



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 833 (as enrolled)
Sponsor: Senator Michael J. Bouchard
Senate Committee: Financial Services
House Committee: Insurance

PUBLIC ACT 566 of 1996

Date Completed: 1-17-97

RATIONALE

At least since 1973, title insurers reportedly have been offering, free of charge, a property title information report on property whose titles they insure, when that property is offered for sale. These reports may disclose such things as the existence of outstanding tax liens and locations of easements. The legitimacy of this practice, however, was questioned by the Insurance Commissioner, who cited concerns that disclosing the information without compensation in the absence of specific statutory authority to do so could constitute an improper inducement for a real estate purchaser to do business with that particular title insurer. Some people believe that title insurers should have the authority to continue the practice of providing a property title information report in connection with the marketing of real estate, without charging for that service.

CONTENT

The bill amended the Insurance Code to specify that a title agency or insurer may provide a "property title information report". A property title information report must be provided without payment or consideration of any kind and without any promise to obtain from the title insurer a title insurance policy for the property for which the report was prepared. If a property title information report is provided under these provisions, the report must disclose that it was provided without payment or consideration of any kind and that it was provided without any promise to obtain a title insurance policy from the title insurer.

The bill defines "property title information report" as information regarding matters of public record affecting legal title to real property that is provided, upon request and on a form other than a commitment of title insurance, to a real property owner, a financial institution, a person with a

contractual interest in the real property, or to a person licensed under Article 25 of the Occupational Code (which deals with real estate brokers and salespersons), in connection with the marketing of real estate.

MCL 500.7301 & 500.7316

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bill simply allows title insurers to continue to engage in the practice of providing free information relating to the sale of property whose title they insure. The information revealed in property title information reports is not confidential and does not compromise the interest of any party to a real estate deal. The reports merely provide convenient access to public information.

Legislative Analyst: P. Affholter
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FISCAL IMPACT

The bill will have no fiscal impact on State or local government.

Fiscal Analyst: M. Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.