

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION

CHAPTER 625
HOUSE BILL 271

AN ACT TO PERMIT TITLE INSURANCE COMPANIES TO INSURE THE
PROPER PERFORMANCE OF REAL ESTATE CLOSING SERVICES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-132(a) is rewritten to read:

"(a) Companies may be formed in the manner provided in this Article for the purpose of furnishing information in relation to titles to real estate and of insuring owners and others interested therein against loss by reason of encumbrances and defective title; provided, however, that no such information shall be so furnished nor shall such insurance be so issued as to North Carolina real property unless and until the title insurance company has obtained the opinion of an attorney, licensed to practice law in North Carolina and not an employee or agent of the company, who has conducted or caused to be conducted under the attorney's direct supervision a reasonable examination of the title. The company shall cause to be made a determination of insurability of title in accordance with sound underwriting practices for title insurance companies. A company may also insure the proper performance of services necessary to conduct a real estate closing performed by an approved attorney licensed to practice in North Carolina. Provided, however, nothing in this section shall be construed to prohibit or preclude a title insurance company from insuring proper performance by its issuing agents."

Sec. 2. G.S. 58-132 is amended by adding a new subsection to read:

"(d) The premium rates charged for insuring against loss by reason of encumbrances and defective title and for insuring real estate closing services shall be based on the purchase price of the real estate being conveyed or the loan amount and shall not be established as flat fees. If a title insurer has also issued title insurance protecting a lender or owner against loss by reason of encumbrances and defective title, the insurer shall charge one undivided premium for the combination of the title insurance and the closing services insurance."

Sec. 3. G.S. 58-132 is amended in the catch line by inserting the following immediately after "formation": "insuring closing services; premium rates; combined premiums for lenders' coverages".

Sec. 4. G.S. 58-134 is amended by rewriting the first two sentences to read:

"Title insurance companies are subject to G.S. 58-21 and 58-22. The Commissioner may require title insurance companies to separately report their experience in insuring titles and in insuring closing services."

Sec. 5. G.S. 58-134 is amended by rewriting the catch line to read:
"Financial statements and licenses required."

Sec. 6. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 16th day of July, 1987.