

State of Utah
Administrative Rule Analysis
Revised May 2023

NOTICE OF PROPOSED RULE

TYPE OF FILING: Amendment

Title No. - Rule No. - Section No.

Rule or Section Number:

R592-6

Filing ID: Office Use Only

Agency Information

1. Department:	Insurance	
Agency:	Title and Escrow Commission	
Room number:	Suite 2300	
Building:	Taylorsville State Office Building	
Street address:	4315 S. 2700 W.	
City, state and zip:	Taylorsville, UT 84129	
Mailing address:	PO Box 146901	
City, state and zip:	Salt Lake City, UT 84114-6901	
Contact persons:		
Name:	Phone:	Email:
Steve Gooch	801-957-9322	sgooch@utah.gov

Please address questions regarding information on this notice to the persons listed above.

General Information

2. Rule or section catchline:
R592-6. Unfair Inducements and Marketing Practices in Obtaining Title Insurance Business
3. Purpose of the new rule or reason for the change:
The Title and Escrow Commission determined that changes to this rule were necessary to make the rule match current market conditions and practices. It worked with the industry and public to amend the rule to that end.
4. Summary of the new rule or change:
This rule makes several changes that bring the rule more into line with current business practices and permit certain activities that were previously prohibited. It also clarifies the definition of "client", removes the "Permitted Methods of Competition" section because two methods were removed, and the other was inserted as an exception to the prohibitions section.

Fiscal Information

5. Provide an estimate and written explanation of the aggregate anticipated cost or savings to:
A) State budget:
There is no anticipated cost or savings to the state budget. The department will continue regulating the industry as usual.
B) Local governments:
There is no anticipated cost or savings to local government. The rule governs the relationship between the department and its title insurance licensees, and does not involve local government in any way.
C) Small businesses ("small business" means a business employing 1-49 persons):
The rule amendments include increases in the limits on which the Department's licensees may spend money in marketing and promoting themselves. The limits were raised for gifts, business meals, refreshments at meetings, and self-promotional items. For this reason, the Department believes that licensees — including small businesses — may spend more with the amendments in place. However, the Department is not able to estimate the extent to which the licensees will increase their spending under the new limits.
D) Non-small businesses ("non-small business" means a business employing 50 or more persons):

The rule amendments include increases in the limits on which the Department's licensees may spend money in marketing and promoting themselves. The limits were raised for gifts, business meals, refreshments at meetings, and self-promotional items. For this reason, the Department believes that licensees — including non-small businesses — may spend more with the amendments in place. However, the Department is not able to estimate the extent to which the licensees will increase their spending under the new limits.

E) Persons other than small businesses, non-small businesses, state, or local government entities ("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an **agency**):

The rule amendments include increases in the limits on which the Department's licensees may spend money in marketing and promoting themselves. The limits were raised for gifts, business meals, refreshments at meetings, and self-promotional items. For this reason, the Department believes that licensees — including individual title insurance licensees — may spend more with the amendments in place. However, the Department is not able to estimate the extent to which the licensees will increase their spending under the new limits.

F) Compliance costs for affected persons (How much will it cost an impacted entity to adhere to this rule or its changes?):

There are no compliance costs for any affected persons. The rule is being changes to permit certain marketing activities that were previously prohibited, but there is no requirement that any title insurance licensee perform those activities. The spending thresholds are being increased, but each licensee is able to make a business decision according to their needs and abilities. A licensee may spend up to the limits outlined, but are by no means required to.

G) Regulatory Impact Summary Table (This table only includes fiscal impacts that could be measured. If there are inestimable fiscal impacts, they will not be included in this table. Inestimable impacts will be included in narratives above.)

Regulatory Impact Table			
Fiscal Cost	FY2024	FY2025	FY2026
State Government	\$0	\$0	\$0
Local Governments	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Cost	\$0	\$0	\$0
Fiscal Benefits	FY2024	FY2025	FY2026
State Government	\$0	\$0	\$0
Local Governments	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Benefits	\$0	\$0	\$0
Net Fiscal Benefits	\$0	\$0	\$0

H) Department head comments on fiscal impact and approval of regulatory impact analysis:

The Commissioner of Insurance, Jonathan T. Pike, has reviewed and approved this regulatory impact analysis.

