

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

CHAPTER 73
TITLE INSURERS

500.7300 Scope of chapter.

Sec. 7300. This chapter applies only to domestic, foreign and alien insurers transacting title insurance.

History: Add. 1966, Act 221, Imd. Eff. July 11, 1966.

Popular name: Act 218

500.7301 Definitions.

Sec. 7301. As used in this chapter:

(a) "Title insurance" means the insuring, guaranteeing, or indemnifying of designated owners of real estate or any interest in real estate against loss or damage that may result because the title is vested in a manner otherwise than as stated in the title insurance policy, because the title is unmarketable, or because the title is subject to liens, encumbrances, or other matters adversely affecting the rights of use, enjoyment, or disposition of the real estate, and not excepted in the policy, all in accordance with the terms of a title insurance policy approved as to substance and form, or doing anything equivalent in substance to any of the foregoing in a manner designed to evade the provisions of this chapter.

(b) "Title insurer" means any domestic, foreign, or alien insurer issuing title insurance, either directly or indirectly, other than reinsurance or coinsurance or both as referred to in section 7308, with respect to any real estate located in this state.

(c) "Title insurance policy" means any policy or contract insuring, guaranteeing, or indemnifying against loss or damage suffered by owners of real estate or by other persons interested in the real estate by reason of liens, encumbrances upon, defects in, or the unmarketability of the title to the real estate, or other matters affecting the title to real estate or the right to the use and enjoyment of the real estate, and insuring, guaranteeing, or indemnifying the condition of the title to real estate or the status of any lien on the real estate.

(d) "Title insurance commitment" means a document issued by a duly authorized title insurer offering to issue a title insurance policy upon performance of the conditions set forth in the document.

(e) "Property title information report" means information regarding matters of public record affecting legal title to real property that satisfies both of the following:

(i) Is provided upon request 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, Act No. 299 of the Public Acts of 1980, being sections 339.2501 to 339.2518 of the Michigan Compiled Laws, in connection with the marketing of real estate.

(ii) Is provided on a form other than a commitment of title insurance.

History: Add. 1966, Act 221, Imd. Eff. July 11, 1966;—Am. 1996, Act 566, Imd. Eff. Jan. 16, 1997.

Popular name: Act 218

500.7302 Corporations authorized to transact title insurance.

Sec. 7302. Only a domestic, foreign or alien corporation organized on the stock plan and authorized by the commissioner pursuant to section 7303 shall transact or attempt to transact a title insurance business in this state or issue title insurance with respect to real estate located in this state.

History: Add. 1966, Act 221, Imd. Eff. July 11, 1966.

Popular name: Act 218

500.7303 Prerequisites to issuance of certificate of authority.

Sec. 7303. No corporation shall issue title insurance policies, contracts or commitments with respect to real estate located in this state or otherwise transact any business of title insurance in this state unless it holds a certificate of authority from the commissioner, pursuant to section 402, authorizing the transaction of the business, which certificate shall not be issued until the title insurer has complied with the following conditions:

(a) The insurer shall comply with the deposit requirements of section 411.

(b) A domestic, foreign or alien title insurer shall have completed its rate filing pursuant to section 7312.

(c) A domestic, foreign or alien title insurer shall have filed its forms of policies pursuant to section 7313.

History: Add. 1966, Act 221, Imd. Eff. July 11, 1966;—Am. 1972, Act 360, Imd. Eff. Jan. 9, 1973.

Popular name: Act 218

500.7304 Title insurers; powers.

Sec. 7304. Every title insurer authorized to do business pursuant to this code may issue title insurance; make, execute and perfect such contracts, agreements, policies and other instruments as may be required therefor; examine titles to real estate in connection with any transaction in which a policy of title insurance or commitment therefor is being issued and report thereon; issue commitments for title insurance policies specifying the requirements for the issuance of such policies; act as escrow agent in any transaction involving the issuance of a title insurance policy. Nothing contained in this chapter shall be construed to authorize any title insurer, or any officer, director, employee, trustee, agent or solicitor thereof, to engage in any act or practice prohibited by Act No. 354 of the Public Acts of 1917, being section 450.681 of the Compiled Laws of 1948, under a claim that the act or practice is incidental to the conduct of a business authorized by this chapter, whether or not a separate charge is made therefor. It shall be unlawful for any title insurer, or any such person, to suggest to any party to a transaction involving the examination, insuring and conveyancing of titles to real estate that the party does not need to retain for the transaction the professional services of an independent attorney duly licensed to practice law in this state.

History: Add. 1966, Act 221, Imd. Eff. July 11, 1966.

Popular name: Act 218

500.7305 Unearned premium reserves.

Sec. 7305. (1) Every title insurer authorized to transact title insurance in this state shall establish and maintain, except as provided in subsection (4), an unearned premium reserve on business done in this state which at all times and for all purposes shall be deemed and constitute unearned portions of the risk premiums and shall be charged as a reserve liability for the title insurer in determining its financial condition.

(2) The unearned premium reserve shall be cumulative and shall consist of the following:

(a) The unearned premium reserve established by each title insurer pursuant to section 817, in respect to gross premiums received prior to January 1, 1967.

(b) Five percent of the gross premiums received by it in each month commencing with January 1, 1967, for all policies of title insurance and reinsurance and coinsurance agreements.

