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DEPARTMENT OF INSURANCE



Pete Ricketts, Governor

COVER SHEET

CB-140
July 10, 2018

BULLETIN

SUBJECT: CLOSING PROTECTION LETTERS

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July 10, 2018
Bulletin CB-140

BULLETIN

SUBJECT: CLOSING PROTECTION LETTERS

The Department has received several inquiries from title insurers and title insurance agents regarding closing protection letters. It is recommended that copies be distributed to your accounting, marketing, underwriting, and research departments.

Pursuant to Neb. Rev. Stat. §§ 44-101.01, 44-1978 et seq., 44-1984, and 44-19,106 et seq., a title insurer is required to issue closing protection to an insured if the title insurer issues a commitment or title insurance policy. The closing protection may be issued as a letter, policy endorsement, or other similar form. The protection must indemnify the insured for the loss of settlement funds if the title insurer's title agent committed one of the following acts: theft of settlement funds and/or failure to comply with the written closing instructions by the insured when agreed to by the title insurance agent relating to the insurance coverage.

Rates and forms are required to be filed with the Property and Casualty Division of the Department. A title insurer is permitted to charge a fee for this coverage but that fee must be approved by the Department. The entire fee **must** be retained by the title insurer. No portion of the closing protection fee is permitted to be split with the title insurance agent. Splitting this fee is considered a violation of the Title Insurance Agent Act and may result in the Department filing an administrative action against the title insurer, the title insurance agent, or both.

It is the responsibility of the title insurer to notify their agents of the subject matter of this bulletin and ensure compliance therewith.

Dated this 10 day of July, 2018.

Bruce R. Ramge
Director