

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

February 18, 1997 LB 53
LR 17

SENATOR CROSBY: LR 17 advances. Mr. Clerk, LB 53.

CLERK: LB 53 by Senator Landis. (Read title.) The bill was introduced on January 9 of this year. At that time, referred to the Banking Committee. Advanced to General File. There are committee amendments pending.

SENATOR CROSBY: Thank you. Senator Landis.

SENATOR LANDIS: Thank you, Madam President, members of the Legislature. This bill was brought to us by the director of the Department of Insurance who has served for the last two years on the National Association of Insurance Commissioners Title Insurers Model Act Drafting Panel, and he began in late 1995 with that working group, and these two acts are the work product of that NAIC committee. I will tell you that there are some areas of controversy in the bill. My hope is to move the bill today and yet to meet with those who are concerned about its terms, particularly lawyers who are concerned as to whether or not title agents are going to be authorized to do opinion searches and the like. We have no title insurance companies in this state. There are seven major title insurance companies around the country that writes about 90 percent of the business. It would be terrific to have a title company here, we don't, although there has been some interest. One of the things that we do is to pass the new model Title Insurers Act. This would be for a company who would organize in Nebraska to write title insurance. It would have minimum capital and surplus requirements. It would have net retained liability requirements. It would have an obligation for establishing and maintaining reserves. It would be under the control of the Department of Insurance for supervision or rehabilitation and liquidation should it fall into an insolvency. We would have rules for the distribution of dividends, and requirements for disclosure, and notice to a purchaser/mortgager. Some of these provisions exist in our existing code, but this is a rewriting of our invitation for title insurance companies to spring up in Nebraska. There are new provisions for maintaining escrow and security deposit accounts, prohibitions against rebates and fee splitting, and prohibition regarding favored title insurance agents. Premium rates are expected to be filed under this act, and there would have to be record retention and the supervision