Approved: Robert Tomlinson
Date March 9, 1999

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE .

The meeting was called to order by Chairperson Bob Tomlinson at 3:30 p.m. on February 16, 1999 in Room 527-S of the Capitol.

All members were present except: Representatives Hummerickhouse and O'Brien

Committee staff present: Mr. Bill Wolff, Research
Mr. Bob Nugent, Revisor
Mary Best, Secretary

Conferees appearing before the committee: Mr. Bill Sneed, American Investors Life Insurance
American Investors Financial Corporation
Ms. Linda DeCoursey-Kansas Department of Insurance
Mr. David Hanson-Kansas Life Insurance Association

Others Attending: See attached list

The meeting was called to order. The Chair announced there would be two bills heard simultaneously today.

HB 2280: Change of domicile by mutual holding company

HB 2266: Mutual holding companies redomestication

Mr. Bill Sneed, American Investors Life Insurance and Financial Corporation, gave Proponent Testimony on both if the above bills. A copy of each of these bills are (Attachments #1 & 2) attached hereto and incorporated into the Minutes by reference. **HB 2280** creates a mechanism that a company must use when redomesticating from another state to Kansas. It was suggested inserting the term "mutual holding company" into the part of the insurance redomestication act, which would affirm the jurisdiction over such a transaction would be placed with the Insurance Department. **HB 2266** is an amendment to K.S.A. 40-4003a, which is part of the statutory structure relating to the demutualization of an insurance company. The technical change is on page five, lines 20-24, defining the term of "51% of the voting stock" as it relates to a mutual holding company. It is commonly known as the " golden share rule", which allows a mutual holding company to issue one share of stock from new stock insurance company to mutual holding company, with the certificate representing 51% of the voting stock They are proposing the same language Iowa is using to avoid any potential conflict. Mr. Mark Hites, President and CEO of AmVestors assisted in responding to the discussion with committee members.

Questions, Representatives Cox, Empson, Kirk, Boston, Chairperson Tomlinson

Ms. Linda DeCoursey, Kansas Department of Insurance, gave Proponent Testimony on **HB 2280** and Opponent Testimony on **HB 2266**. A copy of each of the written testimonies is (Attachments #3 & 4) attached hereto and incorporated into the Minutes by reference. She feels it is yet too early to change the law after passing **SB 93** in 1997. They still do not know all of the repercussions of this bill. They have passed one demutualization in Kansas. The key to demutualization is 51% to be owned by the policyholders. Said commission must retain jurisdiction over mutual holding company or stock holding company, and to protect the interests of the policyholders.

Questions were posed by Chairperson Tomlinson, Representatives Cox, Kirk, Jenkins, Empson, Vining.

Mr. David Hanson, Kansas Life Insurance Association, gave Neutral Testimony, on **HB 2066** & **HB 2266.** A copy of his written testimony is (Attachment #5) attached hereto and incorporated into the Minutes by reference. Mr. Hanson asked the committee to support both bills. He feels these bills add clarity to the existing law and encourage companies to consider redomesticating in Kansas.

Questions by Representative Cox

No further discussions on either bills. Public hearings closed.

The Chair called the committee attention to **HB 2280** to be worked. **Representative Kirk moved to amend the bill and pass it out favorably. Motion was seconded by Representative vining. Vote was unanimously passed.**

HB 2109, came before the committee. **Motion to pass out favorably was made by Representative Grant. Motion was seconded by Representative Dreher. Call for further discussion was made. The Chair recognized Representative Grant, who made motion to read consent calendar because of the uncontroversial nature. Motion voted on Representative voted no. Rest of the committee voted yes. There then again was another motion. Representative Grant made the motion to pass out favorably. Representative Dreher seconded the motion. No further discussion. Vote called Representative Burroughs voted no and agreed to his vote being recorded.**

