



Department of Business Regulation
Insurance Division
1511 Pontiac Avenue, Building 69-2
Cranston, Rhode Island 02920

Insurance Bulletin Number 2024-4

Title Insurance Company Best Practices and Rate Filings

The Insurance Division (the “Division”) has been communicating with the title insurance companies licensed in Rhode Island over the past few years, and has determined that some guidance was necessary to assist insurers with compliance with [R.I. Gen. Laws Chapter 27-2.6 Rhode Island Title Insurers Act](#), Division regulations set forth in [Rhode Island Code of Regulations Title 230 Section 20](#) and the Rhode Island Supreme Court decision in [In re Paplauskas, et al.](#)

The Division identifies the following best practices:

- In order to ensure that they are paying commissions to licensed title insurance agents (also known as insurance producers) in compliance with [R.I. Gen. Laws § 27-2.4-15\(a\)](#), title insurance companies should review title insurance agent licenses quarterly, if not more frequently. Due to improvements in computer systems and electronic licensing records, this can be performed as frequently as daily with minimal human interaction.
- Title insurance companies should notify the department of any unlicensed title insurance agent concerns as soon as discovered.
- Title insurance companies are required to keep documentation of title insurance producer license reviews for the current year plus four (4) years as set forth in [230-RICR-20-60-4.4 and 230-RICR-20-60-4.7](#).
- Title insurance companies should be able to electronically track all title insurance contracts by title insurance agent and license number.
- Title insurance companies should draft internal guidelines to ensure the timely completion of their agent reviews per [R.I. Gen. Laws § 27-2.6-13\(b\)](#). These guidelines should specify a goal that on-site reviews be initiated such that agent reviews are completed no more than 730 days apart.

The Division also reviewed best practices of other states and is including updated disclosure and consent requirements for the sale of title insurance that were set forth by the Massachusetts Board of Bar Overseers (BBO) in a December 15, 2022 article

entitled [The Cost of Doing Business with Clients](#). BBO requirements set forth in the article are:

- Disclose to the buyer the cost of the title insurance policy;
- Advise clients of the desirability of seeking independent legal advice regarding the purchase of a title insurance policy;
- Clearly inform the client of the lawyer's role in the sale of the title insurance policy, which includes disclosure of the lawyer's share of the title policy commission; and
- Secure clients' written consent to the terms of the transaction.

The article continues with the Massachusetts Rules of Professional Conduct requiring the lawyer to give the client reasonable opportunity to seek the advice of independent counsel in the transaction, noting that the client needs advance notice to be able to make an informed decision about the purchase of title insurance. It is not sufficient to secure a client's written consent to the purchase of a title insurance policy for the first time at or shortly before the closing by presenting the client with a form to be signed along with the other purchase and mortgage documents.

In addition to providing best practices, the Division requires all insurers offering title insurance in Rhode Island to review their existing rates and submit a complete rate filing via the System for Electronic Rates & Forms Filings (SERFF) no later than 90 days from the date of this bulletin (August 30, 2024). This filing must contain all appropriate supporting documentation, including but not limited to claims and expense experience, profit provisions, return on equity, and expected future loss trends.

Questions about the best practices or the rate filing should be sent to the Division at DBR.Insurance@dbr.ri.gov for review and response.

Elizabeth Kelleher Dwyer
Superintendent of Insurance
April 26, 2024