T-0219-02
Ecase 18474

FAX COVER SHEET

TO	
COMPANY	
FAX NUMBER	15124901064
FROM	Kergin Bedell
DATE	2019-02-11 17:51:32 GMT
RE	Petition to Hold the Periodic Title Insurance Rate Hearing and Adopt Rules

COVER MESSAGE

In accordance with TEX. GOV'T CODE § 2001.021, TEX. INS. CODE §§ 2703.202 and 2703.203, and 28 TEX. ADMIN. CODE § 1.202, the Texas Land Title Association files this petition to hold the Periodic Title Insurance Rate Hearing as a rulemaking proceeding and to adopt proposed amendments to 28 TEX. ADMIN. CODE § 9.1. The Texas Land Title Association respectfully requests that the Commissioner of Insurance grant this petition and award the relief requested.

Respectfully submitted,

Cass Burton
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TDI DOCKET NO. ____________

IN THE MATTER OF THE	§	**BEFORE THE**
	§	
	§	
PERIODIC TITLE INSURANCE RATE RULEMAKING HEARING,	§	**COMMISSIONER OF INSURANCE FOR**
	§	
	§	
	§	
TEXAS LAND TITLE ASSOCIATION	§	**THE STATE OF TEXAS**

PETITION TO HOLD THE PERIODIC TITLE INSURANCE RATE RULEMAKING HEARING AND FOR THE ADOPTION OF RULES

TO THE HONORABLE KENT SULLIVAN, COMMISSIONER OF INSURANCE:

In accordance with TEX. GOV'T CODE § 2001.021, TEX. INS. CODE §§ 2703.202 and 2703.203, and 28 TEX. ADMIN. CODE § 1.202, the Texas Land Title Association files this petition to hold the Periodic Title Insurance Rate Hearing as a rulemaking proceeding and to adopt proposed amendments to 28 TEX. ADMIN. CODE § 9.1.

1. TLTA, the Petitioner, has retained Burton & Bedell, P.L.L.C. to represent the association in the above referenced matter. Cass Burton will serve as the attorney of record. The law firm's mailing address, telephone number, and facsimile number are contained in the signature line below.

2. TLTA is an association composed of approximately 85 percent—well over the required 50 percent—of the number of title insurance agents and title insurance companies licensed or authorized by the department; and, on behalf of its membership, TLTA requests that the commissioner hold a rulemaking proceeding to fix and promulgate a new title insurance premium rate pursuant to TEX. INS. CODE § 2703.202(b).

3. TLTA requests that the commissioner adopt the proposed amendments to 28 TEX. ADMIN. CODE § 9.1, attached and incorporated into this petition by reference, and promulgate the *Schedule of Basic Premium Rates for Title Insurance*, attached as Appendix A; amend Rate Rule R-5, attached as Appendix B; amend Rate Rule R-8, attached as Appendix C; and, amend Rate Rule R-20, attached as Appendix D, all to be made part of the *Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas.*

4. TLTA prays that the commissioner will assign this petition a reference number, provide a copy to the appropriate department staff for review and response, and notify the Petitioner via the attorney

of record of the name, address, and telephone number of the staff person reviewing the proposal and designated as contact person for inquiries, as well as the reference number assigned to the petition.

5. TLTA has provided a copy of its analysis and recommendations to department staff.

6. TLTA invites informal conferences with department staff to obtain the opinions and advice of interested persons about the contemplated rulemaking as per TEX. GOV'T CODE § 2001.031.

7. TLTA prays that the commissioner will instruct the Office of the Chief Clerk to submit the proposed rules as recommended by the petitioner to the *Texas Register* for publication and that the commissioner will publish a Notice of Public Hearing to consider the adoption of title insurance rates and these other matters that relate to regulating the business of title insurance.

The Texas Land Title Association respectfully requests that the Commissioner of Insurance grant this petition and award the relief requested.

