TEXAS TITLE INSURANCE WORKS
2019 RATE & RULE PROPOSALS

TLTA

*Protecting Texans'
Property Rights*

Basic Premium Rate – Rate Decrease of -4.9%

Based on looking back at years of statistical data and utilizing the rate formula that has been established over time as part of the Texas system, TLTA's actuaries determined that a rate decrease was warranted. TLTA has secured an agreement with the Office of Public Insurance Counsel (OPIC) to recommend a -4.9% decrease to the Commissioner.

Promulgated rates are established based on annual statistical data reported to TDI by agents and underwriters. Rate increases and decreases are based on the overall profitability of the industry looking back over several years. This addresses the cyclical ups and downs of the real estate market.

Several other changes to the rate chart and rate rules are being recommended to address consumer feedback regarding refinance transactions and certain aspects of commercial rates.

Refinance Rate Reduction

Instead of six different credits, this proposal recommends two: a 50 percent credit within four years and a 25 percent credit between four and eight years. This simplified approach responds to significant feedback from residential and commercial consumers alike and recognizes efficiencies involved in these transactions.

Current Refinance Premium Discount	
40%	within 2 years*
35%	more than 2 years but less than 3 years*
30%	more than 3 years but less than 4 years*
25%	more than 4 years but less than 5 years*
20%	more than 5 years but less than 6 years*
15%	more than 6 years but less than 7 years*

Source: Texas Title Insurance Basic Manual, Section III, R-8

TLTA Proposed Refinance Premium Discount (under review by TDI)	
50%	within 4 years*
25%	more than 4 years but less than 8 years*

* From the date of the policy insuring the old mortgage

New Discounted Price Tiers

TLTA is recommending new pricing tiers for high-end commercial transactions at $25 million, $50 million and $100 million+. This change would modernize the chart and allow new discounts for commercial consumers on these large transactions.

Simultaneous Issue Discount Expansion

TLTA recommends allowing a simultaneous issue rate credit for 90 days on transactions $5 million and above. Some purchasers close with cash to ensure the property can be acquired and then secure permanent financing at a later date. This proposed change prevents the purchaser from paying the full title premium when the financing is secured within 90 days and represents a significant savings for these consumers. The premium would be $100 for each loan policy under these circumstances.

Construction Credit Expansion

TLTA recommends extending the credit for developers of large construction projects from one year to two years and providing for a simultaneous issue rate for the loan policy. This change will allow consumers more time to complete the sale. Also, R-20 currently does not expressly recognize the use of the simultaneous issue rate in these cases, so this will clarify that situation.

Minimum Basic Rate Adjustment

TLTA is recommending a new minimum basic rate of $25,000 (rather than the current starting point of $10,000). This modernization of the chart recognizes the size of today's real estate transactions as well as the work that goes into many small transactions.

These Proposed Changes Demonstrate That the Texas System Works

This package of proposals clearly demonstrates the Texas Promulgated Rate System works. Texas title insurance rates have steadily declined over 25 years. The method for setting those rates is based on real data, providing for a transparent public process where consumers have a seat at the table. The industry itself proactively stepped forward to begin the process by submitting these consumer-friendly proposals for discussion and consideration. Additionally, these proposals show that the Texas system is responsive.