

# ARKANSAS TITLE INSURANCE AGENTS' LICENSING BOARD

## Enabling Laws

Act 176 of 2005

Act 860 of 2005

A.C.A. § 23-103-101 et seq.

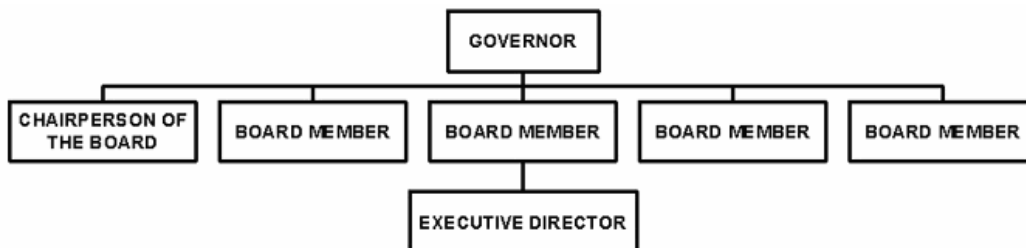
## History and Organization

The mission of the Arkansas Title Insurance Agents' Licensing Board is to ensure that highly qualified individuals and businesses possess the skills and knowledge necessary to effectively and efficiently issue title insurance commitments and policies in the State of Arkansas, to the citizens of Arkansas.

The goals of the Board are: 1) to provide the opportunity, through applications and examinations, to individuals and businesses to obtain licenses to sell title insurance commitments and policies in Arkansas; 2) to keep an accurate listing of all resident and non-resident Signing Agent licenses, as well as resident and non-resident Issuing Agent licenses; and 3) to establish that the licensee possesses the knowledge, skill, ability and understanding to act as a title insurance agent.

Act 1742 of 2001 created the Arkansas Title Insurance Agents' Licensing Board. The Board is comprised of five (5) members, directed by a Chairperson. These members endeavor to hold the title insurance industry accountable to the consumers of title insurance products by approving licenses for those individuals and agencies that meet the strict criteria established by the Act. The Board also has established procedures for investigating any complaints that are formerly submitted against a licensed title insurance agent or agency, and takes appropriate action against the complainant when necessary. These actions can include revocation or suspension of a title insurance license. Act 1767 of 2003 created a new licensing structure that requires a license for an Issuing Agent, a Signing Agent, and continuing education credits before a Signing Agent license can be renewed. Additionally, late fees have been introduced and testing exemptions have been removed. These requirements became effective with the December 2003 - January 2004 renewal period.

The Arkansas Title Insurance Agents' Licensing Board office is manned by the Executive Director. The Executive Director is responsible for the daily operations of the Agency, which includes but is not limited to preparation of licenses, scheduling of Board meetings and arranging reimbursement for the Board members. The Executive Director also acts as the liaison between the public, other state agencies and the Board members, and reports to the Chairperson of the Board.



## **Agency Commentary**

The Arkansas Title Insurance Agents' Licensing Board is responsible for licensing highly qualified individuals to become Issuing Agents and Signing Agents in the State of Arkansas, for collecting fees associated with said licenses, and for monitoring and regulating licensees.

In addition to Base Level of \$119,128 each year, the Board is requesting restoration of \$5,000 each year in Capital Outlay for replacement of equipment and authorization of one new position to assist with an increasing workload. The new position requested was originally authorized in the 2001-2003 Biennium, but was not filled due to lack of funding at that time. Both funding and workload have increased to the point that an additional position is needed and can be supported.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS TITLE INSURANCE AGENTS' LICENSING BOARD  
FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
Twenty-five checks dated during the months of February through June 2005 totaling \$2,240 were not deposited until September 30, 2005.	Agency needs to make timely deposits of receipts.

## **Employment Summary**

	Male	Female	Total	%
White Employees	0	1	1	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0%
Total Employees			1	100 %

**Publications**

**A.C.A 25-1-204**

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

**Department Appropriation**

Appropriation	Historical Data						Agency Request and Executive Recommendation							
	2005-2006		2006-2007		2006-2007		2007-2008				2008-2009			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
456 Title Insurance Agents' Licensing Operati	58,878	1	123,738	1	124,435	1	165,341	2	124,128	1	165,341	2	124,128	1
<b>NOT REQUESTED FOR THE BIENNIUM</b>														
2XT Recovery Claims	0	0	0	0	3,087,000	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>58,878</b>	<b>1</b>	<b>123,738</b>	<b>1</b>	<b>3,211,435</b>	<b>1</b>	<b>165,341</b>	<b>2</b>	<b>124,128</b>	<b>1</b>	<b>165,341</b>	<b>2</b>	<b>124,128</b>	<b>1</b>

