

Title & Escrow Commission

NANCY FRANDBSEN, Chair

Utah Insurance Department

TODD E. KISER
Insurance Commissioner

September 16, 2019

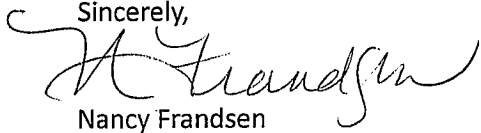
Chairman Anderegg & Chairman Roberts,

The Utah Title and Escrow Commission (UTEC) would like to thank the Administrative Rules Review Committee (ARRC) for the opportunity to discuss the title insurance industry and the implications of Senate Bill 121 (2019.) As requested by the Committee, the Title and Escrow Commission has engaged in the following review and research of statutes and rules regulating the methods of competition related to title insurance in Utah:

- On June 24, 2019, the Commission reviewed Rule 592-6 in preparation for meeting with the ARRC. After Commission discussion, and input from the insurance department and other concerned members of the public, the Commission voted 5-0 to recommend to the ARRC that no change be made to the current rule. (Exhibit A- Meeting Minutes from 6/24/19 meeting)
- On July 15, 2019, the Commission again reviewed Rule 592-6 following the testimony before the ARRC. After an extensive discussion where several ideas were considered, the ultimate feeling of the Commission was that the current rule was effective and provided proper protections for the consumer while allowing for fair market competition. (Exhibit B- Meeting Minutes from 7/15/19 meeting)
- On August 1-2, 2019 the Utah Land Title Association (ULTA) held its annual summer conference where the topic of Rule 592-6 was discussed. No conflicting recommendations were forwarded to the Commission from the ULTA Board.
- Finally, on August 12, 2019 the Commission again discussed Rule 592-6. The consensus of the Commission is that the current rule is effective and that changing the rule in response to SB 121 may be premature. The preference of the Commission is to observe the impact of SB 121 and adjust the rule at a later date, if necessary.
- Discussion in all meetings has included independent agents, underwriters, agency owners, agency employees, members of the public, and representatives from the insurance department.
- The Commission has observed that several states address marketing in a manner similar to Utah. For example, 16 of 44 States surveyed by the National Association of Insurance Commissioners (NAIC) regulate affiliated business arrangements. (Exhibit C- NAIC Title Insurance Task Force, 2019)
- Federally, title insurers and affiliated business arrangements are regulated by the Real Estate Settlement Procedures Act (RESPA) which provides further protections for consumers participating in real estate transactions.

Given the research, discussion, and prior precedent of title insurance marketing laws and rules, it is the recommendation of the Utah Title and Escrow Commission that no change be enacted to these rules at this time or in response to SB 121 (2019.) The Commission is confident that the regulations currently in place provide for fair competition and adequate consumer protection. Should problems or issues arise regarding these rules, the Commission is committed to working with the Utah Insurance Department to address perceived deficits within the rules. The Commission would like to again thank the ARRC for their interest in our industry and for the opportunity to review these standards.

Sincerely,

A handwritten signature in cursive script, appearing to read "Nancy Frandsen". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

Nancy Frandsen
Utah Title & Escrow Commission Chair