



CLOSING PROTECTION COVERAGE GUIDELINES

FOR THE STATE OF

OHIO

EFFECTIVE JULY 1, 2013

On January 1, 2007, Senate Bill 185 became law in the State of Ohio. SB 185 enacted O.R.C. Section 3953.32. O.R.C. Section 3953.32 (A) provides:

“At the time an order is placed with a title insurance company for issuance of a title insurance policy, the title insurance company or the title insurance agent shall offer closing or settlement protection to the lender, borrower, and seller of the property, and to any applicant for title insurance.”

Consequently, whenever you receive an order for title insurance for Ohio real estate, you must immediately contact the lender, borrower, seller and buyer, if any, to offer Closing Protection Coverage.

The Ohio Department of Insurance requires documentation that this offer and either its acceptance or refusal is documented. ODI has promulgated a form for this offer/acceptance which is attached as “Form OH-24.1”. For a lender, a request for Closing Protection Coverage in the Lender’s written Closing Instructions is sufficient to indicate acceptance.

The Company will only issue Closing Protection Coverage when you or another agent of the Company are performing settlement services (handling funds and/or documents) and a policy of title insurance issued by the Company will be purchased by a party to the transaction. If you are not issuing a title insurance policy as part of the transaction, Closing Protection Coverage cannot be issued, and you are not required to offer it to any party.

If no title insurance policy will be purchased, a title insurance agent may serve as the settlement agent, but the title insurance agent must have a surety bond in the amount of \$150,000, per O.A.C. Section 3901-7-02.

You may receive a request to alter the terms and conditions of the standard Closing Protection Coverage. The terms of the Closing Protection Coverage may not be altered other than the liability limit of \$2,000,000 may be increased with the approval of Underwriting when requested by the party to whom the Coverage is addressed.

If you receive a request that a warehouse lender be added to Closing Protection Coverage addressed to the lender, you may issue a separate Closing Protection Coverage to the warehouse lender; however, you must charge the warehouse lender an additional premium as an “additional applicant for insurance” under OTIRB Rate Rule CP-1.

The Ohio CPC may only be issued when the property being insured is located in Ohio. If you are an Ohio agent handling funds and/or documents for a transaction involving non-Ohio real estate, an Ohio Closing Protection Coverage will not be issued. However, a Closing Protection Letter in the form used in that state may be issued so long as an agent will be issuing a title insurance policy underwritten by the Company.

Form CP-24.1

**NOTICE OF AVAILABILITY AND OFFER
OF CLOSING PROTECTION COVERAGE**

Seller:

Buyer:

Borrower:

Lender:

Re: Licensed Agent:
Premises:
Commitment File No.:

Notice of Availability of Closing Protection Coverage

Pursuant to Ohio Revised Code Section 3953.32, you are hereby notified of the availability of Closing Protection Coverage in connection with the above-referenced transaction for the premium stated in the Offer of Closing Protection Coverage outlined below.

Closing or settlement of a real estate and/or mortgage loan transaction can be characterized as having two components. One component pertains to the title to the Premises and the title insurance policy therefor. The other component pertains to the handling of funds and documents by the Licensed Agent. A title insurance policy **does not** cover losses due to the mishandling of funds or documents by the Licensed Agent. However, Closing Protection Coverage, as outlined below, **does** provide such protection.

Description of Coverage: The Closing Projection Coverage indemnifies you against the loss of settlement funds resulting from any of the following acts of the Licensed Agent or anyone acting on behalf of the Licensed Agent, subject to certain conditions and exclusions specified in the Closing Protection Coverage Form:

- (1) Theft, misappropriation, fraud, or any other failure to properly disburse settlement, closing or escrow funds; and
- (2) Failure to comply with any applicable written closing instructions, when agreed to by the Licensed Agent.

You are covered by a Closing Protection Coverage Form only if it is specifically addressed to you. A copy of the Closing Protection Coverage Form is available upon request.

I (We), the undersigned, hereby acknowledge receipt of this Notice of Availability of Closing Protection Coverage.

Signed: _____

Signed: _____

Printed Name: _____

Printed Name: _____

Offer of Closing Protection Coverage

Pursuant to Ohio Revised Code Section 3953.32, you are hereby offered Closing Protection Coverage in connection with the above-referenced transaction.

Premium Cost: The premium cost for the Closing Protection Coverage is \$35.00 for Lender, \$50.00 for Seller; \$15.00 for Buyer/Borrower; and \$15.00 for any other applicant for title insurance, and in no case shall the premium cost be less than \$35.00 for this coverage in any transaction.

Acceptance of Offer/Declination of Offer

I (We), the undersigned, acknowledge receipt of this Offer of Closing Protection Coverage and **do** _____/**do not** _____ accept the said Offer. If this Offer is accepted, the undersigned hereby agrees to pay the applicable premium.

Signed: _____

Signed: _____

Printed Name: _____

Printed Name: _____