

**SUBCHAPTER A. Basic Manual of Rules, Rates and Forms
for the Writing of Title Insurance in the State of Texas
28 TAC §9.1**

**SUBCHAPTER C. Texas Title Insurance Statistical Plan
28 TAC §9.401**

1. INTRODUCTION. The Texas Department of Insurance proposes amendments to 28 TAC §9.1 and §9.401, adopting by reference amendments to the *Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas (Basic Manual)* and to the *Texas Title Insurance Statistical Plan (Statistical Plan)*. The proposed amendments revise the effective dates of the amended *Basic Manual* and *Statistical Plan*, update TDI's address, and add the TDI website address in both sections. The commissioner of insurance considered the items submitted by the title industry and TDI staff on February 28, 2012, at the 2012 Texas Title Insurance Periodic Hearing, Docket Number 2732. The commissioner called the hearing under Insurance Code §2703.202 and §2703.206.

The proposed amendments are identified by the item numbers used for the original submissions in the February 28, 2012, hearing. This proposal is necessary to adopt new rules and forms and modify or replace currently existing rules and forms in the *Basic Manual* and *Statistical Plan* to facilitate the administration and regulation of title insurance and to update, correct, clarify, or harmonize title insurance rules and forms. Items proposed for approval are detailed below. In some of these items, TDI has made substantive changes to the original submissions. The description of each agenda item includes a brief explanation of any substantive changes. TDI has also made nonsubstantive editorial changes to the following original submissions: Items

2012-1, 2012-2, 2012-3, 2012-4, 2012-5, 2012-6, 2012-8, 2012-9, 2012-12, 2012-13, 2012-14, 2012-16, 2012-19, 2012-20, 2012-21, 2012-22, 2012-24, 2012-25, 2012-26, 2012-27, 2012-28, 2012-29, 2012-30, 2012-31, 2012-32, 2012-39, 2012-42, 2012-47, 2012-50, 2012-51, 2012-54, 2012-55, 2012-57, 2012-62, 2012-63, 2012-64, 2012-65, 2012-66, 2012-71, 2012-72, 2012-77, 2012-80, 2012-83, 2012-84, 2012-85, 2012-86, 2012-87, 2012-88, 2012-89, and 2012-90.

Items 2012-10, 2012-15, 2012-34, 2012-43, 2012-44, 2012-46, 2012-60, 2012-61, and 2012-68 were withdrawn from consideration at the February 28, 2012, hearing at the request of the original petitioners. As explained in Commissioner's Order No. 12-0217, dated March 19, 2012, TDI has elected not to propose the following items: 2012-7, 2012-40, 2012-48, 2012-49, 2012-53, 2012-56, 2012-58, 2012-59, 2012-72 as revised by Stewart Title Guaranty Company, and 2012-91.

TDI proposes the following items for adoption:

Item 2012-1: Amends Form T-7, Commitment for Title Insurance, to correct typographical errors and conform the language in the form to other rules and forms in the *Basic Manual*.

Item 2012-2: Amends Form T-1, Owner's Policy of Title Insurance, to correct margins and conform the language in the form to other rules and forms in the *Basic Manual*.

Item 2012-3: Amends Form T-2, Loan Policy of Title Insurance, to correct margins.

Item 2012-4: Amends Form T-43, Texas Reverse Mortgage Endorsement, to conform the language in the form to other rules and forms in the *Basic Manual*.

Item 2012-5: Amends Form T-42, Equity Loan Mortgage Endorsement, to conform the language in the form to other rules and forms in the *Basic Manual*.

Item 2012-6: Amends Form T-42.1, Supplemental Coverage Equity Loan Mortgage Endorsement, to conform the language in the form to other rules and forms in the *Basic Manual*.

Item 2012-8: Amends Form T-98, Limited Pre-Foreclosure Policy, to correct typographical errors in the *Basic Manual*.

Item 2012-9: Amends Form T-46, Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement, to conform the language in the form to other rules and forms in the *Basic Manual*.

