

Title 20-DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS  
AND PROFESSIONAL REGISTRATION  
Division 500-Property and Casualty  
Chapter 7—Title

EMERGENCY RULE

20 CSR 500-7.060 Disclosure of Coverage Limitation.

*PURPOSE: This regulation prescribes requirements for customer disclosure for limitations of coverage in some circumstances.*

*EMERGENCY STATEMENT: This emergency rule outlines the disclosure requirements for limitations of some insurance coverage. This emergency rule is necessary to preserve the public welfare of Missouri citizens by ensuring that the public, title insurers, title agencies and title agencies understand the disclosure requirements outlined in Senate Bill 66, Laws 2007. Between July 2007 and the present, the department has met with title agents, most of whom represented small businesses, to discuss how to best implement the new disclosure requirements in Senate Bill 66, Laws 2007. The relevant portions of Senate Bill 66 take effect on January 1, 2008, and the industry has expressed to the department that it requires further guidance on how it is expected to comply. As a result, the Missouri Department of Insurance, Financial Institutions and Professional Registration finds an immediate danger to the public welfare and a compelling governmental interest, which requires emergency action. The scope of this emergency rule is limited to the conditions creating the emergency and complies with the protections extended in the Missouri and United States Constitutions. In developing this emergency rule, representatives of the insurance industry were consulted. The department believes this emergency rule is fair to all interested persons and parties under the circumstances. This emergency rule was filed on January 16, effective January 28, 2008, and expires July 14, 2008.*

(1) Lender's Title Insurance Limitation. Pursuant to section 381.015.2, RSMo, in those purchase transactions where a lender's title insurance policy is to be issued simultaneously with the purchase of all or part of the real estate securing the loan and where no owner's title insurance policy has been requested, a title insurer, title agency, or title agent shall give written notice that the lender's title insurance policy does not provide title insurance protection to the purchaser-mortgagor, and that the purchaser-mortgagor may obtain an owner's title insurance policy within 60 days of closing at a specified or approximate cost. The disclosure shall be made using a Notice of Availability of Owner's Title Insurance form (Form T-2), or any form that substantially comports with the specified form.

(2) Closing and Settlement Risk.

(A) Title insurers, agencies and agents making disclosure under subsections 5 and 6 of section 381.022, RSMo, may make this disclosure to the unprotected person with a Notice of Closing or Settlement Risk form (T-3), or any form that substantially comports with the specified form.

(B) The authority of a title insurer under section 381.058.3, RSMo, to issue a closing protection letter extends only to transactions in which it is issuing a title insurance policy and its issuing agent or agency is performing closing or settlement services.

*AUTHORITY: Sections 374.045, 381.042, 381.118, RSMo (Supp. 2007). Emergency Rule Filed January 16, 2008, effective January 28, 2008 and expires July 14, 2008. A proposed rule covering this same material is published in this issue of the **Missouri Register**.*