

IN THE HOUSE OF REPRESENTATIVES

HOUSE CONCURRENT RESOLUTION NO. 7

BY BUSINESS COMMITTEE

A CONCURRENT RESOLUTION

STATING FINDINGS OF THE LEGISLATURE AND REAFFIRMING SUPPORT FOR THE STATE-BASED SYSTEM OF TITLE INSURANCE REGULATION IN THE UNITED STATES IN RESPONSE TO GROWING FEDERAL ENCROACHMENT.

Be It Resolved by the Legislature of the State of Idaho:

WHEREAS, the state-based system of insurance regulation in the United States has effectively protected consumers and helped create the largest, most competitive, and innovative insurance market in the world; and

WHEREAS, Congress has continually affirmed the primacy of state-based insurance regulation, including in the McCarran-Ferguson Act in 1945 and most recently in the Dodd-Frank act of 2010; and

WHEREAS, preventing federal overreach into state insurance markets is imperative to ensure that insurance is accessible and accountable to the public and sensitive to local social and economic conditions in order to adequately meet the varying needs of the different states; and

WHEREAS, title insurance is subject to a comprehensive state regulatory structure, enforced by state insurance commissioners and directors, resulting in lowered risk for lenders and consumers alike; and

WHEREAS, despite this success and affirmation, there has been a growing trend in recent years at the federal agency level of encroaching on the long-standing framework of the state-based title insurance regulatory system; and

WHEREAS, this encroachment is extremely troubling and poses a threat to the state-based system of title insurance regulation, and with it the stability and success the state regulatory system has produced; and

WHEREAS, this threat is illustrated by recent actions, including:

(1) The Federal Housing Finance Agency's announcement of a title acceptance pilot program that would permit title insurance obtainment requirements to be waived in certain transactions;

(2) Updates to government-sponsored enterprises (GSE) Selling Guides, used by Fannie Mae and Freddie Mac, to allow the use of attorney opinion letters in lieu of title insurance for certain loans;

(3) Certain activities within the Department of the Treasury's Federal Insurance Office, such as convening a roundtable of relevant industry stakeholders, including consumer advocates and academics, in order to discuss the title insurance industry and analyze potential reforms; and

(4) The Consumer Financial Protection Bureau's request for information regarding fees imposed on residential mortgage transactions, including fees charged by providers of title insurance.

NOW, THEREFORE, BE IT RESOLVED by the members of the First Regular Session of the Sixty-eighth Idaho Legislature, the House of Representatives and the Senate concurring therein, that the Legislature reaffirms its unquali-

1 fied support for the state-based title insurance regulatory structure in the
2 United States.

3 BE IT FURTHER RESOLVED that the Legislature will continue to monitor and
4 push back on any and all attempts by the federal government to infringe upon
5 the state-based system of title insurance regulation and oversight.

6 BE IT FURTHER RESOLVED that the Legislature will continue to monitor and
7 push back on any and all attempts by federal agencies or the GSEs to encourage
8 or promote alternatives to title insurance, such as insured attorney opinion
9 letters, accompanied by transactional, surplus lines, or errors and omis-
10 sions insurance wrappers, that seek to provide coverage for title risk in vi-
11 olation of state insurance laws and monoline restrictions, which letters are
12 applicable to the business and regulation of insuring title risk.

13 BE IT FURTHER RESOLVED that the Legislature will continue to monitor and
14 push back on any and all attempts to waive title insurance in any mortgage
15 transaction where federal agencies or GSEs act as insurers or are self-in-
16 surers of title risk where they are not state-chartered title insurance com-
17 panies or required to hold reserves for the resulting exposure as state-reg-
18 ulated title insurance companies must do.