

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 92**

Introduced by Slama, 1.

Read first time January 06, 2023

Committee: Banking, Commerce and Insurance

- 1 A BILL FOR AN ACT relating to insurance; to amend section 44-1993,
- 2 Reissue Revised Statutes of Nebraska; to eliminate the requirement
- 3 that an annual review of a title insurance agent's practices by a
- 4 title insurer must be onsite; and to repeal the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 44-1993, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3 44-1993 (1) A title insurer shall not accept title insurance  
4 business from a title insurance agent unless there is in force a written  
5 contract between the parties which sets forth the responsibilities of  
6 each party and, when both parties share responsibility for a particular  
7 function, specifies the division of responsibilities.

8 (2) For each title insurance agent under contract with a title  
9 insurer, the title insurer shall have on file a statement of financial  
10 condition of each title insurance agent as of the end of the previous  
11 calendar year setting forth an income statement of title insurance  
12 business done during the preceding year and a balance sheet showing the  
13 condition of its affairs as of the prior December 31 certified by the  
14 title insurance agent as being a true and accurate representation of the  
15 title insurance agent's financial condition. Attorneys actively engaged  
16 in the practice of law, other than that related to title insurance  
17 business, are exempt from the requirements of this subsection.

18 (3) A title insurer shall, at least annually, conduct a ~~an~~-onsite  
19 review of the underwriting, claims, and escrow practices of the title  
20 insurance agent which shall include a review of the title insurance  
21 agent's title insurance policy form inventory and processing operations.  
22 If the title insurance agent does not maintain separate financial  
23 institution or trust accounts for each title insurer it represents, the  
24 title insurer shall verify that the funds held on its behalf are  
25 reasonably ascertainable from the books of account and records of the  
26 title insurance agent.

27 (4) Within thirty days after executing or terminating a contract  
28 with a title insurance agent, a title insurer shall provide written  
29 notification of the appointment or termination and the reason for  
30 termination to the director. Notices of appointment of a title insurance  
31 agent shall be made on a form prescribed or approved by the director.

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

4 (6) A title insurer shall have on file proof that each title  
5 insurance agent is licensed by this state.

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

9 (8)(a) A title insurer is liable for the defalcation, conversion, or  
10 misappropriation by a title insurance agent appointed by or under written  
11 contract with such title insurer of escrow, settlement, closing, or  
12 security deposit funds handled by such title insurance agent in  
13 contemplation of or in conjunction with the issuance of a title insurance  
14 commitment or title insurance policy by such title insurer. However, if  
15 no such title insurance commitment or title insurance policy was issued,  
16 each title insurer which appointed or maintained a written contract with  
17 such title insurance agent at the time of the discovery of the  
18 defalcation, conversion, or misappropriation shares in the liability for  
19 the defalcation, conversion, or misappropriation in the same proportion  
20 that the premium remitted to the title insurer by such title insurance  
21 agent during the twelve-month period immediately preceding the date of  
22 the discovery of the defalcation, conversion, or misappropriation bears  
23 to the total premium remitted to all title insurers by such title  
24 insurance agent during the twelve-month period immediately preceding the  
25 date of the discovery of the defalcation, conversion, or  
26 misappropriation.

27 (b) For purposes of this subsection, title insurance agent includes  
28 (i) a person with whom a title insurer maintains a title insurance agency  
29 agreement and (ii) an employer or employee of a title insurance agent or  
30 of a person with whom a title insurer maintains a title insurance agency  
31 agreement.

1           Sec. 2.   Original section 44-1993, Reissue Revised Statutes of  
2 Nebraska, is repealed.