing education or examination shall be required of that person  
28 to obtain any line of authority previously held in the prior state  
29 except where the superintendent determines otherwise by regulation[.];  
30 OR

31 S 4. Subsection (g) of section 2103 of the insurance law is amended by  
32 adding two new paragraphs 12 and 13 to read as follows:

33 (12) OF ANY APPLICANT SEEKING TO OBTAIN A LICENSE AS AN AGENT OF AN  
34 AUTHORIZED TITLE INSURANCE COMPANY, WHEN SUCH APPLICANT IS A LICENSED  
35 ATTORNEY AT LAW OF THIS STATE; OR

36 (13) IN THE DISCRETION OF THE SUPERINTENDENT, AS TO ALL OR ANY PART OF  
37 THE WRITTEN EXAMINATION OR THE PREREQUISITE MINIMUM NINETY-HOUR COURSE  
38 SPECIFIED IN SUBPARAGRAPH (B) OF PARAGRAPH TWO OF SUBSECTION (F) OF THIS  
39 SECTION, OF ANY PERSON, FIRM OR CORPORATION SEEKING TO BE LICENSED AS AN  
40 AGENT OF AN AUTHORIZED TITLE INSURANCE COMPANY IF THE SUPERINTENDENT IS  
41 SATISFIED THAT THE APPLICANT POSSESSES THE REQUISITE KNOWLEDGE AND EXPE-  
42 RIENCE WITH RESPECT TO THE SUBJECT MATTER OF THE PART OF THE EXAMINATION  
43 BEING WAIVED.

44 S 5. Subsection (j) of section 2103 of the insurance law is amended by  
45 adding a new paragraph 14 to read as follows:

46 (14) NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS SECTION, THERE SHALL  
47 BE PAID TO THE SUPERINTENDENT FOR A TITLE INSURANCE AGENT'S LICENSE AN  
48 INITIAL FEE OF TWO HUNDRED DOLLARS AND A RENEWAL FEE OF TWO HUNDRED  
49 DOLLARS. THE TERM FOR SUCH LICENSE SHALL BE A MAXIMUM OF TWENTY-FOUR  
50 MONTHS. ALL SUCH LICENSES SHALL EXPIRE ON JUNE THIRTIETH OF EACH EVEN  
51 NUMBERED YEAR, AND THE SUPERINTENDENT SHALL HAVE AUTHORITY TO PRORATE  
52 THE LICENSING FEE.

53 S 6. Subsection (n) of section 2103 of the insurance law, as amended  
54 by chapter 687 of the laws of 2003, is amended to read as follows:

55 (n) Any insurance agent licensed pursuant to subsection (b) of this  
56 section, EXCEPT AN AGENT OF AN AUTHORIZED TITLE INSURANCE COMPANY, is

1 hereby authorized while so licensed, to act in the sale, solicitation or  
2 negotiation for an insurance contract providing solely for disability  
3 benefits written to meet minimum requirements of article nine of the  
4 workers' compensation law.

5 S 7. Section 2103 of the insurance law is amended by adding a new  
6 subsection (p) to read as follows:

7 (P) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, THE SUPER-  
8 INTENDENT SHALL ISSUE A LICENSE TO ANY PERSON, FIRM OR CORPORATION,  
9 AUTHORIZING SUCH LICENSEE TO ACT AS AN AGENT OF AN AUTHORIZED TITLE  
10 INSURANCE COMPANY, WHEN SUCH PERSON, FIRM OR CORPORATION:

11 (1) FILES IN THE OFFICE OF THE SUPERINTENDENT, ON OR BEFORE JUNE  
12 FIRST, TWO THOUSAND ELEVEN, OR WITHIN NINETY DAYS AFTER THE SUPERINTEN-  
13 DENT HAS PROMULGATED APPLICATION FORMS, WHICHEVER DATE IS LATER AN  
14 APPLICATION FOR SUCH LICENSE, IN SUCH FORM AND CONTAINING SUCH INFORMA-  
15 TION AS THE SUPERINTENDENT PRESCRIBES;

16 (2) PAYS TO THE SUPERINTENDENT AN APPLICATION FEE OF TWO HUNDRED  
17 DOLLARS;

18 (3) DEMONSTRATES TO THE SATISFACTION OF THE SUPERINTENDENT THAT SUCH  
19 APPLICANT HAS REGULARLY AND CONTINUOUSLY ACTED AS AN AGENT OF AN AUTHOR-  
20 IZED TITLE INSURANCE COMPANY FOR A PERIOD OF AT LEAST THREE YEARS IMME-  
21 DIATELY PRECEDING THE FILING OF SUCH APPLICATION AND IS COMPETENT AND  
22 TRUSTWORTHY TO ACT AS A TITLE INSURANCE AGENT; AND

23 (4) IS EIGHTEEN YEARS OF AGE OR OVER AT THE TIME OF THE ISSUANCE OF  
24 SUCH LICENSE. SUCH LICENSE SHALL BE FOR A TERM EXPIRING ON JUNE THIRTI-  
25 ETH, TWO THOUSAND THIRTEEN, AND RENEWALS THEREOF SHALL BE ISSUED PURSU-  
26 ANT TO PARAGRAPH TWO OF SUBSECTION (J) OF THIS SECTION.