Item 2012-11: Amends Rate Rule R-15, Owner Policy Endorsement, to correct typographical errors and conform the language in the rule to other rules and forms in the *Basic Manual*.

Item 2012-12: Amends Rate Rule R-17, Policy Forms for Use by United States Government, to conform the language in the rule to other rules and forms in the *Basic Manual*.

Item 2012-13: Amends Rate Rule R-22, Owner and Leasehold Policies, to conform the language in the rule to other rules and forms in the *Basic Manual*.

Item 2012-14: Amends Procedural Rule P-1.w, regarding the definition of “premium,” to correct typographical errors in the *Basic Manual*.

Item 2012-16: Amends Form T-56, Owner Policy Rejection Form, to correct typographical errors and conform the language in the form to other rules and forms in the *Basic Manual*.

Item 2012-17: Amends Procedural Rule P-70(b), regarding Cancellation Fees; Fees for Services Rendered, to correct a typographical error in the *Basic Manual*.

Item 2012-18: Amends Form T-14, First Loss Endorsement, to conform the language in the form to other rules and forms in the *Basic Manual*.

Item 2012-19: Amends Form T-16, Mortgagee Policy Aggregation Endorsement, to conform the language in the form to other rules and forms in the *Basic Manual*.

Item 2012-20: Amends Form T-53, Texas Limited Coverage Residential Chain of Title Policy Combined Schedule, to conform the language in the form to other rules and forms in the *Basic Manual*, correct margins, and correct a reference to a 12-month chain of title by making the period of time referenced not more than sixty months.

Item 2012-21: Minimum Capitalization Rule. TDI proposes new Rule S.1, Minimum Capitalization Standards for Title Agents Pursuant to §2651.012 and Certification and Procedure to Determine Value of Assets Pursuant to §2651.158. The rule includes the timetables and capitalization amounts in Insurance Code §2651.012, to achieve compliance with minimum capitalization requirements. TDI has changed the implementation dates from those in the original submission to allow affected persons time to comply after the rule becomes effective. TDI has removed paragraph II.C. from the original submission to clarify that a change in a company's operations does not change the date used to calculate the minimum capitalization requirement. As stated at

the hearing, in a “white knight” situation, if a company needs a capital infusion, it certainly needs a solvency account. For example, if a person inherits an existing company, there is no guarantee that the new owner of the company will have sufficient experience in the field to operate without a solvency account.

Item 2012-22: Minimum Capitalization Certification of Assets Form. TDI proposes new Form T-S1, Title Agent’s Unencumbered Assets Certification Form. The form certifies unencumbered assets, pursuant to Insurance Code §2651.158. The form specifies the title agent’s method of meeting the required minimum capitalization, and would normally accompany the annual audit of escrow accounts submitted to TDI unless the agent made a deposit under Insurance Code §2651.012(f).

Item 2012-23: Solvency Account Rule. TDI proposes new Rule S.2, Solvency Account for Capitalization Standards, to meet the requirements of Insurance Code §2651.012. The rule sets forth the requirements for establishing and maintaining a solvency account.

Item 2012-24: Solvency Account Tripartite Agreement Form. TDI proposes new Form T-S2, Tripartite Agreement, to establish a solvency account to comply with capitalization requirements. The form authorizes release of funds from a solvency account in limited circumstances. TDI has amended the original submission to clarify the language regarding the release of funds, to allow the agent to withdraw excess funds after a 10-day waiting period, to clarify that the commissioner’s designee can sign the agreement, and to add a notarization field to the form.

Item 2012-25: Release of Solvency Account Assets Rule. TDI proposes new Rule S.3, Title Agent Requirements, procedures, and forms for obtaining release of assets under Insurance Code §2651.012(b) or §2651.0121. The rule provides procedures to request the release of assets, including funds held in a solvency account, under §2651.0121. The rule articulates the steps to take to obtain a release of assets.

Item 2012-26: Release of Solvency Account Request Form. TDI proposes new Form T-S3, Solvency Account Release Request, to meet the Insurance Code §2651.0121(i) requirement to provide a form for an agent to use to request the release of funds held in a solvency account under §2651.0121. The form provides a checklist for the actions required to request the release.

