

## STATE OF MAINE

—  
IN THE YEAR OF OUR LORD  
TWO THOUSAND AND THIRTEEN

—  
H.P. 1038 - L.D. 1444

**An Act Relating to Title Insurers Issuing Closing or Settlement Protection**

Be it enacted by the People of the State of Maine as follows:

**Sec. 1.** 24-A MRSA §3202 is enacted to read:

**§3202. Closing protection letters**

**1. Title insurer may issue closing or settlement protection.** A title insurer may issue closing or settlement protection on a form of closing protection letter approved by the superintendent pursuant to section 2412. Only a buyer, borrower or lender that is a party to a transaction in which a title insurance policy will be issued by or on behalf of the title insurer issuing the closing or settlement protection is eligible to receive the benefit of closing or settlement protection. Closing or settlement protection issued pursuant to this subsection must benefit each buyer, borrower and lender that is a party to the transaction for which that closing or settlement protection is issued.

**2. Indemnity.** The closing or settlement protection issued pursuant to subsection 1 may indemnify a buyer, borrower or lender against loss because of one of the following acts of a policy-issuing title insurance agent or other settlement service provider under the terms and conditions of the closing protection letter as issued by the title insurer:

**A.** Theft or misappropriation of settlement funds in connection with a transaction, but only to the extent that the theft relates to the status of the title to an insured interest in land or to the validity, enforceability and priority of the lien of the mortgage on an insured interest in land; and

**B.** Failure to comply with the written closing instructions when agreed to by the settlement agent or title agent, but only to the extent that the failure to comply with the instructions relates to the status of the title to an insured interest in land or the validity, enforceability and priority of the lien of the mortgage on an insured interest in land.

**3. Fee.** The fee charged by a title insurer for closing or settlement protection coverage must be filed with the superintendent pursuant to section 2304-A. The fee may

not be subject to any agreement requiring a division of fees or premiums collected on behalf of the title insurer. A title insurer may charge only one fee for a closing or settlement protection letter for the protection of all parties receiving the benefit of closing or settlement protection in connection with the real property transaction giving rise to the issuance of the closing or settlement protection letter.

**4. Provision of other protection prohibited.** Except as provided in this section, a title insurer may not provide any protection that purports to indemnify against improper acts or omissions of a person with regard to settlement or closing services.