

Summary of Utah §31A-23a-503 - Controlled Business in Title Insurance

"Controlled business" means that portion of the title insurance business of a title company in this state that is referred to it by all those producers of title business (i.e., realtors, builders, sellers, etc.) who have a financial interest in the title company and by all associates of those producers. Business is referred if there is influence over the selection of the person with whom the business is placed.

A title company or person having a financial interest in a title company may not knowingly be a party to or knowingly permit to continue in any arrangement in which the title company or person knows or has reason to believe that any person who refers title business has or will have, directly or indirectly, a financial interest in the title company, if it reasonably appears that a substantial factor in the person who refers title business owning or acquiring the financial interest is the expected realization of financial profit or gain derived in whole or in part from controlled business.

If for any calendar quarter, the gross operating revenues of a title company derived from all sources of controlled business in this state amount to more than 1/3 of its gross operating revenues from all other sources of its business of title insurance in this state, it is presumed that the expected realization of financial profit or gain derived in whole or in part from controlled business was a substantial factor in the ownership of financial interest in the title company.

"Financial interest" means any legal or beneficial interest that entitles the holder to more than 1% of the net profits or net worth of the title company. (In other words, a financial interest of 1% or less is not covered by this law).