HB 2096, (Attachment # 6) was then called to work. Bill Concerns escrow accounts; has a balloon to clean up language and insert language on pages 2 & 3. The Chair stated the balloon addressed the good funds and bonding changes. Discussion with Rep. Myers. Rep. Myers went over the balloon with the committee pointing out the balloon carries the expansion in handling funds. The first amendment adds another type of financing where mortgages exceed $2,500. The second amendment adds other sources of funds. Page 4 Section 5,6,7 are struck-out and are now Section 6,7,8, and a new Section 5 is inserted. Page2 expands handling of funds. The second amendment adds the 4th core of funds received.. Page 4, surety bond amount or irrevocable letter is added. Page 3, bonding correlates with population of the counties where annual audits were required. Page 4 of the amendment, bonding correlates with those countries and the population of the same counties. **Rep. Myers upon completion of the amendment explanation moved to amend HB 2096 . and pass out. Rep. Kirk seconded the motion.** Discussions were made with Rep. Boston. The question was answered by Revisor Nugent. There was apparently a mistake in line 42 of which it was discovered agents should not have been wiped out, only the word escrow should have been deleted. (page2). Conversation covered what was struck and discussed escrow agent and single individual person inter-mingling their monies. Rep. McCreary held discussion bonds covering losses, and how much of the loss is to be covered. Bond never intended to cover the total loss, but to form a pool to cover some of the loss or losses. **Vote was called by the Chair in favor of adopting the balloon as indicated on HB 2096, balloon adopted unanimously. Chair called for motion on the disposition of HB 2096. Rep. Empson moved pass marked favorably. Rep. Showalter seconded. No discussion. Vote was taken, passed unanimously.**

Revisor will review amendment. The Chair then called for attention to **HB 2090**. A call was made for disposition. It was decided to again review the bill and bring forth again on Thursday along with **HB 2266.** With that the meeting was adjourned. Time was 4:40

Next meeting to be held February 18, 1999.

HOUSE INSURANCE COMMITTEE GUEST LIST

DATE: 2/16/99

NAME	REPRESENTING
Bill Sneed	American Inv Life
Linda McCluskey	KS Insurance Dept.
Paul Davis	Kansas Insurance Dept.
Trish Heim	SBA
David Hanson	Ks Insur Assns
John Mugler	American Investors
MARK HEITZ	AmVestors
Lori Callahan	KAMICO
Pat Morris	KMA
JOHN C. BOTTENBERG	AMVESTORS
Larrie Ann Brown	KS Govt Consulting
John Peterson	Ks Govt Consulting

MEMORANDUM

TO: The Honorable Bob Tomlinson, Chairman
House Insurance Committee

FROM: Bill Sneed, Legislative Counsel
AmVestors Financial Corporation
American Investors Life Insurance Company

DATE: February 16, 1999

RE: H.B. 2280

Mr. Chairman, Members of the Committee: My name is Bill Sneed and I appear today on behalf of AmVestors Financial Corporation and its subsidiary, American Investors Life Insurance Company. We appreciate the opportunity to appear before you today in support of H.B. 2280.

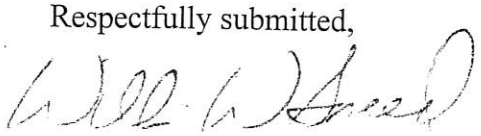
H.B. 2280 amends K.S.A. 40-2,162. This statute creates the mechanism that a company must use when redomesticating from another state to Kansas. Inasmuch as there is overlapping jurisdiction between the Secretary of State (which regulates corporations) and the Insurance Department (which regulates insurance companies), the legislature enacted these laws to create the statutory framework on redomestication. My client is currently owned by a mutual holding company in Des Moines, Iowa. They are reviewing the possibility of redomesticating the holding company to Kansas. In discussing this issue with the Secretary of State and the Insurance Department, in order to avoid any potential conflicts it was determined that we should insert the term "mutual holding company" as a part of the insurance redomestication act, thus affirmatively stating that the Insurance Department will have jurisdiction over such a transaction.

POLSINELLI, WHITE, VARDEMAN & SHALTON
555 South Kansas Avenue, Suite 301
Topeka, Kansas 66603-3443
(785) 233-1446
(785) 233-1939 (FAX)

Attachment # 1
House Insurance Committee
February 16, 1999

We believe this bill to be technical in nature, and as such we respectfully request your favorable support. If you have any questions, please feel free to contact me.