Respectfully submitted,

Cass Burton
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105 West 8th Street
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Tel: 512-705-8880
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SBN: 24040613

ATTORNEY FOR THE
TEXAS LAND TITLE ASSOCIATION

CERTIFICATE OF SERVICE

In accordance with 28 TEX. ADMIN. CODE § 1.202, I certify that on February 11, 2019, a true and correct copy of this petition, the proposed rules, and Appendices A through D have been sent to the following parties:

Amanda Brown, Deputy Chief Clerk
Office of the Chief Clerk
Texas Department of Insurance, MC 113-2A
P.O. Box 149104
Austin, Texas 78714-9104
VIA FAX AT 512-490-1064

Melissa Hamilton, Public Counsel & Executive Director
Office of Public Insurance Counsel
333 Guadalupe, Suite 3-120
Austin, Texas 78701
VIA FAX AT 512-322-4148

Cass Burton

TITLE 28. INSURANCE
PART 1. TEXAS DEPARTMENT OF INSURANCE
CHAPTER 9. TITLE INSURANCE
SUBCHAPTER A. BASIC MANUAL OF RULES, RATES AND FORMS FOR THE WRITING OF TITLE INSURANCE IN THE STATE OF TEXAS
28 TAC §9.1

1. Introduction. The Texas Land Title Association proposes amendments to 28 TEX. ADMIN. CODE § 9.1 concerning the rate to be charged for title insurance policies written in the State of Texas and certain other matters relating to regulating the business of title insurance. These amendments are necessary to implement the indicated rate changes and adopt the *Schedule of Basic Premium Rates for Title Insurance,* attached and incorporated by reference as Appendix A, as part of the *Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas.* These amendments are also necessary to implement changes to the rate-related rules: Rate Rule R-5, attached and incorporated by reference as Appendix B; Rate Rule R-8, attached and incorporated by reference as Appendix C; and, Rate Rule R-20, attached and incorporated by reference as Appendix D. TLTA requests that the commissioner adopt the *Schedule* and rate-related rules to be effective on the ninetieth day from the entry date of the order, or on September 1, 2019, whichever is the later date.

The proposed amendments in Appendix A require title insurance companies and title insurance agents to charge the rate as fixed and promulgated by the commissioner. The rate is calculated based on formulas in the *Schedule.* The Texas Land Title Association is proposing a 4.9% rate decrease, that the rate schedule start at policies up to and including $25,000, and three new rating tiers for policies starting at over $25,000,000. Title insurance companies and title insurance agents may not charge a rate different from that set by the commissioner.

The proposed amendments to Rate Rule R-5 in Appendix B would extend the simultaneous rate credit for 90 days when a Loan Policy with a face value of $5,000,000 or more is issued within the timeframe on the same property covered by the previous Owner's Policy. The premium is $100 for each Loan Policy under these circumstances. The rule has also been rewritten in plain language.

The proposed amendments to Rate Rule R-8 in Appendix C would simplify and expand the credit on a Mortgagee Policy on a loan to take up, renew, extend, or satisfy an existing lien that is already insured by a Mortgagee Policy, most commonly referred to as a refinance credit. Instead of six different credits over seven years, there would be two over eight years: a 50% refinance credit if the Mortgagee Policy is issued within four years from the date of the Mortgagee Policy insuring the old mortgage; and, a 25% refinance credit for the period of time between four and eight years. The rule has also been rewritten in plain language.

The proposed amendments to Rate Rule R-20 in Appendix D would extend the period for receiving a credit where an Owner's Policy with a face amount of $5,000,000 or more was issued from one to two years after completion of improvements on the same land or a portion of it and addresses the simultaneous issue rate for the Loan Policy. The rule has also been rewritten in plain language.

2. **Public Benefits and Costs.** TLTA anticipates public benefits to industry and consumers alike for each of the first five years the proposed amendments are in effect. By adopting the proposed rate change, the commissioner provides title insurance companies and title insurance agents with an adequate and reasonable rate of return. The proposed rate is adequate to pay for anticipated losses, generates enough revenue to cover the expected costs of operating a title business, and promises a reasonable amount of profit. The proposed rate and expanded credits also benefits consumers by reducing the cost of title insurance.

By adopting the proposed rate change, the commissioner also offers important protections to consumers and purchasers of title insurance. An adequate provision for losses and the associated expenses makes it possible to investigate claims, indemnify the purchaser of title insurance, and institute legal proceedings to clear their title. An adequate provision for expenses ensures reliable, consistent, and efficient service. It prevents losses. An adequate provision for profit creates market stability, attracts capital, and encourages long-term investments in the title industry. It prevents insolvencies. It ensures the safety of funds and the security of the real estate closing.

