



COLORADO

Department of
Regulatory Agencies

Division of Insurance

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FREQUENTLY ASKED QUESTIONS

REGULATION 8-1-2 - TITLE INSURANCE CONSUMER PROTECTIONS

Effective October 1, 2015

1. What constitutes a “reasonable examination”?
2. What are the differences between Generic Exceptions and Specific Exceptions?

What constitutes a “reasonable examination”?

All title insurance companies (underwriters) are now required to create written standards for search and examination for use by title entities (underwriters and agencies). These standards must comply with sound underwriting practices. While it is difficult to place a set standard on reasonable examination, it should be understood that practices that do not allow for a reasonable view of a property's history are not permitted.

(Reg 8-1-2(5)(A), §10-11-106, C.R.S.)

What are the differences between Generic Exceptions and Specific Exceptions?

A generic exception is any overly broad exception which is not a standard or preprinted exception and is not a specific exception. A generic exception does not refer to a specific document (e.g. Any and all roads, easements, rights of way, etc.). These exceptions are only permitted on purchase transactions (i.e. owners' policies) when the title insurance company (underwriter) chooses not to insure certain items in specific regions, such as mineral rights in Gilpin County for example. In these situations, a generic exception for the specific item is permitted with the requirement that a note is included immediately following the exception that the title insurance company (underwriter) does not insure that item in that specific region. For practical purposes, it is expected that generic exceptions may also be used on refinance, junior lien, or line of credit transactions.

A specific exception is an exception that may be used when the title entity issuing the commitment or policy is aware of a known impairment but is unable to locate the impairment through a reasonable examination of the property being insured. In these situations where a known item encumbers the property being insured, such as a transmission line easement, railroad right of way, county road right of way, etc., but is not specifically referenced in a document, the exception should reference as specifically as possible the encumbrance that is being excepted from coverage and the title entity should use other identifiable information including, but not limited to, dates, names of parties, case numbers, etc., to reference the item on the commitment or policy. The title entity must also make reasonable effort to provide the consumer with whatever documentation or information they have depicting the impairment. This may include, but is not limited to, assessor maps, Google maps, photographs, historical evidence of the impairment, etc.

Aside from the standard or preprinted exceptions, specific exceptions and permitted generic exceptions, all exceptions on a title commitment or policy must refer to the specific recording information on the document.

(Reg 8-1-2(5)(D)(E), §10-11-106, C.R.S.)