



Insurance Department

State of Utah Title & Escrow Commission Meeting Meeting Information

State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

TODD E. KISER
Commissioner

Date: February 10, 2020

Time: 9AM

Place: East Building, Copper Room

ATTENDEES

TITLE & ESCROW COMMISSION

xChair, Nancy Frandsen (*Insurer, Salt Lake County*) xDarla Milovich (*Agency, Salt Lake County*)
xVice Chair, Alison McCoy (*Agency, Tooele County*) xChase Phillips (*Agency, Weber County*)
xRandy Smart (*Public Member, Salt Lake County*) Perri Babalis, *AG Counsel - TEC*

DEPARTMENT STAFF

xTodd Kiser, *Ins. Commissioner* xReed Stringham, *Deputy Comm.* xTracy Klausmeier, *P&C Dir.*
xRandy Overstreet, *Licensing Dir.* xDanny Schoenfeld, *Finance Dir.* xMichael Covington, *CE Specialist*
xAdam Martin, *MC Examiner* xSteve Gooch, *PIO Recorder*

PUBLIC

Carol Yamamoto Frank Medina Blake Heiner
Matt Olsen Trevor Mooney Adam Back
Bob Rice [PHONE] David Moore [PHONE] Wade Taylor [PHONE]
Jeff Wiener [PHONE]

MINUTES — *Not Approved*

General Session: (Open to the Public)

- **Welcome** / Nancy Frandsen, Chair (9:00 AM)
- **Telephone Roll Call**
- **Adopt Minutes of Previous Meeting**
 - Motion by Alison to adopt minutes. Seconded by Randy. Motion passes 5-0.
- **Concurrence Reports**
 - Licenses
 - Motion by Randy to concur. Seconded by Alison. Motion passes 5-0.
 - Continuing education
 - Motion by Alison to concur. Seconded by Randy. Motion passes 5-0.
 - Exam study material options / Michael
 - Michael wants to make sure there are as many CE precicensing test prep providers as possible in case David Moore decides to stop teaching or retire. "Title" and "adjuster" courses are the two areas that are most difficult to fill. Although she has plenty of CE classes, she's not sure it's enough to pass the exam.
 - Alison says the industry struggles in precicensing education. David is a great resource, and the ULTA has done some, but having these resources available is great. Michael notes that David is the only person on the list for title.
 - Nancy asks if all of the providers on the list do title. Michael says no, it's just David. Alison says the ULTA sometimes does precicensing seminars too, and agencies sometimes do in-house courses.

- Commissioner Kiser asks if any of the providers on the quarterly CE report have ever taught prelicensing courses. Alison says a lot of the classes on Michael's list are taught toward realtors. A lot of times they're used as a marketing tool rather than an education tool — not always, but sometimes. About once every other year, the ULTA will do a prelicensing push for title. David does a great job and teaches a great class. He's been the person who's done that for the industry when the ULTA hasn't done it. Commissioner Kiser asks if there are people on the report who could do it. Alison says the people on the list are willing to step up and help out if asked. The good thing is that David already has the outline and class set up for it.
- Blake Heiner says there was a time when the Licensing Division required a certain amount of hours of prelicensing education, but it was eliminated in 1996. He thinks probably these entities provide it internally.
- Commissioner Kiser says his goal when he started was to improve the quality of CE in the agent realm. He saw a lot of it being just marketing, and it was a focus for him to improve the training and education part. He has encouraged agents to get professional designations. If you get one, the CE requirement is waived but maintaining that designation requires more than the CE requirement. He doesn't know if there are any title designations. Nancy says it's just the grandfathering.
- Alison says getting rid of the hours requirement shot the industry in the foot as far as the need for prelicensing education.
- Carol Yamamoto says she still has her manual and refers to it often. She says it's sad because you have young people who are good at process of elimination so they can pass the test, but when they get into the industry they think they're ready to do what's required. It's unfair for the community and the customers. The young folks don't know how to answer questions.
- Nancy notes that Fulgham on the CE list is Stewart Title. She doesn't know why the name is different. When you see Old Republic and Fulgham, that's underwriters helping teach prelicensing. She says she'll bring it up at the next ULTA meeting.
- Michael says some of the providers have prelicensing courses that are approved as CE courses. Those prelicensing courses make some of the best CE courses because they're solid insurance all the way down.
- **Board Duties & Responsibilities / Perri**
- **Update on 2020 Goals**
 - ULTA report / Nancy
 - The ULTA met in St. George in January. That's one of the ways agents in Utah get CE hours, and they were great courses. The ULTA did a legislative update and discussed the submission of suggested changes to HB37.
 - REC report / Darla
 - In November there were 11 complaints filed and 33 closed cases. There are 536 remaining, of which 13 went to the AG.
 - In December, the case load went down by 14 pending. There were 54 closed and 14 sent to the AG.
 - Their case load is steadily reducing and meetings were mostly about disciplinary actions and revisions to forms.
- **New Business**
 - Changes to amendment to 31A-23a-415 in HB37 / Reed
 - Reed says the law as currently written says costs and expenses assessed to the industry cannot exceed \$100,000 annually. This was eliminated because it's unnecessary — the Legislature identifies how much can be spent each year when it enacts its budget. This causes a conflict if we keep a stagnant cap while the Legislature updates it every year. We also ran into a problem because the costs last year exceeded \$100,000. Getting rid of the cap should let the Legislature's budget take care of it.

