

40-1139. Same; financial responsibility requirements. (a) The title insurance agent who handles escrow, settlement or closing accounts shall file with the commissioner a surety bond or irrevocable letter of credit in a form acceptable to the commissioner, issued by an insurance company or financial institution authorized to conduct business in this state, securing the applicant's or the title insurance agent's faithful performance of all duties and obligations set out in K.S.A. 40-1135 through 40-1141, and amendments thereto.

(b) The terms of the bond or irrevocable letter of credit shall be:

(1) The surety bond shall provide that such bond may not be terminated without 30 days prior written notice to the commissioner.

(2) An irrevocable letter of credit shall be issued by a bank which is insured by the federal deposit insurance corporation or its successor if such letter of credit is initially issued for a term of at least one year and by its terms is automatically renewed at each expiration date for at least an additional one-year term unless at least 30 days prior written notice of intention not to renew is given to the commissioner of insurance.

(c) The amount of the surety bond or irrevocable letter of credit for those agents servicing real estate transactions on property located in counties having a certain population shall be required as follows:

(1) \$100,000 surety bond or irrevocable letter of credit in counties having a population of 40,001 and over;

(2) \$50,000 surety bond or irrevocable letter of credit in counties having a population of 20,001 to 40,000; and

(3) \$25,000 surety bond or irrevocable letter of credit in counties having a population of 20,000 or under.

(d) The surety bond or irrevocable letter of credit shall be for the benefit of any person suffering a loss if the title insurance agent converts or misappropriates money received or held in escrow, deposit or trust accounts while acting as a title insurance agent providing any escrow or settlement services.

History: L. 1999, ch. 95, § 12; July 1.