

RICHARD H. BRYAN
Governor

STATE OF NEVADA

DAVID A. GATES
Commissioner of Insurance

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DEPARTMENT OF COMMERCE

INSURANCE DIVISION
201 South Fall Street
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BULLETIN 85-1

January 22, 1985

Acceptance of Insurance Binders by Title Insurance Companies or Agents

The Division of Insurance has recently learned that certain title insurance agents, who are involved in escrow transactions are refusing to accept "insurance binders." Presumably, this is the result of instructions from their principals. The Division believes that this instruction violates portions of Title 57 of the Nevada Revised Statutes, and as a result, may subject the title agent to the loss of its ability to conduct escrow transactions, in addition to the penalties which may be imposed pursuant to NRS 683A.450(1)(g).

NRS 692A.100(3) provides that title agents may engage in escrow transactions so long as they meet certain preconditions including that "the agent complies with standards of ... conduct which the commissioner requires." One of the standards of conduct required of all licensees is that they follow all other applicable statutes in Title 57, the Insurance Code.

NRS 687B.182 to 687B.187, inclusive, contain the provisions under which insurance binders may be issued. NRS 687B.186 provides that appropriately issued binders are "deemed a policy for the purpose of proving that a person has insurance coverage." Therefore, if a financial institution requires the existence of an insurance policy, for the protection of the collateral, then by statute, a binder is the equivalent of a policy. Any person refusing to accept a binder in this situation violates NRS 687B.186.

Title insurers, who maintain title agent operations should also be concerned about this matter. In instances where their agents refuse to accept binders, the insurer will also be subject to the penalties identified in NRS 680A.200.



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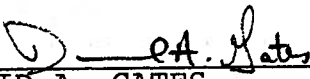
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cc: Larry Struve, Director, Dept. of Commerce
Scott Walshaw, Administrator, Financial Institutions
Opinion File