

SB 133: Changing the Title Industry



On September 25th, 2008, Governor Arnold Schwarzenegger signed into law Senate Bill 133, a bill supported by the California Land Title Association (CLTA) that provides the California Department of Insurance new power to regulate the sales and marketing representatives of the title industry. This bill enacts the first program that registers and regulates sales representatives (defined as “a natural person who is an employee whose primary duty is to market, offer, solicit, negotiate or sell title insurance”). The bill takes effect January 1, 2009.

Frequently Asked Questions about SB 133

Q: Prior to the enactment of SB 133, there was a general prohibition in existing law against providing any consideration, compensation, or commission for the referral of title business. Is that still in effect?

A: Yes. The pre-existing prohibition against providing any consideration, compensation, or commission as an inducement for the placement or referral of title business was left completely intact and was not affected by the passage of SB 133.

Q: Can a title marketing representative take a person out to lunch to market title insurance?

A: No. The new law prohibits expenditures for food, beverages, and entertainment.

Q: Are there any other expenses that are specifically prohibited under the new law?

A: Yes, the law makes it clear that advertising or paying for advertising in any newspaper, newsletter, magazine or publication that is produced by or on behalf of a person that results in a direct or indirect subsidy to the person violates the law.

Q: Do the limitations on expenses apply only to title marketing representatives?

A: No. The prohibited expenditures in the law apply to title insurers, underwritten title companies, controlled escrow companies and title marketing representatives alike. However, the registration/certification program created in SB 133 only applies to title marketing representatives.

Q: What is permitted as an expense?

A: Limited promotional items are permitted. These items must have a permanently affixed title company logo and cannot have a value of more than \$10.00. Gift certificates and gift cards are not permissible.

Q: What happened to the law that allowed reasonable expenditure for food, beverages, entertainment and educational programs?

A: Those provisions of the law (former Insurance Code Section 12404(d)) have been repealed by SB 133.

Q: What happens if a registered title marketing representative violates the law?

A: There will be a hearing to determine if the title marketing representative violated the law after the Department of Insurance brings an administrative action against the representative. If that representative loses at the hearing, the DOI may suspend or revoke the his/her certificate of registration or require the title marketing representative to surrender the certificate. A title marketing representative whose certificate of registration is revoked cannot reapply for a new certificate for five years and cannot continue to work in this field. A personal monetary penalty may also be imposed.

The above Q&A fact sheet was provided by CLTA.



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