

**16.93 Closing protection letters.**

1. The authority, through the Iowa title guaranty division, may issue a closing protection letter to a person to whom a proposed title guaranty is to be issued, upon the request of the person, if the division issues a commitment for title guaranty or title guaranty certificate. The closing protection letter shall conform to the terms of coverage and form of the instrument as approved by the board and may indemnify a person to whom a proposed title guaranty is to be issued against loss of settlement funds due to only the following acts of the division's named participating attorney, participating abstractor, or closer:

a. Theft of settlement funds.

b. Failure by the participating attorney, participating abstractor, or closer to comply with written closing instructions of the person to whom a proposed title guaranty is to be issued relating to title certificate coverage when agreed to by the participating attorney, participating abstractor, or closer.

2. A closing protection letter shall only be issued to a person to whom a proposed title guaranty is to be issued for real property transactions in which the division has committed to issue an owner or lender certificate and for which the division receives a premium and other payments or fees for a title guaranty certificate or other coverage.

3. The division shall establish the amount of coverage to be provided and may distinguish between classes of property including but not limited to residential, agricultural, or commercial, provided that the total amount of coverage provided by the closing protection letter shall not exceed the amount of the commitment or title guaranty to be issued. Liability under the closing protection letter shall be coextensive with liability under the certificate to be issued in connection with a transaction such that payments under the terms of the closing protection letter shall reduce by the same amount the liability under the title guaranty certificate and payment under the title guaranty certificate shall reduce the liability under the terms of the closing protection letter.

4. The division may adopt a required fee for providing closing protection letter coverage.

5. The division shall not provide any other coverage which purports to indemnify against improper acts or omissions of a person with regard to escrow, settlement, or closing services.

6. The authority shall adopt rules pursuant to [chapter 17A](#) as necessary to administer [this section](#).

[2000 Acts, ch 1166, §6](#); [2008 Acts, ch 1055, §1, 2](#); [2014 Acts, ch 1080, §68, 78](#); [2025 Acts, ch 147, §28, 29](#)

Subsection 1, unnumbered paragraph 1 amended  
Subsection 3 amended