



Pete Ricketts, Governor

COVER SHEET

CB-140 (Amended)
September 16, 2019

BULLETIN

SUBJECT: CLOSING PROTECTION LETTERS

This guidance document is advisory in nature but is binding on an agency until amended by such agency. A guidance document does not include internal procedural documents that only affect the internal operations of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document.

Contents of CB-140 (Amended) follow on next page.



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The Department has amended Bulletin CB-140, issued on July 10, 2018, regarding closing protection letters. The purpose of the amendment is to incorporate the changes made to the Title Insurers Act in LB 221 passed during the 2019 legislative session. It is recommended that copies of this bulletin 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 or its title insurance agent engages in any escrow, settlement, or closing services related to the issuance of a title insurance commitment or 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.

Bruce R. Ramge
Director