A rate change does impose costs on title insurance companies, title insurance agents, and software vendors. A rate decrease and expanded credits reduces revenue to title insurance firms. The following category of costs will also be incurred: technology (e.g., software programming and redevelopment), printing, labor, and training. Title insurance companies must update software, which includes, variously, rate and fee calculators, accounting, policy production, and escrow/title systems. Title insurance agents may also incur technology costs for updating internal policy production and escrow/title systems, depending variously on the licensee's reliance on the sponsoring underwriter or software vendor. Software vendors that provide business solutions to the title insurance industry will expend funds on software redevelopment. Title insurance companies and agents will pay for new rate cards and the printing of training materials. Underwriters, agents, and software vendors alike will incur labor costs. The number of full time employees required to perform these tasks is largely dependent on the size of the entity (estimates have ranged from one to three full time employees). Some training programs are conducted in-house, others are provided by software vendors for a fee.

There should be no adverse economic impact on small or micro-business. TLTA suggests that it is neither legal nor feasible to waive the requirements of the rules for small or micro-businesses; because, in accordance with TEX. INS. CODE § 2703.151(c), a premium may not be charged for a title insurance policy or for another prescribed or approved form at a rate different than the rate fixed and promulgated by the commissioner. All title insurance agents and title insurance companies, regardless of size, must charge the same rate and offer the same credits.

3. Text.

§9.1. Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas.

The Texas Department of Insurance adopts by reference the Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas as amended effective September 1, 2019 [~~June 10, 2018~~]. The document is available from and on file at the Texas Department of Insurance, Mail Code 104-PC, P.O. Box 149104, Austin, Texas 78714-9104. The document is also available on the TDI website at www.tdi.texas.gov, and by email from ChiefClerk@tdi.texas.gov.

4. Statutory Authority. The amendments are proposed under TEX. INS. CODE §§ 31.021(b), 36.001, 36.110, 2501.002, and 2551.003(a), 2703.001(b), 2703.151, 2703.202(b) – (c), 2703.203, and 2703.206; and, TEX. GOV'T CODE §§ 2001.021 – 2001.041. Insurance Code, Section 31.021(b) vests the commissioner with the statutory powers and duties of the department. Insurance Code, Section 36.001 provides that the commissioner may adopt any rules necessary and appropriate to implement the powers and duties of the department under the Insurance Code and other laws of this state. Insurance Code, Section 36.110 allows the commissioner to engage in negotiated rulemaking under Chapter 2008, Government Code. Insurance Code, Section 2501.002 explicitly states the legislative intent to completely regulate the business of title insurance, and Insurance Code, Section 2551.003(a) grants the commissioner rulemaking authority over the business of title insurance. Insurance Code, Chapter 2703 describes the commissioner's powers in additional detail. Insurance Code, Section 2703.001(b) states that the commissioner supervises and oversees the title insurance industry. Insurance Code, Section 2703.151 provides that the commissioner shall fix and promulgate premium rates to be charged by a title insurance agent or title insurance company for title insurance policies or for other forms prescribed and approved by the commissioner. Insurance Code, Section 2703.202(b) provides that the commissioner shall order a public hearing to consider charging a premium rate on written request of an association composed of at least 50 percent of the number of title insurance agents and title insurance companies licensed by the department; Insurance Code, Section 2703.203 provides that the commissioner shall hold a public hearing not earlier than July 1 after the fifth anniversary of the closing of a hearing held under this chapter to consider adoption of premium rates and other matters relating to regulating the business of title insurance; and, Insurance Code, Section 2703.206 provides that the commissioner may hold a hearing to consider the adoption of premium rates as the commissioner determines necessary. Insurance Code, Section 2703.202(c) provides that the commissioner shall hold a public hearing as a rulemaking hearing under Subchapter B, Chapter 2001, Government Code. Government Code, Sections 2001.021 to 2001.041 provides the procedures for proposing and adopting a rule under the Administrative Procedures Act.

