

SUBCHAPTER C. TEXAS TITLE INSURANCE STATISTICAL PLAN
28 TAC §9.401

INTRODUCTION. The Commissioner of Insurance adopts an amendment to 28 TAC §9.401, relating to the Texas Title Insurance Statistical Plan (Statistical Plan). This rule adoption ensures that the Statistical Plan can record all the necessary business transactions in the title industry to set title insurance rates, as required by Insurance Code §2703.153. The amendment is adopted with changes to the proposed text published in the December 6, 2019, issue of the *Texas Register* (44 TexReg 7486). TDI has changed the proposed effective date of January 1, 2020, to April 1, 2020.

REASONED JUSTIFICATION. TDI amends §9.401 to address changes made to title insurance rate rules on June 11, 2019, by Commissioner's Order No. 2019-5980. The Order adopted revisions proposed by the Texas Land Title Association (TLTA) to the rates and rate rules in the Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas.

TDI must amend the Statistical Plan to add codes that track the changes to the rate rules made by Commissioner's Order No. 2019-5980. These new codes will enable title insurance agents and companies to accurately report data as a result of the new rate rules. This data is used by the Commissioner to set future title insurance rates. Insurance Code §2703.153(h) requires that any change to the Statistical Plan be established in a rulemaking hearing under Government Code Chapter 2001, Subchapter B. TDI held a hearing in Docket No. 2828 on December 19, 2019, that was attended by representatives of the TLTA. There were no comments at the hearing.

Commissioner's Order No. 2019-5980 amended Rate Rule R-5, *Simultaneous Issuance of Owner's and Loan Policies*; and Rate Rule R-8, *Mortgagee Policy, on a Loan to*

Take Up, Renew, Extend or Satisfy an Existing Lien(s). Because the Statistical Plan does not have the appropriate codes for these changes, this adoption is necessary to add them and ensure that the Statistical Plan meets the data collection standards required by Insurance Code §2703.153.

The change to Rate Rule R-5 allowed cash purchasers of property valued at \$5 million or more to have up to 90 days to finance the property and not have to pay the full basic rate for the loan policy. Although a simultaneous rate credit existed before, the rule did not allow 90 days to obtain the credit. The Statistical Plan will now have code number 3211 for tracking this transaction. The change to Rate Rule R-8 extends the number of years a discount is available to a consumer who renews a loan policy from seven to eight years after the original policy was issued. The Statistical Plan will now have code number 4008 to account for these renewals.

As proposed, the revision to §9.401 included an effective date of January 1, 2020, for the adoption by reference of the rules in the Texas Title Insurance Statistical Plan. However, because the date included in the proposal has passed, TDI has revised the amendment to §9.401 to make the adoption by reference effective April 1, 2020.

SUMMARY OF COMMENTS. TDI did not receive any comments on the proposed amendment.

STATUTORY AUTHORITY. TDI adopts the amendment to 28 TAC §9.401 under Insurance Code §2703.153 and §36.001.

Insurance Code §2703.153 requires title insurance companies and agents to submit data to TDI for use in fixing premium rates, and it provides that the Commissioner must regularly evaluate the collected information to determine whether additional or different information is needed. The contents of the statistical report used to collect data, including

amendments to the report, must be established in a rulemaking hearing under Government Code, Chapter 2001, Subchapter B.

Insurance Code §36.001 provides that the Commissioner may adopt any rules necessary and appropriate to implement the powers and duties of TDI under the Insurance Code and other laws of this state.

TEXT.

Subchapter C. Texas Title Insurance Statistical Plan

§9.401. Texas Title Insurance Statistical Plan.

The Texas Department of Insurance adopts by reference the rules in the Texas Title Insurance Statistical Plan as amended effective April 1, 2020. This document is published by and is available from the Texas Department of Insurance, Mail Code 105-5D, PO Box 149014, Austin, Texas 78714-9104. This document is also available on the TDI website at www.tdi.texas.gov.

CERTIFICATION. This agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Issued at Austin, Texas, on 3/4/2020.

DocuSigned by:
James Person
76578E954EFC48A...
James Person, General Counsel
Texas Department of Insurance

2020-6275

TITLE 28. INSURANCE

Part I. Texas Department of Insurance

Chapter 9. Title Insurance

Adopted Section

Page 4 of 4

The Commissioner adopts the amendment to 28 TAC §9.401.

DocuSigned by:

Kent Sullivan

73DEDCE32E5F411

Kent C. Sullivan

Commissioner of Insurance

Commissioner's Order No. 2020- 6275