

CLTA REGISTRATION/LICENSING BILL SIGNED INTO LAW BY GOVERNOR SCHWARZENEGGER

SB 133, sponsored by CLTA, was signed into law today after a protracted delay in the state budget process that potentially put the legislation at risk. While SB 133 had passed the State Legislature on August 26th, it had not been sent to the Governor until September 17th in order to avoid a threatened veto by the Governor of any bill received prior to the Legislature passing a state budget.

The new law, which goes into effect on January 1, 2009, provides the California Department of Insurance with the statutory authority to create a registration program for “title marketing representatives” whose “primary duty is to market, offer, solicit, negotiate or sell title insurance.” In addition, SB 133 also clarifies and significantly limits what may be spent by title marketing representatives – and the title companies themselves – in the marketing of title insurance products and services in California.

To accomplish this goal, SB 133 expands the list of “per se” inducements under Insurance Code Section 12404 to include any expenditure for “food, beverages and entertainment.” This approach essentially prohibits *any* such expenditure, regardless of the amount. SB 133 also specifically prohibits advertising that results in a direct or indirect subsidy to a recipient who can potentially refer business (e.g. real estate broker or agent, lender, etc.).

However, expenditures for promotional items with a ***permanently affixed title company logo*** will be permitted if the promotional item is worth \$10 or less. In addition, the bill provides exceptions for education or educational materials if educational offering in question is exclusively related to the business of title insurance, and not tied to continuing education credits.

Starting January 1st of the new year, the Department of Insurance must develop an automated application process and provide staffing to accommodate the new program.

(For more information on this bill, [CLICK HERE](#))