5. Cross Reference to Statute. The following statutes are related to this proposal: Insurance Code, Chapters 2501 and 2703.

Submitted to the Texas Department of Insurance on the 11th day of February, 2019 by:

Cass Burton
Burton & Bedell, P.L.L.C.
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Austin, Texas 78701
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SBN: 24040613

ATTORNEY FOR THE
TEXAS LAND TITLE ASSOCIATION

APPENDIX A

Schedule of Basic Premium Rates for Title Insurance

effective

12:01 a.m. September 1, 2019

TEXAS TITLE INSURANCE PREMIUM RATES

EFFECTIVE SEPTEMBER 1, 2019

Policies Up To And Including	Basic Premium	Policies Up To And Including	Basic Premium	Policies Up To And Including	Basic Premium	Policies Up To And Including	Basic Premium
25,000	327	44,000	455	63,000	583	82,000	711
25,500	330	44,500	458	63,500	586	82,500	714
26,000	334	45,000	462	64,000	590	83,000	717
26,500	337	45,500	465	64,500	593	83,500	721
27,000	340	46,000	468	65,000	596	84,000	724
27,500	344	46,500	472	65,500	600	84,500	728
28,000	347	47,000	475	66,000	603	85,000	731
28,500	351	47,500	478	66,500	606	85,500	734
29,000	354	48,000	482	67,000	610	86,000	738
29,500	357	48,500	485	67,500	613	86,500	741
30,000	361	49,000	489	68,000	616	87,000	744
30,500	364	49,500	492	68,500	620	87,500	748
31,000	367	50,000	495	69,000	623	88,000	751
31,500	371	50,500	499	69,500	627	88,500	754
32,000	374	51,000	502	70,000	630	89,000	758
32,500	377	51,500	505	70,500	633	89,500	761
33,000	381	52,000	509	71,000	637	90,000	765
33,500	384	52,500	512	71,500	640	90,500	768
34,000	388	53,000	515	72,000	643	91,000	771
34,500	391	53,500	519	72,500	647	91,500	775
35,000	394	54,000	522	73,000	650	92,000	778
35,500	398	54,500	526	73,500	654	92,500	781
36,000	401	55,000	529	74,000	657	93,000	785
36,500	404	55,500	532	74,500	660	93,500	788
37,000	408	56,000	536	75,000	664	94,000	792
37,500	411	56,500	539	75,500	667	94,500	795
38,000	415	57,000	542	76,000	670	95,000	798
38,500	418	57,500	546	76,500	674	95,500	802
39,000	421	58,000	549	77,000	677	96,000	805
39,500	425	58,500	553	77,500	680	96,500	808
40,000	428	59,000	556	78,000	684	97,000	812
40,500	431	59,500	559	78,500	687	97,500	815
41,000	435	60,000	563	79,000	691	98,000	818
41,500	438	60,500	566	79,500	694	98,500	822
42,000	441	61,000	569	80,000	697	99,000	825
42,500	445	61,500	573	80,500	701	99,500	829
43,000	448	62,000	576	81,000	704	100,000	832
43,500	452	62,500	579	81,500	707		

Premiums shall be calculated as follows for policies in excess of $100,000

1. For policies of $100,001 to $1,000,000 Basic Premium

(1) Subtract $100,000 from the policy amount
(2) Multiply result in 1.(1) by $0.00527 and round to the nearest whole dollar
(3) Add $832 to the result in 1.(2).

2. For policies of $1,000,001 to $5,000,000 Basic Premium

(1) Subtract $1,000,000 from the policy amount
(2) Multiply result in 2.(1) by $0.00433 and round to the nearest whole dollar
(3) Add $5,575 to the result in 2.(2).

3. For policies of $5,000,001 to $15,000,000 Basic Premium

(1) Subtract $5,000,000 from the policy amount
(2) Multiply result in 3.(1) by $0.00357 and round to the nearest whole dollar
(3) Add $22,895 to the result in 3.(2).

4. For policies of $15,000,001 to $25,000,000 Basic Premium

(1) Subtract $15,000,000 from the policy amount
(2) Multiply result in 4.(1) by $0.00254 and round to the nearest whole dollar
(3) Add $58,595 to the result in 4.(2).

