

Prohibition of Unlawful Title Rebate Activities

This bulletin serves as a reminder to all title insurers and underwritten title companies (collectively "title company" or "title companies") of the Nevada Insurance Code's prohibition of unlawful title rebate activities set forth in NRS 686A.130:

686A.130 Property, casualty, surety and title insurance: Unfair discrimination and rebates prohibited.

1. No property, casualty, surety or title insurer or underwritten title company or any employee or representative, thereof, and no broker, agent or solicitor may pay, allow or give, or offer to pay, allow or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit or reduction or the premium named in the policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified or provided for in the policy, except to the extent provided for in an applicable filing with the commissioner.

2. No title insurer or underwritten title company may:

(a) Pay, directly or indirectly, to the insured or any person acting as agent, representative, attorney or employee of the owner, lessee, mortgagee, existing or prospective, of the real property or interest therein which is the subject matter of title insurance or as to which a service is to be performed, any commission or part of its fee or charges or other consideration as inducement or compensation for the placing of any order for a title insurance policy or for performance of any escrow or other service by the insurer or underwritten title company with respect thereto; or

(b) Issue any policy or perform any service in connection with which it or any agent or other person has paid or contemplates paying any commission, rebate or inducement in violation of this section.

3. No insured named in a policy or any employee of such insured may knowingly receive or accept, directly or indirectly, any such rebate, discount, abatement, credit or reduction of premium, or any such special favor or advantage or valuable consideration or inducement. (Emphasis added.)

This bulletin also gives notice of the intention by the Division of Insurance to fully enforce the unlawful title rebate sections of the Insurance Code. The consequences of a coincidental violation include, but are not limited to, being charged with a misdemeanor and a monetary fine of five times the amount of any unlawful rebate pursuant to NRS 686A.140. Any continuing violation of the unlawful title rebate sections of the Insurance Code by any title company, whether through such title company's officers, non-officer employees or agents, will be deemed by the Division to have been done with full knowledge of the resulting consequences thereof. Violations occurring after receipt of this Bulletin will be considered as a basis for license suspension.

This bulletin will not attempt to discuss all possible unlawful title rebate activities, since it would be impossible to identify all possible variations of such activities. Rather, this bulletin identifies some of the more prevalent unlawful title rebate activities and activities which could lead to unlawful title rebate violations. The Insurance Code Sections referenced herein should not be construed to be exhaustive of all of the applicable sections of the Insurance Code.

The general standard is that all gifts, rewards or payments (including meals and beverages) which are given to real estate agents, brokers, and others who may be in a position to influence selection of a title insurer, as inducements or rewards for placing or causing title insurance or escrow business to be given to the title company, are prohibited. Title companies may not provide to real estate agents, brokers and others who may be in a position to influence the selection of a title company, inducements including, but not limited to, the following:

1. Advertising including flyers, TV advertising, radio advertising, newspaper advertising and telephone book advertising;
2. Computer software and office equipment;
3. Food, beverages, door prizes or transportation for open houses, picnics, company meetings, grand openings of offices, classes;
4. Sponsorship of events such as ski trips, shopping trips and golfing trips;
5. Postage;
6. Holiday gifts;
7. Breakfast/Lunches/Dinners;
8. Gratuitous seminars, conventions and training classes or payment of fees therefor;
9. Reduction in title fees when property does not qualify for a discount, and reduction or waiver of other fees relating to title, escrow or closing services;
10. Sponsorship of a real estate office;
11. Cash payments;
12. Signs to advertise unimproved real property; and
13. Tickets to concerts, theater, shows and sporting events.

Questions regarding this bulletin may be addressed to:

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