Respectfully submitted,



William W. Sneed

POLSINELLI, WHITE, VARDEMAN & SHALTON
555 South Kansas Avenue, Suite 301
Topeka, Kansas 66603-3443
(785) 233-1446
(785) 233-1939 (FAX)

MEMORANDUM

TO: The Honorable Bob Tomlinson, Chairman
House Insurance Committee

FROM: Bill Sneed, Legislative Counsel
AmVestors Financial Corporation
American Investors Life Insurance Company

DATE: February 16, 1999

RE: H.B. 2266

Mr. Chairman, Members of the Committee: My name is Bill Sneed and I appear today on behalf of AmVestors Financial Corporation and its subsidiary, American Investors Life Insurance Company. We appreciate the opportunity to appear before you today to support H.B. 2266.

H.B. 2266 is an amendment to K.S.A. 40-4003a. K.S.A. 40-4003a is part of the statutory structure relating to the demutualization of an insurance company. Two years ago, the legislature amended current Kansas law and created highly sophisticated statutory guidelines on criteria that a mutual insurance company must meet in order to demutualize.

In a nutshell, a mutual insurance company is "owned" by its policyholders. In order to partake of the capital markets to raise money, the statutes have provided a mechanism whereby the company can demutualize and create a new entity that has capital stock.

As a protection to the policyholders, Kansas law requires that the policyholders who will be members of the new mutual holding company must own, directly or indirectly, 51% or more of the capital stock of the new stock insurance company.

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Attachment #2
House Insurance Committee
February 16, 1999

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As we previously testified on H.B. 2280, my client is currently owned by a mutual holding company. Inasmuch as they are considering moving the mutual holding company from Iowa to Kansas, we have requested that the legislature make a technical change so that our law is identical to the Iowa law. As a side note, when Kansas created the mutual holding company act two years ago, it utilized Iowa law as its benchmark.

The technical change is found on page five, lines 20-24. This is simply a definition of what "51% of the voting stock" means as it relates to the mutual holding company. Commonly referred to as the "golden share rule," this allows a mutual holding company to issue one share of stock from the new stock insurance company to the mutual holding company, and that certificate will represent 51% of the voting stock of the company. Thereafter, the stock insurance company can issue new shares of stock and would not be required to issue additional paper simply to meet a 51% requirement.

This is consistent with Kansas law and has been followed by the Kansas Insurance Department in the most recent mutualization. However, since my client has had this changed in Iowa, and in order to avoid any potential conflict, they have requested to have the identical language in Kansas law. Thus, we believe the proposed amendment is technical in nature.

We respectfully request your favorable consideration of this bill. If you have any questions regarding this, please feel free to contact me.

Respectfully submitted,

William W. Sneed

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Kathleen Sebelius
Commissioner of Insurance
Kansas Insurance Department

TO: House Committee on Insurance

FROM: Linda De Coursey

RE: HB 2266 – Mutual holding companies

DATE: February 16, 1999

Mr. Chairman and members of the Committee:

Thank you for the opportunity to discuss with you our opposition to the passage of HB 2266. The bill includes a proposal that pertains to the conversion of a domestic mutual insurer into a domestic stock insurer. The most significant revision is to include a definition of the phrase "at least 51% of the voting stock" that appears throughout K.S.A. 40-4003a.

Many committee members remember that in 1997, they passed SB 93 which allowed for demutualization. The Department's opposition to HB 2266 is based on the fact that the 1997 law is relatively new, with only one demutualization occurring in Kansas. It is too early to know all the repercussions. We certainly welcome the redomestication of this company to the great state of Kansas, and we welcome their business. However, it is for the protection of the policyholders that we ask the committee to make no change to the law at this time.

With the passage of SB 93 in 1997, Kansas became one of the 16 or so states that allows traditional demutualization of a domestic insuror to convert to a domestic stock insuror. The key to demutualization or conversion of such companies is that the law requires 51% to be owned by the policyholders. SB 93 also allowed an alternative mechanism to traditional demutualization, which permits the reorganization of the mutual company into a mutual holding company

House Comm on Ins
Attachment #3
February 16, 1999
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420 SW 9th Street
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1 800 432-2484 (Toll Free)

structure. SB 93 (now K.S.A. 40-401 et seq.) mandates a procedural sequence and regulatory approval and authority. Under current Kansas law, ~~before the holding~~ company can go the next step and demutualize to a stock company, that holding company would have to appeal to the Commissioner.

