

Question:

**Is a title insurance provider allowed to pay a portion of the premium to an affiliated person?**

Answer:

*Extracted from:* 11 NYCRR 35 – Insurance Regulation 206:

**Section 35.4 Insurance Law section 6409(d); affiliated business relationships; other prohibitions.**

D. A title insurance agent or title insurance corporation shall not directly or indirectly provide compensation to an applicant for insurance or to any person acting as agent, representative, attorney, or employee of the owner, lessee, mortgagee, or the prospective owner, lessee, or mortgagee of the real property or any interest therein for which a title insurance policy is or may be issued, that refers title insurance business to the title insurance agent or title insurance corporation except that a title insurance agent or title insurance corporation may:

- (1) pay the fair market value for actual bona fide services rendered to the title insurance agent or title insurance corporation; and
- (2) provide a return on investment in the title insurance agent or title insurance corporation to the person provided that the return on investment is commensurate with that person's ownership interest in the title insurance agent or title insurance corporation, is not related to the amount of title insurance business the person refers to the title insurance agent or title insurance corporation, and the payment does not otherwise violate Insurance Law section 6409 or RESPA.