Citation Information

6. Provide citations to the statutory authority for the rule. If there is also a federal requirement for the rule, provide a citation to that requirement:

Subsection 31A-2-404(2)	Ex 2: Subsection 63G-3-403(3)	

Incorporations by Reference Information

7. Incorporations by Reference (if this rule incorporates more than two items by reference, please include additional tables):

A) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

Official Title of Materials Incorporated (from title page)	
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Publisher	
Issue Date	
Issue or Version	

B) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

Official Title of Materials Incorporated (from title page)	
Publisher	
Issue Date	
Issue or Version	

Public Notice Information

8. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until:	05/31/2024	
B) A public hearing (optional) will be held:		
Date (mm/dd/yyyy):	Time (hh:mm AM/PM):	Place (physical address or URL):

To the agency: If more space is needed for a physical address or URL, refer readers to Box 4 in General Information. If more than two hearings will take place, continue to add rows.

9. This rule change MAY become effective on:	06/07/2024
NOTE: The date above is the date the agency anticipates making the rule or its changes effective. It is NOT the effective date.	

Agency Authorization Information

To the agency: Information requested on this form is required by Sections 63G-3-301, 63G-3-302, 63G-3-303, and 63G-3-402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the *Utah State Bulletin* and delaying the first possible effective date.

Agency head or designee and title:	Steve Gooch, Public Information Officer	Date:	04/09/2024
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R592. Insurance, Title and Escrow Commission.

R592-6. Unfair Inducements and Marketing Practices in Obtaining Title Insurance Business.

R592-6-1. Authority.

This rule is promulgated by the Title and Escrow Commission pursuant to Subsection 31A-2-404(2).

R592-6-2. Purpose and Scope.

(1) The purpose of this rule is to identify practices that constitute unfair methods of competition because the practices create unfair inducements for the placement of title insurance business.

(2) This rule applies to any person identified in Subsection 31A-23a-402(2)(a).

R592-6-3. Definitions.

Terms used in this rule are defined in Sections 31A-1-301 and 31A-2-402. Additional terms are defined as follows:

- ~~_____~~ (1) "~~Bona fide real estate transaction~~" means:
 - ~~_____~~ (a) a preliminary title report is issued to a seller or listing agent in conjunction with the listing of a property; or
 - ~~_____~~ (b) a commitment for title insurance is ordered, issued, or distributed in a purchase and sale transaction showing the name of the proposed buyer and the sales price, or in a loan transaction showing the proposed lender and loan amount.]
- ~~(2)~~(1)(a) "Business activities" include sporting events, sporting activities, musical events, ~~[and]~~ art events, and similar activities.
- (b) "Business activities" do not include:
 - ~~_____~~ (i) awards banquets, recognition events, or similar activities that are sponsored or hosted by or for clients~~];~~ or
 - ~~_____~~ (ii) commercial travel.
- ~~(3)~~(2)(a) "Business meals" include breakfast, brunch, lunch, dinner, cocktails, and tips.

- (b) "Business meals" do not include awards banquets, recognition events, or similar activities sponsored by or for clients.
- ~~(4)~~(3)(a) "Client" means any person~~[-, or group,]~~ who influences, or who may influence, the placement of title insurance business or who is engaged in a business, profession, or occupation of:
- (i) buying or selling interests in real property; or
 - (ii) making loans secured by interests in real property.
- (b) "Client" ~~[includes-]~~may include real estate agents, real estate brokers, mortgage brokers, lending or financial institutions, builders, developers, subdividers, attorneys, consumers, escrow companies, and ~~[the-]~~their employees, agents, representatives, and solicitors~~[-, and groups or associations of any of the foregoing].~~
- ~~(c) "Client" does not include a trade association, for the purposes of this rule.~~
- ~~(5) "Discount" means the furnishing or offering to furnish title insurance, services constituting the business of title insurance, or escrow services for a total charge less than the amounts set forth in the applicable rate schedules filed pursuant to Sections 31A-19a-203 or 31A-19a-209.]~~
- ~~(6)~~(4) "Official trade association publication" means:
- (a) a membership directory, provided its exclusive purpose is that of providing the distribution of an annual roster of the association's members to the membership and other interested parties; or
 - (b) an annual, semiannual, quarterly, or monthly publication containing information and topical material for the benefit of the members of the association.
- ~~(7)~~(5) "Title insurance business" means the business of title insurance and the conducting of escrow.
- ~~(8)~~(6) "Title producer" means a title insurer, agency title insurance producer, or individual title insurance producer.
- ~~(9)~~(7) "Trade association" means a recognized association of persons, a majority of whom are clients or persons whose primary activity involves real property.

R592-6-4. Prohibited Unfair Methods of Competition.

A person identified in Section R592-6-2 who provides or offers to provide, directly or indirectly, any of the following benefits to any client has violated Section 31A-23a-402 and has engaged in an unfair method of competition.