K.S.A. 40-4001 provides that because it is not possible to anticipate all the circumstances and considerations which may arise incidental to a conversion from a mutual insurer to a stock insuror, the commissioner has broad authority in review such conversion, and the procedure and criteria to be applied by the commissioner are flexible within the parameters of this act.

K.S.A. 40-4002a(c)(12) provides that the commissioner shall retain jurisdiction over any mutual holding company or stock holding company organized to assure that policyholder interests are protected.

It is clear that the legislature envisioned mutual insuror conversion as an ongoing and evolving process with "broad authority" in the Insurance Commissioner to review the various stages of conversion. The concerns of many opponents to SB 93 that the conversion process might lead to various abuses, and if they turned out to be valid, can be timely addressed by appropriate regulatory review. Indeed, such ongoing review is clearly an integral part of the legislative intent.

As a regulatory agency, we are supposed to ask questions. It is our nature to ask "why"? With the press announcement in Iowa of this particular mutual holding company deciding to complete a demutualization study, clearly much activity is occurring with them. It would appear they want to demutualize the holding company; they want to move to Kansas; and they want a change the current phrase "at least 51% of the voting stock" in Kansas law to further define it. Does the definition establish two classes of stock, and thus dilute the protection to the

policyholders? What does the proposed definition do from the management's perspective, or policyholders' perspective, or the current stockholders' perspective? Will it affect them positively or negatively?

The current law is relatively new with only one demutualization occurring in Kansas. It is too early to know all the repercussions, and therefore respectfully request no change to the law at this time. We welcome the redomestication of this company to the great state of Kansas, and we welcome their business. However, it is for the protection of the policyholders that we respectfully ask you to not pass SB 2266.

RELEASE

For more information, contact:

Marty Ketelaar – Director, Investor Relations
(515) 362-3693

AMERICAN MUTUAL HOLDING COMPANY ANNOUNCES DEMUTUALIZATION STUDY

DES MOINES, Iowa, February 15, 1999 – American Mutual Holding Company ("American Mutual"), a mutual insurance holding company and the controlling shareholder of AmerUs Life Holdings, Inc. (NYSE:AMH), today announced that its board of directors has authorized management to review the potential benefits of a demutualization of American Mutual. American Mutual is owned by its members who are also policyowners of AmerUs Life Insurance Company, a wholly-owned subsidiary of AmerUs Life Holdings, Inc.

Roger K. Brooks, chairman, president and chief executive officer of American Mutual said, "We converted to a mutual insurance holding company three years ago because it provided the structural flexibility as well as the access to capital we needed to compete effectively. The mutual holding company served us well in the execution of our growth strategy. Since that time, however, many changes have occurred within our company and the financial services industry, and the board believes this is the right time to review our corporate structure to determine if a full demutualization would better serve the needs of the Company going forward."

The Company expects to complete the study and make a final decision in the second quarter of 1999. Any demutualization plan would be subject to approval by the board of directors, regulators and American Mutual members.

American Mutual Holding Company was formed in 1996 when AmerUs Life Insurance Company was reorganized into a stock insurance company. It was the first mutual holding company established in the United States.

# # #

Kathleen Sebelius
Commissioner of Insurance
Kansas Insurance Department

TO: House Committee on Insurance

FROM: Linda De Coursey

RE: HB 2280 – Changing domicile of mutual holding companies

DATE: February 16, 1999

Mr. Chairman and members of the Committee:

I am appearing in support of HB 2280, which allows a mutual holding company organized under the laws of any other state to become a domestic mutual holding company in Kansas. The foreign mutual holding company will file restated articles of incorporation and a certificate of domestication with the secretary of state to transfer to this state.

Several years ago, the Commissioner asked the legislature to amend laws making the change of domicile or redomestication easier for companies or corporations to return to Kansas. We welcome the redomestication of holding companies to the great state of Kansas.

I would like to point out a technical change to the bill. HB 2280 contains a new section (f) which incorporates the exact language of K.S.A. 40-2,162a (a separate statute) with the amendment "or mutual holding company". There would be not need for K.S.A. 1998 Supp. 40-2,162a to continue to exist. However, it appears that the bill does not include a proposal to repeal K.S.A. 40-2,162a. That change needs to be made in the bill.

