

2014 -- S 2816

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO INSURANCE - RHODE ISLAND TITLE INSURANCE ACT

Introduced By: Senators Cote, and Picard

Date Introduced: March 25, 2014

Referred To: Senate Judiciary

(Business Regulation)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-2.6-13 of the General Laws in Chapter 27-2.6 entitled "Rhode
2 Island Title Insurers Act" is hereby amended to read as follows:

3 **27-2.6-13. Duties of title insurers utilizing the services of title insurance agents. --** (a)
4 The title insurer shall not accept business from a title insurance agent unless there is in force a
5 written contract between the parties ~~which~~ that sets forth the responsibilities of each party and,
6 where both parties share responsibility for a particular function, specifies the division of
7 responsibilities.

8 (b) The title insurer shall, on at least a biennial basis, conduct an on-site review of the
9 underwriting, claims, and escrow practices of the agent ~~which~~ that shall include a review of the
10 agent's policy blank inventory and processing operations.

11 (1) If the title insurance producer is also an attorney, and asserts that any documents
12 requested in connection with the review provided in subsection (b) are prohibited from disclosure
13 by an ethical requirement, the producer shall identify in writing the particular document, the
14 applicable privilege, and provide a redacted copy to the title insurer.

15 (c) A domestic title insurer shall not appoint to its board of directors an officer, director,
16 employee, or controlling shareholder or any title insurance agent who wrote one percent (1%) or
17 more of the title insurer's direct premiums written during the previous calendar year as shown on
18 the tile insurer's most recent annual statement on file with the commissioner. This subsection
19 shall not apply to relationships governed by ~~section~~ §27-35-1 et seq.

1 (d) The title insurer shall maintain an inventory of all policy forms or policy numbers
2 allocated to each title insurance agent.

3 (e) The title insurer shall have on file proof that the title insurance agent is licensed by
4 this state.

5 (f) The title insurer shall establish the underwriting guidelines and, where applicable,
6 limitations on title claims settlement authority to be incorporated into contracts with its title
7 insurance agents.

8 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO INSURANCE - RHODE ISLAND TITLE INSURANCE ACT

1 This act would provide that a title producer who is also an attorney may identify and
2 redact any documents containing privileged materials that are requested by a title insurer in an
3 audit.

4 This act would take effect upon passage.

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