



INSURANCE DIVISION BULLETIN INS 70-4

(Ed. The Insurance Division is changing the numbering system for Division Bulletins. In the future, bulletins will be identified by the last two digits of the year (e.g. 70) followed by a hyphen and the number of the bulletin within that year. Each January, commencing in 1971, an index of the preceding year's bulletins will be prepared. Bulletin 70-1 is the first bulletin issued after Division Bulletin 64.)

TO: All title insurers

Subject: Reinsurance

Reinsurance of title insurance on Oregon real property is subject to the following statutes and interpretations:

REINSURANCE IN AN ADMITTED INSURER:

ORS 731.508 (2) permits reinsurance of title insurance in any insurer authorized to transact title insurance in Oregon.

It should be noted, however, that since a rate has been filed and approved for title reinsurance, such reinsurance must be effected at the approved rate, which is presently set forth at Section IX 9.1 of the Title Insurance Rating Schedule.

Insurers should be aware that ORS 746.055, which prohibits commissions, rebates or discounts to certain persons on title insurance, applies to reinsurance of title insurance as well as direct title insurance.

REINSURANCE IN A NON-ADMITTED INSURER:

ORS 731.508 (2) prohibits any reinsurance contract with a non-admitted insurer unless such reinsurer is a solvent insurer approved or accepted by the commissioner for the purpose of such reinsurance.

Each such proposed reinsurance contract, therefore, will require the specific approval of the commissioner. Such contracts will not be approved in the absence of an affirmative showing that

the interests of the policyholders and/or stockholders require that such reinsurance be placed in an unauthorized insurer rather than an authorized insurer.

Such reinsurance contracts will not be approved in any non-admitted reinsurer which has an interest or lien upon the real property which is the subject of the title insurance involved or is acting for or on the behalf of a person with such an interest or lien, unless the premium to be paid for such reinsurance is reasonably related to the expected risk of loss.

If the reinsurer is the subsidiary, parent or affiliate of a person who a) has an interest in or lien upon real property which is the subject of title insurance involved or b) is acting for or on the behalf of a person who has such an interest or lien, the reinsurer will be deemed to be acting for or on behalf of such a person and the limitation on premiums set forth in the preceding paragraph will be applied.

_____(signed)_____
Cornelius C. Bateson
Insurance Commissioner

November 6, 1970