I respectfully ask that when the committee considers HB 2280 to please pass it out favorably.

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Consumer Assistance Hotline
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Attachment #4
House Insurance Committee
February 16, 1999

Kansas Life Insurance Association

David A. Hanson, Legislative Counsel
900 Mercantile Bank Tower
800 S.W. Jackson
Topeka Kansas 66612-1259

TELEPHONE (785) 232-0545
FAX (785) 232-0005

HOUSE INSURANCE COMMITTEE
Testimony on HB 2266 and HB 2280
Presented by David A. Hanson
February 16, 1999

Mr. Chairman and Members of the Committee:

The Kansas Life Insurance Association, whose members are domestic insurance companies in Kansas, would like to express its support for House Bills 2266 and 2280. We believe these bills will help clarify existing law in Kansas and will help encourage insurers, including mutual holding companies, to consider redomesticating in Kansas.

We would, therefore, urge your favorable consideration of these bills.

Respectfully,

DAVID A. HANSON

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Attachment # 5
House Insurance Committee
February 16, 1999

Session of 1999

HOUSE BILL No. 2096

By Committee on Insurance

1-25

AN ACT concerning title insurance and escrow accounts.

Be it enacted by the Legislature of the State of Kansas:

Section 1. The purpose of this act is to provide the state of Kansas with a comprehensive body of law for the effective regulation and supervision of title insurance agencies engaged in settlement and closing of the sale of an interest in real estate.

Sec. 2. As used in this act, unless the context otherwise requires:

(a) "Commissioner" means the commissioner of insurance of the state of Kansas.

(b) "Escrow" means written instruments, money or other items deposited by one party with a depository, escrow agent or escrow for delivery to another party upon the performance of a specified condition or the happening of a certain event.

(c) "Person" means a natural person, partnership, association, cooperative, corporation, trust or other legal entity.

(d) "Qualified financial institution" means an institution that is:

(1) Organized or (in the case of a U.S. branch or agency office of a foreign banking organization) licensed under the laws of the United States or any state and has been granted authority to operate with fiduciary powers;

(2) regulated, supervised and examined by federal or state authorities having regulatory authority over banks and trust companies;

(3) insured by the appropriate federal entity; and

(4) qualified under any additional rules established by the commissioner.

(e) "Title insurance agent" or "agent" means an authorized person, other than a bona fide employee of the title insurer who, on behalf of the title insurer, performs the following acts, in conjunction with the issuance of a title insurance report or policy:

(1) Determines insurability and issues title insurance reports or policies, or both, based upon the performance or review of a search, or an abstract of title;

(2) collects or disburses premiums, escrow or security deposits or other funds;

Attachment # 2
House Insurance Committee
February 16, 1999
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(3) handles escrow, settlements or closings;
(4) solicits or negotiates title insurance business; or
(5) records closing documents.
(f) "Title insurer" or "insurer" means a company organized under laws of this state for the purpose of transacting the business of title insurance and any foreign or non-U.S. title insurer licensed in this state to transact the business of title insurance.
(g) "Title insurance policy" or "policy" means a contract insuring or indemnifying owners of, or other persons lawfully interested in, real or personal property or any interest in real property, against loss or damage arising from any or all of the following conditions existing on or before the policy date and not excepted or excluded:
(1) Defects in or liens or encumbrances on the insured title;
(2) unmarketability of the insured title;
(3) invalidity, lack of priority, or unenforceability of liens or encumbrances on the stated property;
(4) lack of legal right of access to the land; or
(5) unenforceability of rights in title to the land.
Sec. 3. A title insurance agent may operate as an escrow, settlement or closing agent, provided that:
(a) All funds deposited with the title insurance agent in connection with an escrow, settlement or closing shall be submitted for collection to, invested in or deposited in a separate fiduciary trust account or accounts in a qualified financial institution no later than the close of the next business day, in accordance with the following requirements:
(1) The funds shall be the property of the person or persons entitled to them under the provisions of the escrow, settlement or closing agreement and shall be segregated for each depository by escrow, settlement or closing in the records of the title insurance agent in a manner that permits the funds to be identified on an individual basis;
(2) the funds shall be applied only in accordance with the terms of the individual instructions or agreements under which the funds were accepted; and
(3) an agent shall not retain any interest on any money held in an interest-bearing account without the written consent of all parties to the transaction.
(b) Funds held in an escrow account shall be disbursed only:
(1) Pursuant to written authorization of buyer and seller;
(2) pursuant to a court order; or
(3) when a transaction is closed according to the agreement of the parties.
(c) A title insurance agent shall not commingle [the escrow agent's] personal funds or other moneys with escrow funds. In addition, the [es-]

