

HB 998 -- Title Insurance

Sponsor: Yates

This bill establishes the Missouri Title Insurance Act. In its main provisions, the bill:

(1) Requires a title insurer or title agent issuing a lender's title insurance policy, when no owner's policy has been requested, to give written notice to a purchaser/mortgagor that the lender's policy does not protect the purchaser;

(2) Requires a written contract specifying the responsibilities between a title insurer and a title insurance agent and the title insurer's supervisory responsibilities regarding title insurance agents;

(3) Allows a title insurer or title insurance agent to operate as an escrow, security, settlement, or closing agent if certain requirements are met;

(4) Requires title insurers to conduct on-site reviews at least annually on the practices and procedures of title insurance agencies or agents with which they contract. Reports will be maintained for at least four years and made available to the Director of the Department of Insurance, Financial Institutions, and Professional Registration upon request;

(5) Makes it unlawful for any title agency or agent not affiliated with an agency to deny reasonable access or fail to cooperate with its underwriters in the title insurer's review of its accounts;

(6) Prohibits title insurers, agencies, agents, or other persons from receiving any consideration for the referral of any title services provided, except that a discount may be given to a person paying for the title in a real estate closing for charges or fees related to the title services;

(7) Requires settlement agents to record all deeds and security instruments within five business days after completion;

(8) Prohibits title insurers or agents from participating in transactions in which they know the loan producer requires a party to obtain title insurance from a particular insurer or agent. Offering payments or rebates as an inducement to contract for title insurance is also prohibited;

(9) Requires title insurers to file all premium rates and supplementary rate information with the department director

before the rates become effective. If any rates are found to be excessive, inadequate, or unfairly discriminatory, the department director can disapprove the rate. If an insurer's rates are disapproved, he or she may request a hearing. Rate information is a public record;

(10) Requires that no title insurance policy be written until a title search has been completed and the property found insurable. Once completed, all required outstanding, enforceable recorded liens, or other interests against the title must be shown;

(11) Allows the department director, if it is determined that a person has or may engage in a violation of title insurance laws, to issue administrative orders as authorized under Section 374.046, RSMo, to suspend or revoke the license of a producer or the certificate of authority of any title insurer for the violations and bring action in court to enjoin violations of the Real Estate Settlement Procedures Act;

(12) Prohibits an insurer that transacts any other class, type, or kind of business from obtaining a title insurance license, except that a title insurer can issue closing or settlement protection;

(13) Requires title insurers to maintain at least \$800,000 each of paid-in capital and surpluses;

(14) Prohibits the net retained liability of a title insurer for a single risk from exceeding 50% of the surplus of all risks insured;

(15) Requires that the general investment provisions of Sections 379.080 - 379.082 will apply when determining the financial condition of a title insurer except that an investment in a title plant equal to the cost will be allowed as long as the aggregate amount of all investments does not exceed 20% of the surplus to policyholders;

(16) Prohibits the use of listed title insurance forms unless the forms have been approved by the department director;

(17) Requires all title insurance agents to be licensed and specifies their responsibilities, obligations for licensure, and continuing education requirements;

(18) Allows the department director to inspect the records of title agencies, insurance agencies, and agents; and

(19) Requires titled insurers, agencies, or agents to disclose and provide required information on any affiliated businesses

involved in the transaction prior to commencing the transaction.