(3) Commencing January 1, 1969, and on January 1 of each year thereafter, there shall be released from the unearned premium reserve an amount equal to 1/10 of that portion thereof originally placed therein in respect to each year more than 10 in the past. The amounts so released from the unearned premium reserve shall no longer constitute a part thereof and may be used for any lawful purposes.

(4) A foreign title insurer authorized to transact title insurance in this state may establish an unearned premium reserve on its title insurance done in this state in accordance with the laws of the state under which the insurer is organized, if the reserves are mandatory under such laws and are substantially equivalent to the requirements of this section.

History: Add. 1966, Act 221, Imd. Eff. July 11, 1966.

Popular name: Act 218

500.7306 Claim reserves; requirements.

Sec. 7306. (1) Every title insurer shall establish and maintain, in addition to other reserves, a reserve against unpaid claims and claim expense, herein known as the claim reserve. The reserve shall be in an amount estimated in the aggregate as being sufficient to provide for payment of all claim and claim expense likely to be incurred by reason of every claim presented pursuant to written notice from or on behalf of an insured of a title defect in or lien on or adverse claim against the title insured, that may result in a claim being paid or cause expense to be incurred for the proper disposition of the claim.

(2) The amounts so estimated shall be revised from time to time as circumstances require, but shall be redetermined at least once each year.

History: Add. 1966, Act 221, Imd. Eff. July 11, 1966.

Popular name: Act 218

500.7308 Reinsurance; authorization.

Sec. 7308. (1) Any title insurer may reinsure a part of its liability under 1 or more of its title insurance policies, reinsurance or coinsurance agreements by ceding a part of the liability to any company authorized to engage in the title insurance business in this state or in any other of the states of the United States. No title insurer shall effect reinsurance with an insurer not authorized to do business in this state unless the assuming insurer has been approved by the commissioner.

(2) Any title insurer may reinsure title insurance policies, reinsurance or coinsurance agreements issued or

entered into by any other company authorized to engage in the business of title insurance in this state or any other state of the United States regardless of the location of the land, an interest in which is being insured.

(3) The ceding of reinsurance to other companies and the reinsurance of other companies authorized by this section may be effected by facultative treaty or contract or, subject to the approval of the commissioner, pursuant to an automatic reinsurance treaty or contract.

(4) No title insurer shall directly or indirectly contract for or effect reinsurance of any risk in this state except with an insurer authorized by the commissioner to transact business in this state or in an insurer authorized to transact business in any other state or the District of Columbia, who meets the same standard of solvency as is required by the laws of this state for insurers of the same class transacting business in this state. No title insurer shall directly or indirectly contract for or effect reinsurance with an insurer not authorized to transact insurance in this state without approval of the commissioner.

History: Add. 1966, Act 221, Imd. Eff. July 11, 1966.

Popular name: Act 218

500.7310 Rating organizations; formation; operation.

Sec. 7310. Rating organizations for title insurance may be formed and may operate pursuant to the applicable provisions of chapter 24.

History: Add. 1966, Act 221, Imd. Eff. July 11, 1966.

Popular name: Act 218

500.7312 Rates; filing.

Sec. 7312. The rates of every title insurer shall be filed pursuant to the applicable provisions of chapter 24.

History: Add. 1966, Act 221, Imd. Eff. July 11, 1966.

Popular name: Act 218

500.7313 Filing of basic forms of policies; policy commitments and other contracts or agreements.

Sec. 7313. The basic form of title policies, title policy commitments and other contracts or agreements of title insurance shall be subject to the filing and other provisions of section 2236.

History: Add. 1966, Act 221, Imd. Eff. July 11, 1966.

Popular name: Act 218

500.7315 Investments; interests in realty.

Sec. 7315. In addition to the classes of investments authorized by chapter 9, any title insurer may invest in and hold interests in real estate acquired in the process of settling claims asserted under its title policies subject to the provisions of subsection (4) of section 948.

History: Add. 1966, Act 221, Imd. Eff. July 11, 1966.

Popular name: Act 218

500.7316 Property title information report.

Sec. 7316. A title agency or insurer may provide a property title information report. A property title information report shall 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 title insurance report was prepared. If a property title information report is provided under this section, the property title information report shall disclose that it was provided without payment or consideration of any kind and that it was provided without any promise to obtain from the title insurer a title insurance policy.

History: Add. 1996, Act 566, Imd. Eff. Jan. 16, 1997.

Popular name: Act 218

500.7317 Licensing of agents or solicitors.

Sec. 7317. Persons acting as agents or solicitors for a title insurer shall be licensed in such capacities and subject to the applicable provisions of chapter 12.

History: Add. 1966, Act 221, Imd. Eff. July 11, 1966;—Am. 1972, Act 133, Eff. Mar. 30, 1973.

Popular name: Act 218

500.7318 Effect of act on prior act; liabilities; penalties.

Sec. 7318. (1) This chapter shall not impair or affect any act done, offense committed or right accruing, accrued or acquired or liability, penalty, forfeiture or punishment incurred prior to the time it takes effect, but

the same may be enjoyed, asserted, enforced, prosecuted or inflicted, as fully and to the same extent as if this chapter had not been passed.

History: Add. 1966, Act 221, Imd. Eff. July 11, 1966.

Popular name: Act 218