[crow] agent shall not use escrow funds to pay or to indemnify against the debts of the [escrow] agent or of any other party. The escrow funds shall be used only to fulfill the terms of the individual escrow and none of the funds shall be utilized until the necessary conditions of the escrow have been met. All funds deposited for real estate [closing] shall be in one of the following forms:

(1) Lawful money of the United States;

(2) wire transfers such that the funds are unconditionally received by the title insurance agent or the agent's depository; and

(3) cashier's checks, certified checks or bank money orders issued by a federally insured financial institution and unconditionally held by the title insurance agent.

closings, including closings involving refinances of existing mortgage loans, which exceed $2,500,

(d) Each title insurance agent shall have an audit made of its escrow, settlement and closing deposit accounts, conducted by a certified public accountant or by a title insurer for which the title insurance agent has a licensing agreement, according to the following schedule. Audits shall be considered current if dated within the 12 months prior to submission of the audit as required herein. The title insurance agent shall provide a copy of the audit report to the commissioner and to each title insurance company which it represents within 160 days after the close of the calendar year for which an audit is required. Title insurance agents who are attorneys and who issue title insurance policies as part of their legal representation of clients are exempt from the requirements of this subsection. However, the title insurer, at its expense, may conduct or cause to be conducted an annual audit of the escrow, settlement and closing accounts of the attorney. Attorneys who are exclusively in the business of title insurance are not exempt from the requirements of this subsection. Audits shall be required as follows:

(1) Annual audit required in counties having a population of 40,001 and over;

(2) biennial audit required in counties having a population of 20,001 - 40,000; and

(3) triennial audit required in counties having a population of 20,000 or under.

(e) The commissioner may promulgate rules and regulations setting forth the standards of the audit and the form of audit report required.

(f) If the title insurance agent is appointed by two or more title insurers and maintains fiduciary trust accounts in connection with providing escrow and closing settlement services, the title insurance agent shall allow each title insurer reasonable access to the accounts and any or all of the supporting account information in order to ascertain the safety and security of the funds held by the title insurance agent.

(g) Nothing in this section is intended to amend, alter or supersede

(4) funds received from governmental entities or drawn on an escrow account of a real estate broker licensed in the state or drawn on an escrow account of a title insurer or title insurance agent licensed to do business in the state; or

(5) other negotiable instruments which have been on deposit in the escrow account at least 10 days.

other laws of this state or the United States, regarding an escrow holder's duties and obligations.

Sec. 4. (a) The title insurance agent shall maintain sufficient records of its escrow operations and escrow trust accounts so that the commissioner may adequately ensure that the title insurance agent is in compliance with all provisions of this act. The commissioner may prescribe the specific record entries and documents to be kept and the length of time for which the records must be maintained.

(b) The title insurance agent shall make available for inspection by the commissioner, or the commissioner's representatives, all records relating to the title insurance agent's escrow, settlement and closing business, and any other fiduciary trust accounts required to be kept by the title insurance agent. Such availability for inspection shall include any records to which subsection (f) of section 3 applies.

Sec. ~~5.~~ 6 The commissioner may issue rules, regulations and orders necessary to carry out the provisions of this act.

Sec. ~~6.~~ 7 If the commissioner determines that the title insurance agent or any other person has violated this act, or any rules and regulation or order promulgated thereunder, after notice and opportunity to be heard, the commissioner may order that such person be subject to the penalties provided in K.S.A. 40-2406 *et seq* and amendments thereto.

Sec. ~~7.~~ 8 This act shall take effect and be in force from and after its publication in the statute book.

Sec. 5. (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 this act.

(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.