5. For policies of $25,000,001 to $50,000,000 Basic Premium

(1) Subtract $25,000,000 from the policy amount
(2) Multiply result in 5.(1) by $0.00152 and round to the nearest whole dollar
(3) Add $83,995 to the result in 5.(2).

6. For policies of $50,000,001 to $100,000,000 Basic Premium

(1) Subtract $50,000,000 from the policy amount
(2) Multiply result in 6.(1) by $0.00138 and round to the nearest whole dollar
(3) Add $121,995 to the result in 6.(2).

7. For policies of $100,000,001 or More Basic Premium

(1) Subtract $100,000,000 from the policy amount
(2) Multiply result in 7.(1) by $0.00124 and round to the nearest whole dollar
(3) Add $190,995 to the result in 7.(2).

APPENDIX B

Rate Rule R-5

R-5. Simultaneous Issuance of Owner's and Loan Policies

A. ~~Except as otherwise provided in this rule, when~~ An Owner's Policy must be issued at the Basic Rate and the premium for each Loan Policy must be $100.00 each, if:

1. all policies ~~and Loan Policy(ies)~~ are issued simultaneously;
2. all policies bear~~ing~~ the same date; ~~and~~
3. each Loan Policy cover~~ing~~s the same land, or a portion ~~thereof,~~ of the land, covered by the Owner's Policy and cover~~ing~~s no other land;
4. the Owner's Policy show~~ing~~s the lien~~(s)~~ insured by each Loan Policy as an exception; ~~therein shall be issued at the Basic Rate, and the premium for the Loan Policy(ies) shall be $100.00 each.~~ and
5. the amounts of the Loan Policy(ies) do not exceed the amount of the Owner's Policy.

B. ~~Should the amount~~ When the amounts of the Loan Policy(ies) exceed the amount of the Owner's Policy:

1. the Basic Rate ~~shall~~ must be charged for the Owner's Policy; and
2. the premium charged for the Loan Policy(ies) ~~shall~~ must be:
   a. ~~at~~ the Basic Rate for the combined Loan Policy amounts; less
   b. ~~plus $100.00 for each Loan Policy, less~~ the Basic Rate for the Owner's Policy; plus
   c. $100.00 for each Loan Policy.

C. ~~If~~ When there are existing ~~an~~ Owner's Policy(ies) ~~or Policies were previously issued~~ and improvements are now immediately contemplated, the premium for the new Owner's Policy must be reduced by a credit as provided in Rate Rule R-3, if the new policy:

1. cover~~ing~~s the identical property ~~to be~~ covered by the prior Owner's Policy(ies) ~~to be issued and~~;
2. ~~the Owner's Policy is to be issued in accordance with P-8a and~~ is dated within four ~~(4)~~ years ~~after the date of the previously issued~~ of the prior Owner's Policy(ies); and

3. includes the exception and liability paragraph provided in Procedural P-8.a; ~~or Policies and~~

~~4. There has been no change in ownership of such property, credit shall be given against the premium of the Owner's Policy to be issued as provided in Rate Rule R-3;~~

The credit only applies when the ownership of the property has not changed.

~~however, in no event shall~~ The premium collected for ~~such~~ the Owner's Policy must not be less than the ~~regular~~ minimum ~~promulgated rate for an Owner's Policy~~ Basic Rate.

D. ~~An insured under an existing~~ When there are existing Owner's Policy(ies) ~~or Policies~~ insuring residential property that did not include ~~not issued in accordance with P-8a may~~, the exception and liability paragraph ~~set forth~~ provided in Procedural Rule P-8.a and improvements are now completed, ~~after completion of improvements on the property insured, receive~~ the premium for a new ~~credit as provided in Rate Rule R-3 toward a new~~ Owner's Policy(ies) must be reduced by a credit as provided in Rate Rule R-3, ~~in an amount greater than the existing Owner's~~ if the new Owner's Policy:

    1. is in an amount greater than the existing Owner' Policy(ies);

    2. covers the identical property covered by the prior Owner's Policy(ies); and

    3. Is dated within four years of the prior Owner's Policy(ies).

    The credit only applies when the ownership of the property has not changed.