- ~~(1) Furnishing a title insurance commitment when the title producer is aware that no policy is intended to be issued without one of the following:~~
- ~~(a) sufficient evidence in the file of the title producer that a bona fide real estate transaction or listing agreement exists; or~~
 - ~~(b) a request from a proposed insured to issue a title insurance commitment together with a payment of a minimum cancellation fee of \$200.~~
- ~~(2) Paying any charges for the cancellation of an existing title insurance commitment issued by a competing organization, unless that commitment discloses a defect that gives rise to a claim on an existing policy.~~
- ~~(3) Furnishing escrow services pursuant to Section 31A-23a-406:~~
- ~~(a) for a charge less than the charge filed pursuant to Subsection 31A-19a-209(5); or~~
 - ~~(b) for a charge less than the actual cost of providing the services.~~
- ~~(4) Waiving all or any part of established fees or charges for services that are not the subject of rates or escrow charges filed with the commissioner.]~~
- ~~(5) Deferring or waiving any payment.]~~(1) Waiving any charge, premium, or rate for insurance or services otherwise due and payable~~[-, including a series of real estate transactions for the same parcel of property].~~
- ~~(6)~~(2) Furnishing services not ~~[reasonably-]~~related to a bona fide title insurance, escrow, settlement, or closing transaction~~[-, including non-related delivery services, accounting assistance, or legal counseling]~~ without receiving fair market payment for the services provided.
- ~~(7)~~(3) Paying for, furnishing, or waiving all or any part of the rental or lease charge for space that is occupied by ~~[any-]~~a client.
- ~~(8)~~(4) Renting or leasing space from ~~[any-]~~a client~~[-, regardless of the purpose,]~~ at a rate that is excessive or inadequate when compared with rental or lease charges for comparable space in the same geographic area, or paying rental or lease charges based in whole or in part on the volume of business generated by ~~[any-]~~the client.
- ~~(9)~~(5) Furnishing any part of a title producer's facilities, including conference rooms or meeting rooms, to a client or its trade association, for anything other than providing escrow or title services, or related meetings, without receiving a fair rental or lease charge comparable to other rental or lease charges for facilities in the same geographic area.
- ~~(10) Co-habiting or sharing office space with a client of a title producer.]~~
- ~~(11)~~(6) Furnishing all or any part of the time or productive effort of any employee of the title producer, including a secretary, clerk, messenger, or escrow officer, to any client when such time or productive effort is not reasonably related to a bona fide title insurance, escrow, settlement, or closing transaction.
- ~~(12)~~(7) Paying ~~[for all or any part of the salary of]~~ a client or an employee of ~~[any-]~~ a client for a referral of business.
- ~~(13) Paying, or offering to pay, either directly or indirectly, salary, commissions, or any other consideration to any employee who is at the same time licensed as a real estate agent or real estate broker, or as a mortgage lender or mortgage company subject to Section 31A-2-405 and Rule R592-5-]~~
- ~~(14)~~(8)(a) Payment or pre-payment of the following:
- (i) fees or charges of a professional, including an appraiser, surveyor, engineer, or attorney, whose services are required by any party or client to structure or complete a particular transaction; or
 - (ii) fees or charges of a client or party to the transaction, for example, subordination, loan, or HOA payoff request fees, that

are required by any party or client to structure or complete a particular transaction.

~~(b) Subsection [(14)](8)(a) does not prohibit pre-payment of overnight mail and delivery fees [that will be recovered through closing a transaction].~~

~~[(15) Sponsoring, cosponsoring, subsidizing, contributing fees, prizes, gifts, food, or otherwise providing anything of value for an activity of a client, except as allowed under Section R592-6-5. Activities include open houses at homes or property for sale, meetings, breakfasts, luncheons, dinners, conventions, installation ceremonies, celebrations, outings, cocktail parties, hospitality room functions, open house celebrations, dances, fishing trips, gambling trips, sporting events of any kind, hunting trips or outings, golf or ski tournaments, artistic performances, and outings in recreation areas or entertainment areas.]~~

~~(9)(a) Except as provided in Subsection (9)(b), sponsoring, cosponsoring, subsidizing, contributing fees, prizes, gifts, food, or otherwise providing anything of value for an activity of a client including:~~

