

LD1182376

## HOUSE BILL NO. 375

Offered January 21, 1994

*A BILL to amend and reenact Chapter 950 of the Acts of Assembly of 1993, relating to title insurance.*

Patron—Murphy

Referred to Committee on Corporations, Insurance and Banking

**Be it enacted by the General Assembly of Virginia:****1. That Chapter 950 of the Acts of Assembly of 1993 is amended and reenacted as follows:**

§ 38.2-4608. Title insurance rates.

A. "Title insurance risk rates" means any rate of premium, policy fee or any other charge made by a title insurance company for title insurance as defined in § 38.2-123. Title insurance risk rates shall not include charges for abstracting, record searching, certificates regarding the record title, escrow services, closing services and other related services that may be offered or furnished, or the cost and expenses of examination of title.

B. Title insurance risk rates shall be reasonable and adequate for the class of risks to which they apply. Risk rates shall not be unfairly discriminatory between risks involving essentially the same hazards and expense elements. The rates may be fixed in an amount sufficient to furnish a reasonable margin for profit after provision for (i) probable losses as indicated by experience within and without this Commonwealth, (ii) exposure to loss under policies, (iii) allocations to reserves, (iv) costs of participating insurance, (v) operating costs, and (vi) other items of expense fairly attributable to the operation of a title insurance business.

~~B.~~ C. Policies may be grouped into classes for the establishment of rates. A title insurance policy that is unusually hazardous to the title insurance company because of an alleged defect or irregularity in the title insured or because of uncertainty regarding the proper interpretation or application of the law involved, may be classified separately according to the facts of each case.

~~C.~~ Title insurance risk rates shall not include charges for abstracting, record searching, certificates regarding the record title, escrow services, closing services, and other related services that may be offered or furnished, or the cost and expenses of examinations of titles.

D. *Provided that it has complied with § 38.2-4617*, any title insurance company may issue, publish and use price schedules for title insurance and for any separate or related services, or schedules setting forth one price covering the risk rate and the charges for any separate or related services.

§ 38.2-4617. *Filing of title insurance risk rates required.*

A. Every title insurance company shall file with the Commission all title insurance risk rates as defined in § 38.2-4608, and all changes and amendments thereto, made by it for any form filed pursuant to § 38.2-4606 for use in this Commonwealth, except that the title insurance company need not include title insurance risk rates for an unusually hazardous risk as set forth in subsection C of § 38.2-4608. In addition, the title insurance company shall file with the Commission any rules or regulations governing the setting or making of such filed rates. Such rates, and all changes and amendments thereto, shall be filed with the Commission on or before the date they become effective.

B. No title insurance company, or any title insurance agency or agent thereof, shall make or issue a contract or policy of title insurance, except in accordance with the title insurance risk rates then required to be filed with the Commission.

No title insurance company, title insurance agency or title insurance agent shall make any charge or receive any fee, compensation or consideration for a contract or policy of title insurance in addition to the title insurance risk rates required to be filed and charged by the title insurance company for such title insurance. Nothing in this subsection shall prohibit a title insurance company or a title insurance agency from making charges for abstracting, record searching, certificates regarding the record title, escrow services, closing services and other related services that may be offered or furnished, or the cost and expenses of examination of titles.

C. Each filing and any supporting information filed with the Commission shall, as soon as filed, be open to public inspection. Copies may be obtained by any person on request and upon payment of a reasonable charge therefor.

§ 38.2-4618. *Investigation by Commission.*

The Commission may investigate and determine (i) upon its own motion, (ii) at the request of any citizen or any interested party in this Commonwealth, or (iii) at the request of any title insurance company subject to this chapter, whether any title insurance company, title insurance agency, or title insurance agent is complying with the provisions of this chapter.

INTRODUCED

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60 ~~2. That the provisions of this act shall not become effective unless reenacted by the 1994 Session of~~  
61 ~~the General Assembly.~~