    ~~Policies; however, in no event may the~~ The premium collected for the Owner's Policy must not be ~~issued for~~ less than the minimum ~~promulgated basic premium rate~~ Basic Rate.

~~This subsection applies only if, in addition to the criteria established in R-5.C. (1), (3) and (4) above, the land is residential property.~~

E. When an Owner's Policy ~~meeting the requirements of~~ is issued as provided in Rate Rule R-2~~(b)~~.b, and the Loan Policy is issued ~~in the manner~~ as provided in Rate Rule R-2.a., ~~Rule P-8a, and is issued simultaneously with a Loan Policy described in Rule R-2(a), bearing the same date, and covering the same land covered by the Loan Policy, or a portion thereof, and covering no other land,~~ the premium for the Owner's Policy ~~shall~~ must be $100.00 and the premium for the Loan Policy must be the Basic Rate, if:

    1. both policies are issued simultaneously;

    2. both policies bearing the same date;, ~~and~~

3. the Owner's Policy covers the same land, or a portion of the land, covered by Loan Policy and covers no other land; and

4. both policies include the exception and liability paragraph provided in Procedural Rule P-8.

5. the amounts of the Owner's Policy(ies) do not exceed the amount of the Loan Policy.

When ~~Should~~ the amount of the Owner's Policy exceeds the amount of the Loan Policy, the premium charged for the Owner's Policy ~~shall~~ must be:

1. ~~at~~ the Basic Rate; plus

2. $100.00; less

3. the Basic Rate ~~(to be paid as provided in Rule R-2(a))~~ for the Loan Policy to be paid as provided in Rate Rule R-2.a..

~~In the application of Rate Rule R-5.E,~~ The credit ~~as~~ provided in Rate Rule R-3 must be given against the premium for the new Loan Policy ~~to be issued~~, if:

1. the existing Owner's Policy(ies) ~~were previously issued~~ cover the identical property to be covered by the new Owner's Policy; and

2. ownership of ~~such~~ property has not changed.

F. When an Owner's Policy is issued with a policy amount of $5,000,000.00 or more and bearsing the date and time of recording of the insured instrument, the premium for the Loan Policy(ies) must be $100.00 each, if:

1. the Loan Policy(ies) is issued within ~~ninety~~ 90 days after the date of the Owner's Policy;

2. the Loan Policy(ies) cover the same land, or a portion of the land, covered by the Owner's Policy and cover no other land;

3. ownership of ~~such~~ the property has not changed; and

4. the amount of the Loan Policy(ies) ~~amounts~~ do not exceed the ~~policy~~ amount of the Owner's Policy.

When the amount of the ~~policy amount~~ Loan Policy(ies) exceed the amount ~~policy amount~~ of the Owner's Policy, the premium charged for the Loan Policy(ies) must be:

1. the Basic Rate for the combined Loan Policy amounts; less

2. the Basic Rate for the Owner's Policy; plus

3. $100.00 for each Loan Policy.

THIS RULE MAY NOT BE APPLIED in connection with the issuance of a series of Loan Policies issued by reason of notes being apportioned to individual units in connection with a master policy covering the aggregate indebtedness, including improvements. Except as otherwise provided in this rule, individual Loan Policies must be issued at the Basic Rate.

Justification

The vibrant Texas real estate market often demands quick closings. Purchasers are regularly chosen based on their commitment to close more timely than other proposed purchasers. Often closings must occur more rapidly than a traditional Lender can obtain the required appraisals and inspections and fully approve and document the proposed loan transaction. Purchasers choose to close with cash to ensure the acquisition and place financing on the property at a later date when the financing is documented. Having an extended simultaneous issue rate to allow for subsequent financing will allow consumers to close their loan shortly after their purchase and not be unduly financially penalized with title insurance premiums.

