

FAX COVER SHEET

TO	
COMPANY	
FAX NUMBER	15124901064
FROM	Kergin Bedell
DATE	2019-05-14 17:34:42 GMT
RE	Filing in TDI ECASE NO. 18474

COVER MESSAGE

Please find attached the Texas Land Title Association's First Amended Petition to Hold the Periodic Title Insurance Rate Rulemaking Hearing and for the Adoption of Rules. This file has been assigned TDI eCase No. 18474.

Sincerely,

Cass Burton
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TDI ECASE NO. 18474

IN THE MATTER OF THE

BEFORE THE

PERIODIC TITLE INSURANCE RATE
RULEMAKING HEARING,

COMMISSIONER OF INSURANCE FOR

TEXAS LAND TITLE ASSOCIATION

§
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THE STATE OF TEXAS

FIRST AMENDED 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 filed a 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 on February 11, 2019.

1. TLTA, the Petitioner, proposed a rate decrease and amendments to several rules.
2. A rulemaking hearing regarding these matters has been set for May 23, 2019 at 1:30 p.m.
3. TLTA has had further discussions with the Texas Department of Insurance Staff since the original petition was filed. An inconsistency between Rate Rule R-5 and Rate Rule R-20 was identified.
4. TLTA has revised Rate Rule R-20 to make it consistent with Rate Rule R-5. A paragraph has been added at the end of the rule addressing the issuance of a series of Loan Policies. The amended rule is contained in Appendix D-1.
5. TLTA prays that the commissioner will substitute Appendix D-1 in this first amended petition in the place of Appendix D from the original petition.
6. This first amended petition has been filed more than seven days prior to the rulemaking hearing.

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

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Respectfully submitted,



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**ATTORNEY FOR THE
TEXAS LAND TITLE ASSOCIATION**

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CERTIFICATE OF SERVICE

In accordance with 28 TEX. ADMIN. CODE § 1.202, I certify that on May 14, 2019, a true and correct copy of this first amended petition and Appendix D-1 have been sent to the following parties:

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

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APPENDIX D-1

Rate Rule R-20

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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 covering the same land, or a portion of the land thereof, covered by said the prior Owner's Policy and covering 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 currently 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 currently 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:

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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.

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

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

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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. The qualification described in the last paragraph is to maintain consistency with Rate Rule R-5, which also addresses simultaneous issuance of a Loan Policy.