

**STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT**

169 Manchester Street
Concord, NH 03301-5151

**Charles N. Blossom
Insurance Commissioner**

BULLETIN

TO: All New Hampshire Licensed Title Insurance Companies

FROM: Charles N. Blossom
Insurance Commissioner

DATE: July 7, 1997

RE: Closing Protection Letters

This Bulletin is to advise domestic title insurance companies and foreign title insurance companies authorized to transact business in New Hampshire that closing protection letters may not be used by title insurance companies to indemnify lenders or other parties for losses that are unrelated to liens, encumbrances upon, defects in, or the marketability of the title to real property. By statute, title insurers are single line insurance companies. RSA 416-A:8 prohibits a title insurance company from engaging in the business of guaranteeing the payment of principal or interest of bonds or other obligations or the transaction of underwriting of any kind of insurance other than title insurance. By issuing a closing protection letter that indemnifies a lender for losses that are unrelated to the title to real property, a title insurance company is exceeding its authority under the statute.

Closing protection letters used by title insurance companies in New Hampshire must therefore limit coverage to matters concerning the title of real property interests. The New Hampshire Insurance Department will consider coverage that extends beyond these permitted matters a violation of RSA 416-A:8. Title insurance companies conducting the business of title insurance in the State of New Hampshire shall not issue closing protection letters that indemnify against losses that are prohibited by RSA 416-A:8. This prohibition is effective immediately.

If you have any questions concerning this Bulletin you may write or call Mr. Robert Stanton, Director of Property, Casualty and Licensing at the Insurance Department, 169 Manchester Street, Concord, New Hampshire 03301-5151, 603-271-2261.