APPENDIX C

Rate Rule R-8

R-8. Mortgagee Policy, on a Loan to Take Up, Renew, Extend or Satisfy an Existing Lien(s)

~~On~~ When a Loan Policy, issued on a loan ~~to~~ that fully takes up, renews, extends or satis~~fy~~ies ~~an old loan(s)~~ one or more existing liens ~~that is~~ already insured by ~~a~~ one or more existing Loan Policy(ies), the new Loan Policy ~~policy being~~ must be in the amount of the note of the new loan. ~~t~~The premium for the new Loan Policy ~~shall be at the Basic Rate, but~~ is reduced by a credit. ~~shall reduce the premium by the following amount.~~ The credit is calculated as follows:

A. calculate the Basic Premium on the written payoff balance of the existing ~~lien~~ loan or the original amount of the loan, whichever is less; and

B. multiply by the percentage below for ~~of~~ the time from the ~~prior~~ existing Loan Policy date to the new Loan Policy date:

~~A. 40%~~ 1. 50% when ~~of the premium calculated at the current rate on the written payoff balance of the old loan, such renewal occurring within two (2)~~ four years or less; ~~from the date of the Loan Policy insuring the old loan;~~

~~B. 35% of the premium calculated at the current rate on the written payoff balance of the old loan, such renewal occurring more than two (2) years but less than three (3) years from the date of the Loan Policy insuring the old loan;~~

~~C. 30% of the premium calculated at the current rate on the written payoff balance of the old loan, such renewal occurring more than three (3) years but less than four (4) years from the date of the Loan Policy insuring the old loan;~~

~~D. 25% of the premium calculated at the current rate on the written payoff balance of the old loan, such renewal occurring more than four (4) years but less than five (5) years from the date of the Loan Policy insuring the old loan;~~

~~E. 20% of the premium calculated at the current rate on the written payoff balance of the old loan, such renewal occurring more than five (5) years but less than six (6) years from the date of the Loan Policy insuring the old loan;~~

~~F.~~ 2. 25% ~~15% of the premium calculated at the current rate on the written payoff balance of the old loan, such renewal occurring more than six (6) years but less than seven (7) years from the date of the Loan Policy insuring the old loan~~ when more than four years but less than eight years; or

After ~~the lapse of seven (7)~~ eight years from the date of the Loan Policy insuring the ~~old~~ existing loan, the Basic Rate ~~shall~~ must apply.

The premium for the new Loan Policy is the Basic Premium less the credit; but not less than the minimum Basic Premium.

The credit does not apply if any additional property not covered in the original policy(ies) is included in the policy to be issued.

~~Where more than one chain of title, as the term "chain of title" is from time to time defined by the Commissioner, was involved in the issuance of~~ When the original policy(ies)~~, and the new policy includes~~ included more than one ~~or more of such additional chain~~ chains of title and the new policy also includes one or more of the original chains of title, the minimum Basic Premium must be charged ~~involved in the issuance of the original policy(ies), an additional premium charge as established by the Commissioner shall be added~~ for each additional chain of title ~~involved~~. (See Rate Rule R-9 for definition of "additional chain.")

~~On~~ When two or more new Loan Policies are issued on multiple loans to fully take up, renew, extend or satisfy an ~~old loan~~ existing lien insured by a single Loan Policy, ~~the new policies being in the amount of the new loans,~~ the premium for each new ~~the larger~~ Loan ~~Title~~ Policy, ~~shall be at~~ is the Basic ~~Rate~~ Premium. ~~but a~~ The credit calculated above ~~shall~~ must be ~~allowed upon~~ applied to the premium. ~~as set forth previously in this rule.~~ for the largest Loan Policy even if all of the new loans are not insured. ~~The premium for the remaining new Loan Title Policy(ies) shall be at the Basic Rate. A credit shall still be allowed upon the premium as set forth in this rule even if not all of the new loans are insured or if only one of the new loans is insured. The reduction in rate as herein prescribed shall not apply to any case where any additional property not covered by the original policy(ies) is included in the policy to be issued.~~

~~In the calculation of the credit, the amount from the written payoff balance shall not exceed 100% of the original amount of the old loan. In no event shall the premium collected be less than the regular minimum promulgated rate for a Loan Policy.~~

THIS RULE MAY NOT BE APPLIED in connection with the issuance of a series of Loan Policies issued by reason of notes being apportioned to individual units in connection with a master policy covering the aggregate indebtedness, including improvements. Except as otherwise provided in this rule, individual Loan Policies must be issued at the Basic Rate.