~~(i) an open house at a home or property for sale;~~

~~(ii) a meeting;~~

~~(iii) a breakfast, luncheon, or dinner;~~

~~(iv) a convention;~~

~~(v) an installation ceremony;~~

~~(vi) a celebration;~~

~~(vii) an outing;~~

~~(viii) a cocktail party;~~

~~(ix) a hospitality room function;~~

~~(x) an open house celebration;~~

~~(xi) a dance;~~

~~(xii) a sporting event of any kind, including a fishing trip, gambling trip, hunting trip or outing, or golf or ski tournament;~~

~~(xiii) an artistic performance; or~~

~~(xiv) an outing in a recreation or entertainment area.~~

~~(b) A title producer may attend an activity of a client if:~~

~~(i) there is no additional cost to the title producer, other than the title producer's own entry fee, registration fee, and meals; and~~

~~(ii) the fees in Subsection (9)(b)(i) are not greater than those charged to a client or other person attending the function.~~

~~[(16) Sponsoring, cosponsoring, subsidizing, supplying prizes or labor, except as allowed under Section R592-6-5, or otherwise providing things of value for promotional activities of a client. Title producers may attend activities of a client if there is no additional cost to the title producer, other than their own entry fees, registration fees, and meals; the fees may not be greater than those charged to clients or others attending the function.~~

~~[(17) Providing gifts or anything of value to a client in connection with social events such as birthdays or job promotions. A letter or card in these instances will not be interpreted as a thing of value.]~~

~~(10) Sponsoring a trade association event at a cost that is greater than the sponsorships offered to members of the association, affiliates, vendors, or other participants of the event.~~

~~[(18)](11) Furnishing or providing [access to] the following, even for a cost:~~

~~(a) building plans;~~

~~(b) construction critical path timelines;~~

~~(c) "For Sale by Owner" lists;~~

~~(d) surveys;~~

~~(e) appraisals;~~

~~(f) credit reports;~~

~~(g) mortgage leads for loans;~~

~~(h) rental or apartment lists; or~~

~~(i) printed labels.~~

~~[(19) Issuing a newsletter that is property specific or that highlights specific customers.~~

~~(20) Providing access to real property information that the title producer pays to produce, develop, or maintain, except:~~

~~(a) providing to a client, through any means including copies, a property profile that includes only the following:~~

~~(i) the last vesting deed of public record;~~

~~(ii) a plat map reproduction, locator map, or both;~~

~~(iii) tax and property characteristics information from the Treasurer's and Assessor's offices; and~~

~~(iv) covenants, conditions, and restrictions; and~~

~~(b) Providing a client access to closing software that is related to a specific transaction identified in the title commitment.~~

~~(21)(a) Providing title or escrow services on real property where an existing or anticipated investment loan or financing has been or will be provided by the title producer or its owners or employees.~~

~~(b) Subsection (21)(a) does not apply to transactions involving seller financing.]~~

~~[(22)](12)(a) Engaging in the following advertising activity:~~

~~(i) paying for any advertising on behalf of a client;~~

~~(ii) advertising jointly with a client [on signs for subdivision or condominium projects or for the sale of a lot or lots in a subdivision or units in a condominium project];~~

~~(iii) placing an advertisement in a publication, including an internet web page and its links, that is hosted, published,~~

produced for, or distributed by or on behalf of a client;

(iv) placing an advertisement that fails to comply with Section 31A-23a-402 and Rule R590-130;

(v) placing an advertisement that:

~~_____ (A) is not purely self promotional; or~~

~~_____ (B) is in an official trade association publication that does not offer [any] each title producer an equal opportunity to advertise in the publication and at the standard rates other advertisers in the publication are charged;~~

(vi) advertising with free or paid social media services that are not open and available to the general public; or

(vii) paying a fee to share, like, respond to, comment on, or increase the visibility, ranking, or distribution of any social media involving a client or a client's social media page.

(b) Nothing in Subsection [(22)](12)(a) prohibits the following:

(i) advertising independently that the title producer has provided title insurance for a particular subdivision or condominium project, but the title producer may not indicate that all future title insurance will be written by that title producer; or

(ii)(A) writing or posting on social media services about an event that directly involves the title producer and a client; and

(B) referencing or linking to the event on the client's social media page or the client company's social media page.

