

February 27, 1991 LB 204, 235

SPEAKER BAACK: You've heard the motion to advance LB 204. All those in favor say aye. Opposed no. It is advanced. LB 235, Mr. Clerk.

CLERK: LB 235, Senator, I have E & R first of all.

SPEAKER BAACK: Senator Will.

SENATOR WILL: Mr. Speaker, I move the adoption of the E & R amendments to LB 235.

SPEAKER BAACK: You've heard the motion to adopt the E & R amendments to LB 235. All those in favor say aye. Opposed no. They are adopted.

CLERK: Mr. President, Senators Landis and Beutler would move to amend the bill. (Landis-Beutler amendment appears on page 793 of the Legislative Journal.)

SPEAKER BAACK: Senator Landis.

SENATOR LANDIS: Mr. Speaker, members of the Legislature, I offer an amendment drafted by Senator Beutler and reviewed by the Insurance Department, and accepted with respect to LB 235. It refers to allowing the use of an insured closing letter at the time that one is doing a real estate closing and one is using title insurance. What happens is that you can get not only the title insurance policy, but a second kind of guarantee, if you will, for the person whose making the transaction, and that's a closing letter. A closing letter is by an insurer, the company, and it says, at the time of closing, look, if there's been fraud or dishonesty by our agent, the person whose dealing with you directly, if that person is fraudulent or dishonest, the company promises to stand by the transaction, we will insure you, if you will, and you may treat this as our promise to honor our obligations for title insurance. That was a common practice in the title insurance area. The Insurance Department ruled that that closing letter was not authorized under our insurance code for title insurance, and that this would permit a second kind of consumer guarantee to be given by the insurer to defend against any forms of fraud, dishonesty, or misappropriation by the agent at the time of closing. And I would urge for the adoption of this amendment. You'll find it on Journal page 793, not 7,933, but 793, and it basically, simply authorizes the use of the closing letter mechanism for title insurance guaranteed