

HOUSE BILL NO. 424

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE JUDICIARY COMMITTEE

Introduced: 2/13/02

Referred: Labor and Commerce

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to title insurance; and providing for an effective date."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 * **Section 1.** AS 21.66.200 is amended to read:

4 **Sec. 21.66.200. Title plant requirements.** A title insurance company or title
5 insurance limited producer shall own and maintain in the recording district in which
6 its principal office in the state is located a title plant consisting of adequate maps and
7 fully indexed records showing all instruments of record affecting all land within the
8 recording district for a period of at least **40** [25] years immediately before the date a
9 policy of title insurance is issued by the title insurance company. It shall also directly
10 [OR THROUGH ITS AGENT] own and maintain a comparable title plant for each
11 additional recording district in which it [OR ITS AGENT] maintains an office to
12 transact a title insurance business.

13 * **Sec. 2.** AS 21.66.210(a) is amended to read:

14 (a) Two or more title insurance companies or two or more title insurance
15 limited producers, or a combination of title insurance companies and title insurance

1 limited producers, may apply to the director of insurance to form an association,
 2 corporation, or other legal entity, for the purpose of engaging in the business of
 3 preparing abstracts of title searches [FROM PUBLIC RECORDS OR] from records to
 4 be owned by the entity **as required by the title plant provisions of AS 21.66.200,**
 5 upon the basis of which a title insurance limited producer or a title insurance company
 6 will issue title policies. The owners or participants are considered to be in compliance
 7 with the provisions of this section if the title plant of the association, corporation, or
 8 other legal entity complies with the provisions of this section. The application must
 9 contain

10 (1) a copy of the proposed articles of incorporation or association and
 11 the bylaws or agreement governing the operation of the entity;

12 (2) a list of the owners or participants;

13 (3) the names and addresses of the persons who will operate the entity,
 14 with a description of their experience and qualifications;

15 (4) the conditions under which ownership or participation in the entity
 16 may be sold or acquired;

17 (5) a statement of whether or not title information will be compiled and
 18 sold to persons other than owners of or participants in the entity;

19 (6) a pro forma balance sheet and other financial information to
 20 indicate the sufficiency of financing the entity.

21 * **Sec. 3.** AS 21.66.240 is amended to read:

22 **Sec. 21.66.240. Title plants.** A title insurance company **or title insurance**
 23 **limited producer** may invest in title plants if it complies at all times with the
 24 minimum capital investment requirements under this chapter. A title plant shall be
 25 considered an asset at its fair value. In determining the fair value of a title plant, no
 26 value may be attributed to furniture and fixtures, and the real estate in which the title
 27 plant is housed shall be carried as real estate. The value of title abstracts, title briefs,
 28 copies of conveyances or other documents, indices, and other records comprising the
 29 title plant shall be determined by considering the expenses incurred in obtaining them,
 30 the age of them, the cost of replacements less depreciation, and all other relevant
 31 factors. Once the value of a title plant is determined under this section, the value may

1 be increased only by the acquisition of another title plant by purchase, consolidation,
2 or merger; however, in no event may the value of the title plant be increased by
3 additions made to it as part of the normal course of abstracting and insuring titles to
4 real estate. Subject to the limitations in this section and with the approval of the
5 director as provided by AS 21.66.210, a title insurance company **or title insurance**
6 **limited producer** may enter into agreements with other title insurance companies to
7 participate in the use, ownership, management, and control of a title plant in order to
8 service the needs of all the title insurance companies, or the title insurance companies
9 may hold stock of a corporation owning and operating a title plant for this purpose.

10 * **Sec. 4.** This Act takes effect July 1, 2002.