Funding Sources		%		%		%		%		%		%	
Fund Balance 4000005	191,774	61.7	252,142	67.3		250,904	66.7	250,904	66.7	210,563	62.7	251,776	66.8
Special Revenue 4000030	119,246	38.3	122,500	32.7		125,000	33.3	125,000	33.3	125,000	37.3	125,000	33.2
Total Funds	311,020	100.0	374,642	100.0		375,904	100.0	375,904	100.0	335,563	100.0	376,776	100.0
Excess Appropriation/(Funding)	(252,142)		(250,904)			(210,563)		(251,776)		(170,222)		(252,648)	
Grand Total	58,878		123,738			165,341		124,128		165,341		124,128	

**Agency Position Usage Report**

FY2004-2005						FY2005-2006						FY2006-2007					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
1	1	0	1	0	0.00%	1	1	0	1	0	0.00%	1	1	0	1	0	0.00%

## **Analysis of Budget Request**

**Appropriation:** 456 - Title Insurance Agents' Licensing Operations

**Funding Sources:** MTB-Title Insurance Agents' Licensing Board Fund

The Arkansas Title Insurance Agents' Licensing Board was established by Act 1742 of 2001. It is charged with licensing title insurance agents, assuring the performance of agents within the licensure guidelines, and adjudicating complaints.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for one (1) Base Level position. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month. Increases are requested as follows:

One additional position, Administrative Assistant, Grade 99, is requested to assist with an increased workload. This position was provided when the Board was formed in the 2001-2003 Biennium, but the initial workload and funding were insufficient and it was not filled. Both workload and funding have increased to the point that the position can now be supported. Salary and matching costs are \$41,213 each year.

Capital Outlay of \$5,000 each year is requested for replacement of office equipment.

The Executive Recommendation provides for Base Level, plus the Capital Outlay request.

**Appropriation**

**Appropriation:** 456 Title Insurance Agents' Licensing Operations  
**Funding Sources:** MTB-Title Insurance Agents' Licensing Board Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	32,203	51,500	51,500	51,500	82,280	51,500	51,500	82,280	51,500
<b>#Positions</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>
Personal Services Matching 5010003	10,356	14,238	14,935	14,628	25,061	14,628	14,628	25,061	14,628
Operating Expenses 5020002	15,645	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Conference & Travel Expenses 5050009	674	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Professional Fees 5060010	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	5,000	5,000	0	5,000	5,000	0	5,000	5,000
<b>Total</b>	<b>58,878</b>	<b>123,738</b>	<b>124,435</b>	<b>119,128</b>	<b>165,341</b>	<b>124,128</b>	<b>119,128</b>	<b>165,341</b>	<b>124,128</b>
<b>Funding Sources</b>									
Fund Balance 4000005	191,774	252,142		250,904	250,904	250,904	210,563	210,563	251,776
Special Revenue 4000030	119,246	122,500		78,787	125,000	125,000	78,787	125,000	125,000
<b>Total Funding</b>	<b>311,020</b>	<b>374,642</b>		<b>329,691</b>	<b>375,904</b>	<b>375,904</b>	<b>289,350</b>	<b>335,563</b>	<b>376,776</b>
Excess Appropriation/(Funding)	(252,142)	(250,904)		(210,563)	(210,563)	(251,776)	(170,222)	(170,222)	(252,648)
<b>Grand Total</b>	<b>58,878</b>	<b>123,738</b>		<b>119,128</b>	<b>165,341</b>	<b>124,128</b>	<b>119,128</b>	<b>165,341</b>	<b>124,128</b>

## Change Level by Appropriation

**Appropriation:** 456-Title Insurance Agents' Licensing Operations  
**Funding Sources:** MTB-Title Insurance Agents' Licensing Board Fund

### Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	119,128	1	119,128	100.0	119,128	1	119,128	100.0
C01	Existing Program	46,213	1	165,341	138.7	46,213	1	165,341	138.7

### Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	119,128	1	119,128	100.0	119,128	1	119,128	100.0
C01	Existing Program	5,000	0	124,128	104.2	5,000	0	124,128	104.2

### Justification

C01 Restoration of Capital Outlay in the amount of \$5,000 each year is requested for replacement of office equipment. Also requested is one additional position, Administrative Assistant, Grade 99, to help with an increasing workload. This position was authorized with the initial formation of the Agency in the 2001-03 Biennium, but was not filled due to lack of funding. The Agency's workload and funding have increased to the point that this position is now needed and can be funded.



**Appropriation**

**Appropriation:** 2XT Recovery Claims  
**Funding Sources:** TLB-Title Insurance Agents' Licensing Board Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	0	0	3,000,000	0	0	0	0	0	0
Personal Services/Operating Ex 5900046	0	0	87,000	0	0	0	0	0	0
Total	0	0	3,087,000	0	0	0	0	0	0

This appropriation not being requested for the 2007-2009 Biennium.