- The ULTA contacted Reed last month to say it would be worried about no cap because it could allow the UID to hire too many people and the assessment would go way up. He and the ULTA agreed on proposed language that says "the amount of expenses that are covered cannot exceed the cost of one full-time equivalent position."
 - Randy asks what counts as a full-time equivalent position: Is it \$40,000? \$80,000? \$100,000? Commissioner Kiser says there's a wage band. Reed says it's in a wage band for someone who has the skills to do that kind of work. Randy says he would like something a little more specific. Reed says the statute already specifies the tasks the person performs, which is examination and investigation. He doesn't know that there's any reason to add more info about what the person does.
 - Capital requirements for non-affiliated companies in SB121 (2019) / Nancy
 - Nancy has been getting a lot of questions from agents. SB121 says they have to have so much money to start building up the account, and those who are affiliated companies have to submit that to the DRE. Do agents submit their part to the UID, and if not, who's going to be watching as they build that fund? Reed says the UID doesn't regulate anything in SB121. He would assume it's the DRE watching for agents as well. The UID will take a look and then let the TEC know.
 - Nancy says she looked at it and there's nothing that says where non-affiliated companies report. She says she got calls from people who said they'd just put it on the annual report, but she knows the annual report has been changed to collect less info. She says there's a hole there, and people don't know where to go. She thinks the DRE is doing something legislatively to try to pin down who they have to monitor.
- **Old Business**
 - Reed notes that a few months ago, the UID proposed eliminating the requirement to file minimum escrow charges, and the industry said they would rather not. Now the UID has investigated a case against a title company that hasn't filed minimum escrow rates in 3 years, and is preparing to go to hearing. One of the things the UID thinks will be important is to demonstrate to the administrative law judge the importance of the requirement. The UID expects the title company will say it's not a big deal because they weren't charging exorbitant prices. The UID wants to establish for the judge just how important it is to have minimum rates filed. Adam can testify to it, but it would be more persuasive to have someone from the industry testify as well. Reed would like any interested parties to contact him. He would like to have someone ready to go when the case goes to hearing.
- **Other Business**
 - Annual report / Adam
 - Annual reports are due April 30. There's a new form and it's pretty simple. A lot of people have already filed and are giving him controlled business information. Since SB121, the UID no longer regulates controlled business so they don't need to report it. All he needs is the one-page form uploaded to the UID's upload site.
 - Nancy asks about trust account location and number — does he need the full number and the bank? Adam says yes, it helps him with doing audits.
- **Hot Topics**

Executive Session (None)

- **Adjourn** (9:29 AM)
- **Next Meeting: March 9, 2020** — Copper Room

2020 Meeting Schedule in Copper Room

Jan 13	Feb 10	Mar 9	Apr 13	May 11	Jun 8
Jul 20	Aug 17	Sept 28	Oct 19	Nov 9	Dec 14

* bold dates denote quarterly required in-person meetings