

Sponsor Statement for HB 424

Title Insurance Plants

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

Released: February 19, 2002
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HB 424 has been introduced by the House Judiciary Committee to clarify several issues in the title insurance industry.

Currently, a title insurance company is required to own and maintain a "title plant." A title plant consist of adequate maps and fully indexed records showing all instruments of record affecting all land within a recording district for a period of at least 25 years. AS 21.66.200 sets out the requirements for a title plant.

In order to be efficient and cost effective, several title companies may work together and create one title plant where each title company can access the records to research the title for a piece of property. This is called a "joint title plant." At present, the requirements for a joint title plant are not as clearly set out in statute as they could be.

HB 424 sets out three changes to the title plant provisions:

1. Increases the period of years for the retention of title plant records from 25 years to 40 years.

Now that the state has gotten older, it makes sense to better protect the public from older interests in real estate that might otherwise not be found in the shorter 25-year search formerly required. It also brings Alaska more in line with other states' title plant laws.

2. Allows title insurance agents (limited producers) or the underwriter (title insurer) to own the title plant.

At this point, no title insurer (underwriter) owns 100% of a direct operation here in Alaska. Thus we will not require a title insurer to own a title plant here, as long as their agents do.

3. Requires joint title plants to meet the requirements for title plants set out in AS 21.66.200.

This will clear up any confusion on the issue of whether a title company is required to own a title plant. Whether a title company chooses to operate with a joint title plant, or their own title plant, that title plant must meet the requirements of AS 21.66.200. This also brings Alaska into conformity with the rest of the states with title plant laws.

The committee urges your support of this bill.