



UNDERWRITING BULLETIN

To: All National Agents of WFG National Title Insurance Company

From: WFG Underwriting Department

Date: December 18, 2012

Bulletin No.: AL-12182012-01

Re: CHANGES TO ALABAMA TITLE INSURANCE LAWS

The Alabama Legislature has enacted legislation that will have a significant impact on the title insurance industry in Alabama. This legislation affects agent's residency, licensing and continuing education requirements. HB 460 amends several provisions of The Alabama Title Insurance Act and it is codified in Title 27, Chapter 25, Code of Alabama (1975). Alabama Code Sections 27-25-3 and 27-25-4 have been amended and Sections 27-25-4.1 through 27-25-4.8 have been added. Alabama Insurance Regulation 148 provides the methods for implementing the law.

Effect on Existing Agents

The amendments are effective January 1, 2013. The Act requires licensing of both individuals and business entities. Business entities that act as title insurance agents must be licensed AND must have a physical principal place of business in Alabama.

Each individual agent and licensed signatory must obtain a license. Existing agents may be exempt from pre-licensing education requirements but must apply for the exemption prior to March 31, 2013.

1. Implementation

All Title Agents authorized in 2012 and not cancelled by insurers will be issued a Replacement Title Insurance Agent License. The Replacement Title Insurance Agent License is good through 6-30-2013. If a Title Agent has not reapplied for a license under the new law, taken the exam, and a new license has not been issued, the Replacement License will expire on 7-1-2013. Initial appointments will transfer from the Replacement License to a new license when it is issued unless the Replacement License expires first.

2. Title Agent Qualifications

A. An individual may conduct title insurance business in Alabama if he or she is able to meet the requirements of Section 27-25-4.1. In order to obtain the necessary license, the individual must:

- (1) be at least 19 years of age;
- (2) be a bona fide resident and citizen of Alabama;
- (3) complete the pre-licensing course of study for title insurance as required in Section 27-25-4.3,

- (4) successfully pass the examination for title insurance as required in Section 27-25-4.3, unless exempt,
- (5) pay the fees set forth in Section 27-25-4.7 and
- (6) not have committed any act that is a ground for probation, suspension, revocation or refusal of license as set forth in Section 27-25-4.5

B. The employees of an agency owned by an individual who is conducting business as a sole proprietorship who sign commitments, policies or endorsements must meet the same requirements set forth above.

C. Business Entities conducting title insurance business in Alabama must be licensed. The entity must be formed pursuant to Title 10A of the Code of Alabama (or former Title 10) and its principal place of business must be physically located in Alabama. Principal place of Business is defined in Reg. 482-1-148-02(h) as "The place from which a business entity's officers or other principals direct, control, and coordinate the entity's business activities". The business entity must:

- (1) be a domestic entity properly formed and existing under Title 10A (or the former Title 10) and whose principal place of business is physically located in Alabama;
- (2) has designated an individual title insurance agent licensed in Alabama as responsible for the business entity's regulatory compliance;
- (3) not have committed an act that is a ground for probation, suspension revocation, or refusal of license as set forth in Section 27-25-4.5; and
- (4) has paid the fees set forth in Section 27-25-4.7.

Business entity title insurance agents must appoint an individual who will be responsible for regulatory compliance and all employees who sign commitments, policies and jackets must meet the requirements for individual licenses set forth above. In addition, each signatory must provide the name and license number of the title insurance agent beneath his or her signature in legible manner, whether printed or hand written.

Employees of agencies located in Alabama counties bordering other states who live in a bordering state may become licensed if they can establish that they are full-time employees of an agency physically located in Alabama.

3. Pre-licensing Course and Examination

The pre-licensing study course will be available from providers approved by ALDOI in early 2013 and testing will begin July 1, 2013. The study course is a twenty hour course and a Certificate of Completion valid for twelve months is necessary in order to take the test. The test is administered electronically at approved locations throughout the state. A grade of 70 or greater will be a passing grade. Applicants who do not pass the test on the first attempt may take the test again with no waiting period. If the applicant fails to pass the test on the second try, a waiting period of three months will be imposed. After three failures there is no waiting period. After a fourth failure the applicant must wait six months before taking the test again and, if unsuccessful, the applicant must wait six months between subsequent tests. Since the Certificate of Completion is only good for twelve months, multiple test failures may result in repeating the study course.

