

February 8, 2011

The Honorable Clark Shultz, Chairperson
House Committee on Insurance
Statehouse, Room 166-W
Topeka, Kansas 66612

Dear Representative Shultz:

SUBJECT: Fiscal Note for HB 2085 by House Committee on Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2085 is respectfully submitted to your committee.

Current law requires title insurance agents to have an annual audit of their escrow, settlement, and closing deposit accounts for which the title agent has a licensing agreement by a Certified Public Accountant (CPA). HB 2085 would extend the audit requirement to include title companies owned in full or in part by a title insurer. In addition, HB 2085 would require that the title insurer or CPA provide a copy of the audit report to the title insurance agent or title company within ten days following an annual audit.

The Kansas Insurance Department states that it receives and reviews approximately 250 CPA audits each year. By including title companies in the audit requirements, HB 2085 would increase the number of CPA audits that the Department receives and reviews by approximately 10.0 percent. The Kansas Insurance Department indicates that the increased workload could be handled within existing resources.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Zac Anshutz, Insurance