27 S 8. Paragraph 1 of subsection (a) of section 2115 of the insurance  
28 law, as amended by chapter 418 of the laws of 2000, is amended to read  
29 as follows:

30 (1) No insurer doing business in this state, and no agent or other  
31 representative thereof, except as provided in subsection (b) [hereof] OF  
32 THIS SECTION, shall pay any commission or other compensation to any  
33 person, firm, association or corporation for acting as insurance agent  
34 in this state, except to a licensed insurance agent of such insurer or  
35 to a person described in paragraph two [or four] of subsection (a) of  
36 section two thousand one hundred one of this article or except as  
37 provided in subsection (c) of this section. For the purposes of this  
38 section, "acting as insurance agent" shall not include the referral of a  
39 person to a licensed insurance agent or broker that does not include a  
40 discussion of specific insurance policy terms and conditions and where  
41 the compensation for referral is not based upon the purchase of insur-  
42 ance by such person.

43 S 9. The section heading and subsections (a) and (b) of section 2115  
44 of the insurance law, paragraph 1 of subsection (a) as amended by chap-  
45 ter 805 of the laws of 1984 and subsection (b) as amended by chapter 540  
46 of the laws of 1996, are amended to read as follows:

47 Property/casualty insurance agents; AGENTS OF TITLE INSURANCE COMPA-  
48 NIES; commissions. (a) (1) No insurer doing business in this state, and  
49 no agent or other representative thereof, except as provided in  
50 subsection (b) [hereof] OF THIS SECTION, shall pay any commission or  
51 other compensation to any person, firm, association or corporation for  
52 acting as insurance agent in this state, except to a licensed insurance  
53 agent of such insurer or to a person described in paragraph two [or  
54 four] of subsection (a) of section two thousand one hundred one of this  
55 article or except as provided in subsection (c) of this section.

1 (2) The term "licensed insurance agent" as used in this subsection  
2 includes any agent authorized to act as such by a license issued and in  
3 force pursuant to the provisions of subsection (b) of section two thou-  
4 sand one hundred three of this article or authorized to act as such in  
5 connection with contracts for disability benefits pursuant to the  
6 provisions of subsection (n) of such section.

7 (b) This section shall not apply to any life insurance company,  
8 fraternal benefit society, accident and health insurance company, health  
9 maintenance organization[, title insurance company] nor to any agent or  
10 representative of any such insurer, society or health maintenance organ-  
11 ization, acting as such.

12 S 10. Section 2120 of the insurance law is amended by adding a new  
13 subsection (e) to read as follows:

14 (E) AGENTS OF TITLE INSURANCE COMPANIES SHALL TREAT ALL FUNDS TAKEN  
15 FOR THE ACCOUNT OF OTHERS, INCLUDING PREMIUMS COLLECTED BY THEM, IN  
16 CONNECTION WITH ANY TITLE INSURANCE TRANSACTION AS FIDUCIARY FUNDS.

17 S 11. Within 120 days immediately after the effective date of this  
18 act, the superintendent of insurance shall promulgate application forms  
19 for persons, firms and corporations seeking to obtain a license as an  
20 agent of an authorized title insurance company.

21 S 12. Each person, firm or corporation who has filed an application  
22 for a license as an agent of an authorized title insurance company on or  
23 before 90 days immediately after the superintendent of insurance has  
24 promulgated application forms for such a license pursuant to section  
25 eleven of this act, may act as such an agent without a license issued  
26 pursuant to section 2103 of the insurance law until the superintendent  
27 of insurance has finally determined the application for such license  
28 filed by such person, firm or corporation.

29 S 13. This act shall take effect immediately, provided, however, that  
30 sections 2103 and 2115 of the insurance law, as amended by sections  
31 three, four, eight and nine of this act, shall not be applicable to  
32 agents of authorized title insurance companies until the one hundred  
33 eightieth day after this act shall have become a law or the ninetieth  
34 day after the superintendent of insurance has promulgated application  
35 forms pursuant to section eleven of this act, whichever date is later,  
36 and provided further, however, that the amendments made to paragraph 1  
37 of subsection (a) of section 2115 of the insurance law by section eight  
38 of this act shall be deemed repealed on the same date as section 5 of  
39 chapter 418 of the laws of 2000, as amended, when upon such date the  
40 provisions of section nine of this act shall take effect.