



Greg Schwab

Bill Analysis
Legislative Service Commission

H.B. 214

123rd General Assembly
(As Introduced)

**Reps. Stapleton, Goodman, Callender, Terwilleger, Schuler, Winkler,
Jolivette, Coughlin, Ford, Krupinski, DePiero, Britton, D. Miller**

BILL SUMMARY

- Eliminates the prohibition against lending institutions and real estate companies acting as agents for a title insurance company.
- Permits, under certain circumstances, controlled business arrangements in the provision of title insurance business.

CONTENT AND OPERATION

Elimination of prohibition on certain parties acting as an agent for a title insurance company

(sec. 3953.21)

Current law prohibits a bank, trust company, bank and trust company, or other lending institution, mortgage service, brokerage, mortgage guaranty company, escrow company, real estate company or any subsidiaries thereof or any individuals so engaged, from acting as an agent for a title insurance company. The bill eliminates this statutory prohibition.

Controlled business arrangements may provide title insurance business under certain conditions

(sec. 3953.26)

Current prohibition on title insurance companies and agents providing consideration for title insurance business

Current law prohibits title insurance companies and title insurance agents from paying or giving, to an applicant for title insurance, or to any other party acting on behalf of the current or prospective owner, lessee, or mortgagee of real

property or any interest therein, directly or indirectly, any commission, portion of a fee or charge, or any other consideration, as an inducement for, or as compensation for, any title insurance business.

Limiting the prohibition on controlled business arrangements; definitions

The bill provides that the restriction on a title insurance company's or title insurance agent's payment of consideration for title insurance business is not to be construed as prohibiting all controlled business arrangements in the provision of title insurance business. The bill defines "controlled business" as any portion of a title insurance agent's business written in Ohio that was *referred* to it by a *producer* of title insurance business where that producer has a financial interest in the title insurance agent. A "referral" is defined as the directing or exercising of any power or influence over the direction of title insurance business, whether or not the consent or approval of any other person is sought or obtained with respect to the referral. A "producer" is defined as a person, including an employee or independent contractor affiliated with a producer, engaged in Ohio in the trade, business, occupation, or profession of buying or selling interests in real property, making loans secured by interests in real property, or acting as broker, agent, representative, or attorney of a person who buys or sells an interest in real property or who lends or borrows money with an interest in real property as security. A "person" is defined as a natural person, partnership, association, cooperative, corporation, trust, or other legal entity.

Conditions for controlled business arrangements in the provision of title insurance business

The bill provides that controlled business arrangements in the provision of title insurance business are permissible, if the following conditions are met:

(1) The title insurance agent or party making a referral constituting controlled business, at or prior to the time of the referral, discloses the arrangement and, in connection with the referral, provides the person being referred with a written estimate of the charge or range of charges likely to be assessed.

(2) The person being referred is not required to use a specified title insurance agent or insurer. The bill defines a "required use" as having the same meaning as in the federal Real Estate Settlement Procedures Act of 1974.

(3) The only thing of value that is received by the title insurance agent or party making the referral, other than payments otherwise permitted, is a return on an ownership interest. The bill defines a "return on an ownership interest" as

having the same meaning as in the federal Real Estate Settlement Procedures Act of 1974.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	03-02-99	p. 240

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