STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

INSURANCE BULLETIN 15-03

Title Insurance Form Filing

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The following Bulletin is issued by the Missouri Department of Insurance, Financial Institutions and Professional Registration ("DIFP") to inform and educate the reader on the specified issue. It does not have the force and effect of law, is not an evaluation of any specific facts or circumstances, and is not binding on the Department or an insurer. See §374.015, RSMo.

To: All title insurers, agencies and agents

From: John M. Huff, Director

Re: Agency Financial Interest Report (T-5A) and Affiliated Business Arrangement Report (T-5B)

The purpose of this Bulletin is to provide guidance to title insurers, agents and agencies regarding existing filing requirements for Agency Financial Interest Reports (T-5A) and Affiliated Business Arrangement Reports (T-5B). This guidance is offered to help licensees timely file and accurately complete these reports.

Who Must File the Reports?

1. Title agencies are required to file the Agency Financial Interest Report, Form T-5A, pursuant to Section 381.029.3, RSMo (Supp. 2013) and 20 CSR 500-7.070(2)(A).
2. Title insurers, agencies and agents are required to file the Affiliated Business Arrangement Report, Form T-5B, pursuant to Section 381.029.4, RSMo (Supp. 2013) and 20 CSR 500-7.070(2)(B).

When Must the Reports be Filed?

1. The Agency Financial Interest Report, Form T-5A, shall:
   a) be filed by March 31 of each year; and,
   b) be updated and resubmitted within thirty (30) days of any material change to the information.
2. The Affiliated Business Arrangement Report shall be filed by March 31 of each year.

The time to file is set forth in 20 CSR 500-7.070(2)(A) and (B).

How Must Reports be Filed?

Reports may be delivered to the Insurance Market Regulation Division, Room 530, 301 W. High St., Jefferson City, Missouri 65101 pursuant to 20 CSR 500-7.030(2). Reports will also be accepted via email at consumeraffairs@insurance.mo.gov in either Word or PDF format.

Where Are the Forms for the Reports?

The forms are available on the department's web site, http://insurance.mo.gov/industry/forms/index.php and at the Department offices at 301 West High Street, Room 530, Jefferson City, Missouri 65101.

Who has a Financial Interest in the Agent or Agency?

A financial interest is any interest, legal or beneficial, that entitles the holder directly or indirectly to one percent or more of the net profits or net worth of the entity in which the interest is held, but does not include payments of principal or interest made to a mortgage holder of the title agency.
Section 381.031(9), RSMo.

Who is a Producer of Title Business?

A producer of title business is:
[A]ny person, including any officer, director, or owner of five percent or more of the equity or capital of any person, engaged in this state in the trade, business, occupation or profession of:
   (a) Buying or selling interests in real property;
   (b) Making loans secured by interests in real property; or
   (c) Acting as broker, agent, representative or attorney of a person who buys or sells any interest in real property or who lends or borrows money with such interest as security.

Section 381.031(15), RSMo.

Who is an Associate of a Producer of Title Business?

An associate is any:
   (a) Business organized for profit in which a producer of title business is a director, officer, partner, employee, or an owner of a financial interest;
   (b) Employee of a producer of title business;
   (c) Franchisor or franchisee of a producer of title business;

(d) Spouse, parent, or child of a producer of title insurance business who is a natural person;
(e) Person, other than a natural person, that controls, is controlled by, or is under common control with, a producer of title business;
(f) Person with whom a producer of title insurance business or any associate of the producer has an agreement, arrangement, or understanding, or pursues a course of conduct, the purpose or effect of which is to provide financial benefits to that producer or associate for the referral of business.

Section 381.029.1(3), RSMo.

What is a Material Transaction?

A material transaction is a single transaction with a monetary value of one hundred dollars ($100) or more, or the aggregate of any series of transactions with a monetary value of six hundred dollars ($600) or more, during the reporting period and which are between the agency and a party with a financial interest in the agency or in which the agency holds a financial interest. Material transactions shall not include:

1. Employee salaries or bonuses; or
2. Profit distributions in proportion to financial interests; or
3. Any payment reflected on a settlement statement or pursuant to an escrow agreement; or
4. Any payment to a realtor for commission.

20 CSR 500-7.020(2)(E).

Title insurers, agencies, and agents with questions regarding this Bulletin should contact the Consumer Affairs Division at 573-751-1922.