Justification

Many escrow officers have expressed concern with the complexity of the refinance credit. Consumers and closers alike would benefit from a more simplified approach. Technology combined with streamlined processes in the refinance context has also resulted in increased productivity, examination efficiency and reduced loss risk. These considerations warrant an extension of the refinance credits. An expansion of the refinance credit availability and an increase in the discount will benefit all consumers for all property types.

APPENDIX D

Rate Rule R-20

R-20. New Owner's Policy After Construction Period

A. When ~~an~~ a new Owner's Policy ~~has been~~ is being issued by the Company that issued the prior Owner's Policy, and:

1. ~~with a face~~ the prior Owner's Policy amount ~~of~~ was $5,000,000.00 or more;
2. the prior Owner's Policy was issued ~~in the manner~~ as provided in Procedural Rule P-8.A;
3. ~~and~~ the premium for ~~said~~ the prior Owner's Policy ~~has been~~ is paid in full;~~,~~
4. ~~upon completion of~~ the improvements ~~on the property covered thereby~~, have been completed;
5. the owners have accepted ~~acceptance thereof,~~ the improvements;
6. evidence satisfactory to ~~to~~ the Company has been received ~~and satisfactory evidence to the Company received satisfactory evidence~~ that all bills for labor and materials have been paid in full;
7. ~~, an Owner's Policy may be issued by the Company which issued the previously issued Owner's Policy, at any time up to~~ the new Owner's Policy is issued within ~~one~~ two years after ~~such~~ the completion of improvements,~~-~~and
8. the new Owner's Policy covers~~ing~~ the same land, or a portion of the land ~~thereof~~, covered by ~~said~~ the prior Owner's Policy and covers~~ing~~ no other land; then:

The new Owner's Policy must be issued: ~~and the premium for the new Owner's Policy shall be~~

1. at the ~~currently promulgated~~ minimum ~~policy~~ Basic Premium ~~Rate.~~; or

2. if ~~Should~~ the amount of the new Owner's Policy exceeds the amount of the ~~previously issued~~ prior Owner's Policy, the premium for the new Owner's Policy ~~shall~~ must be;

   a. ~~at (i)~~ the Basic Rate; plus

   b. ~~(ii)~~ the ~~currently promulgated~~ minimum ~~policy~~ Basic Premium ~~Rate~~; less

   c. ~~(iii)~~ the current~~ly promulgated~~ premium for the ~~previously issued~~ prior Owner's Policy, or ~~in the event~~ if the ~~previously issued~~ prior Owner's Policy, was issued for a simultaneous issue rate under Rate Rule R-5E, the current~~ly promulgated~~ premium for the Loan Policy referred to in ~~said~~ Rate Rule R-5E.

B. If a new Owner's Policy is issued as provided in this rule, ~~must be issued at the Basic Rate and~~ the premium for each Loan Policy must be $100.00, if:

1. all policies are issued simultaneously;
2. all policies bear the same date;
3. each Loan Policy covers the same land, or a portion of the land, covered by the new Owner's Policy and covers no other land;
4. the new Owner's Policy shows the lien insured by each Loan Policy as an exception; and
5. the amount of the Loan Policy(ies) do not exceed the policy amount of the new Owner's Policy.

When the amounts of the Loan Policy(ies) exceed the amount of the new Owner's Policy and:

1. all policies are issued simultaneously;
2. all policies bear the same date;
3. each Loan Policy covers the same land, or a portion of the land, covered by the new Owner's Policy and covers no other land;
4. the new Owner's Policy shows the lien insured by each Loan Policy as an exception; then
    a. the Basic Rate must be charged for the new Owner's Policy; and
    b. the premium charged for the Loan Policy(ies) must be:
        1. the Basic Rate for the combined Loan Policy amounts; less
        2. the Basic Rate for the new Owner's Policy; plus
        3. $100.00 for each Loan Policy.

Justification

It can take in excess of one year (the current R-20 deadline) for a developer to market and sell a new project after completion of construction. Expanding the R-20 to two years will benefit consumers with a more reasonable time to complete a sale. Further, R-20 does not currently expressly authorize the recognition of a simultaneous issue rate for the Loan Policy. Expressly authorizing a simultaneous issue rate will remove any question about how to price simultaneously issued policies when the R-20 pricing is used.