The test fee is \$75.00 per test and test results are available immediately. If the applicant fails the test he or she can review the results by test section. A successful applicant must apply for a license within twelve months.

4. Exemptions

Individuals who have been authorized signatories to commitments, policies, and endorsements issued by a title insurance agent for a title insurer duly authorized to conduct title insurance business in Alabama for the five year period prior to January 1, 2013 will be exempt from the pre-test study course and examination requirements. Individuals who qualify for exemption must make application for exemption to the Alabama Department of Insurance prior to March 31, 2013 or the exemption will be forfeited. Individuals who forfeit their exemptions will be required to take the pre-test study course and pass the examination.

5. Mandatory Continuing Education

Title insurance agents must complete 24 hours of continuing education courses within a two year period. The Alabama Commissioner of Insurance must approve all continuing education courses and providers. Credits earned must be reported to the Commissioner. Three hours of the 24 hour requirement must be in ethics. Licensees not licensed for a full year prior to the end of a continuing education biennium are exempt from the requirement.

6. ALDOI New Title Agent Law Timeline:

- **10/1/2012 TO 12/31/2012** - Existing title agent certificates of authority renewal process begins with title insurers cancelling all agents they no longer plan to use.
- **1/1/2013** - All title insurance agents authorized in 2012 and not cancelled prior to 12/31/2012 are issued “replacement” license and appointed with title insurer; title insurers are invoiced \$50 per agent, payment due prior to 2/15/2013. **[basically same as before]** This first time, we will mail the replacement licenses. In the future, title agents will go online and print your license.
- **1/1/2013 TO 3/31/2013** - - Title Insurance Agents exempt from exam requirement under 27-25-4.3(c)(1) must apply on or before March 31, 2013. **For those Title Insurance Agents who believe they qualify for the exemption to the exam, please complete the Examination Exemption Form ([CLICK HERE](#)) and follow the instructions on the form.**
- **1/1/2013 TO 6/30/2013** - Title agents with “replacement” licenses must apply under new law. Initial appointments will transfer from replacement license to new license. **All applications will be online. [may have to be handled manually by DOI staff at first]**
- **7/1/2013** - “Replacement” license will be canceled if new license not issued.
- **1/1/2013 TO 12/3/2015** - Commissioner has authority to delay enforcement of examination and fingerprint requirements.
 - If exam is delayed, "temporary license pending examination" will be issued. **[Targeting 7/1/13 for exam start date]**
 - This temporary license is valid for up to three months after examination is implemented.
 - Temporary license can be renewed once.
 - Notice will be issued in advance of exam implementation.
 - Targeting 1/1/14 start date for fingerprinting new applicants.
- **1/1/2014 TO 12/31/2014** (and even years thereafter) - **Individual title agents** born in even-numbered years – license expires at end of birth month – can renew beginning 75 days prior to expiration.
 - If renewed by expiration date, biennial license fee is \$40 (**must do CE**).
 - If renewed within 30 days after expiration date, fee is \$90 (must do CE – but renewal is retroactive to expiration date).

- If reinstated within 12 months of expiration, fee is \$80 (must do CE but not exam – reinstatement effective as of reinstatement date).
- **10/1/2014 TO 12/31/2014** (and even years thereafter) - **Business entity title agents** licenses expire 12/31 of even years – can renew beginning October 1 – biennial license fee is \$100.
 - If renewed within 30 days after expiration date, fee is \$150 and renewal is retroactive to expiration date.
- **1/1/2015 TO 12/31/2015** (and odd years thereafter) - **Individual title agents** born in odd-numbered years – license expires at end of birth month – can renew beginning 75 days prior to expiration.
 - If renewed by expiration date, biennial license fee is \$40 (**must do CE**).
 - If renewed within 30 days after expiration date, fee is \$90 (must do CE – but renewal is retroactive to expiration date).
 - If reinstated within 12 months of expiration, fee is \$80 (must do CE but not exam – reinstatement effective as of reinstatement date).

Links

On-line licensing: <http://aldoi.gov/>

Alabama Act 2012-397: <http://www.aldoi.gov/PDF/Legal/HB0460%20ACT12-0397.pdf>

Regulations: <http://aldoi.gov/Licensing/TitleInsurance.aspx>

NOTE: This Bulletin is intended for use by title issuing offices, title insurance agents and approved attorneys of WFG National Title Insurance Company and any reliance by any other person or entity is unauthorized. This bulletin is intended solely for the purpose of underwriting policies of WFG National Title Insurance Company.