~~_____ (23) Using interests in other business entities, including I.R.C. Section 1031 qualified intermediaries and escrow companies to enter into any agreement, arrangement, or understanding, or to pursue any course of conduct designed to avoid the provisions of this rule.]~~

~~_____ (13) Using an interest in another business entity to avoid the provisions of Title 31A, Insurance Code, or any applicable rule.~~

~~_____ [(24) For self promotional open houses:~~

~~_____ (a) holding] (14)(a) Holding more than two self-promotional open houses per calendar year for each owned or occupied facility, including branch offices[;].~~

~~_____ (b) Holding a self-promotional open house at a location other than a registered office of the title producer.~~

~~_____ (b) spending more than \$15 per guest per self-promotional open house;~~

~~_____ (c) making guest expenditures on items in the form of a gift, gift certificate, or coupon; or~~

~~_____ (d) holding a self-promotional open house on a client's premises.]~~

~~_____ [(25)](15) Making a donation to a charitable organization [created, controlled,]controlled or managed by a client.~~

~~_____ (26) Making a charitable donation that:~~

~~_____ (a) is paid in cash;~~

~~_____ (b) is paid by negotiable instrument to a payee other than the charitable organization;~~

~~_____ (c) is distributed to anyone other than the charitable organization; or~~

~~_____ (d) provides a benefit to a client.~~

~~_____ (27) Distributing outside the regular course of business to clients, consumers, and members of the general public, self-promotional items that:~~

~~_____ (a) have a value of more than \$10, including taxes, setup fees, and shipping;~~

~~_____ (b) are edible;~~

~~_____ (c) are personalized in the donee's name; or~~

~~_____ (d) are given to clients or trade associations for redistribution.]~~

~~_____ (16) Distributing to a client, consumer, or member of the general public a self-promotional item that:~~

~~_____ (a) has a cost of more than \$25;~~

~~_____ (b) is edible;~~

~~_____ (c) does not contain a permanent marking identifying the title producer; or~~

~~_____ (d) is personalized in the donee's name.~~

~~_____ (28) Making expenditures for business meals or business activities on behalf of any person, whether a client or not, as a method of advertising if:]~~

~~_____ (17) Making an expenditure for a business meal or business activity on behalf of any person, whether a client or not, as a method of advertising if:~~

~~_____ (a) the person representing the title producer is not present during the business meal or business activity;~~

~~_____ (b) a substantial title insurance business discussion does not occur directly before, during, or after the business meal or business activity;~~

~~_____ (c) the total cost of the business meal, the business activity, or both exceeds [\\$50-]\$100 per person, per day;~~

~~_____ (d) more than three individuals from an office of a client are provided a business meal or business activity in a single day by an individual title producer; or~~

~~_____ (e) the entire business meal or business activity takes place on a client's premises.~~

~~_____ (29) Conducting a continuing education program that:~~

~~_____ (a) is not approved by the appropriate regulatory agency;~~

~~_____ (b) addresses matters other than title insurance, escrow, or related subjects;~~

~~_____ (c) is less than one hour in duration;~~

~~_____ (d) involves expenditure of more than \$15 per person including the cost of meals and refreshments; or~~

~~_____ (e) is conducted at more than one individual, physical office location of a client per calendar quarter.]~~

~~_____ (18) Conducting education that:~~

~~_____ (a) does not address title insurance, escrow, or a related subject;~~

~~_____ (b) involves expenditure of more than \$20 per anticipated person including the cost of meals and refreshments;~~

~~(c) involves expenditure of more than \$500 for a facility and instructor; or~~

~~(d) is conducted at an individual, physical office location of a client more than once per calendar quarter.~~

~~[(30)](19)(a) Acknowledging a wedding, a birth[,], or adoption of a child, or a funeral of a client or a member of the client's immediate family with flowers or gifts exceeding [~~\$75~~]~~\$150~~.~~

~~(b) Acknowledging any other life event of a client or a member of the client's immediate family with a gift or anything of value.~~

~~(c) A letter or card in these instances is not a thing of value.~~

~~**[R592-6-5. Permitted Methods of Competition.**~~

~~The following are permitted methods of competition. In the event of a conflict between Sections R592-6-4 and R592-6-5, Section R592-6-5 is controlling.~~

~~(1) A title producer may donate time to serve on a trade association committee and may also serve as an officer for the trade association.~~

~~(2) A title producer may provide clients access to water, beverages, and edible treats at the title producer's premises.~~

~~(3) A title producer may provide to a client the documents used to produce a title commitment and may provide access to them through any means.]~~

R592-6-[6]5. Severability.

If any provision of this rule, Rule R592-6, or its application to any person or situation is held invalid, such invalidity does not affect any other provision or application of this rule that can be given effect without the invalid provision or application. The remainder of this rule shall be given effect without the invalid provision or application.

KEY: title insurance

Date of Last Change: 2024[August 23, 2021]

Notice of Continuation: June 10, 2019

Authorizing, and Implemented or Interpreted Law: 31A-2-404

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