Item 2012-27: Surety Bond Rule. TDI proposes new Rule S.7, Surety Bond for Title Agents to Comply with Minimum Capitalization Standards. The rule enables title agents to comply with capitalization requirements by using a surety bond.

Item 2012-28: Surety Bond Form. TDI proposes a new form of surety bond as an option for title agents to meet capitalization requirements. TDI has changed the 30-day notice period for bond cancellation to a 60-day notice period. At the February 28, 2012, hearing, the Texas Land Title Association (TLTA), which filed the original 2012-28 submission, stated that it did not object to the change.

Item 2012-29: Title Company Financial Matter Disclosure Rule. TDI proposes new Rule S.4, Title Company Requirements, Procedures, and Forms for Providing Privileged Title Agent Financial Solvency Information to the Department Pursuant to

§2651.011. The rule provides that an underwriter may provide information to TDI about a financial matter that may relate to the solvency of a title agent.

Item 2012-30: Title Company Financial Matter Disclosure Authorized Officer's Form. TDI proposes new Form T-S4, Annual Report of Title Company's Officers Authorized to Provide Information on Agent Financial Matters. This form provides a form for title companies to identify to TDI the officers of the title company who are authorized to provide privileged financial information to TDI regarding title agents.

Item 2012-31: Title Company Financial Matter Disclosure Form. TDI proposes new Form T-S4-A, Financial Matter Disclosure Report. The form provides a means for a designated officer of a title company to provide information to TDI under Insurance Code §2651.011. It declares that financial information regarding a title agent that is provided to TDI by a title company is not public information.

Item 2012-32: Title Agent's Quarterly Withholding Tax Report Rule. TDI proposes new Rule S.5, Filing of Title Agent's Quarterly Withholding Tax Report. The rule provides TDI with an early warning tool to monitor the financial condition of title agents. It requires agents to file with TDI copies of their quarterly withholding tax reports or their equivalent.

Item 2012-33: Title Agent's Quarterly Withholding Tax Report Form. TDI proposes new Form T-S5, Title Agent Certification Form of Agent's Quarterly Tax Reports. The form provides a method for a title agent to certify that the agent had no employees during a calendar quarter and did not file a quarterly withholding tax report.

Item 2012-35: Title Agent Examinations Report Rule. TDI proposes new Rule S.6, Requirements for Title Agent Examination Reports Pursuant to §2651.206. The rule adds a new section to the *Basic Manual* to incorporate statutory changes resulting from HB 4338, 81st Legislature, Regular Session (2009). Under Insurance Code §2651.206, the rule establishes requirements and procedures for an examination report. The procedures allow the title agent to respond to the contents and conclusions of the report and allow for an appeal under 28 TAC §7.83. TDI has modified the original submission to clarify the rule's applicability and procedures, and to specify which TDI division will handle the appeals.

Item 2012-36: Abstract Plant Requirement Rule (P-1 and P-12). Amends Procedural Rules P-1 and P-12. The rule amends the P-1 definition of abstract plant to be consistent with Insurance Code §2501.004(b). The rule amends P-12 to be consistent with §2501.004 and updates certain statutory references.

Item 2012-37: Abstract Plant Requirement Form (T-57). Amends Form T-57, Agreement to Furnish Title Evidence, to be consistent with Insurance Code §2501.004(b).

Item 2012-38: Amends Procedural Rule P-5.1, Exception or Exclusion Regarding Minerals. Insurance Code §2703.0515 and §2703.055, enacted in HB 2408, 82nd Legislature, Regular Session (2011), provide that a title insurance company is not required to issue a minerals endorsement after January 1, 2012.

Item 2012-39: Amends Procedural Rule P-50.1, Minerals and Surface Damage Endorsement (T-19.2), and Minerals and Surface Damage Endorsement (T-19.3).

Insurance Code §2703.0515 and §2703.055, enacted in HB 2408 provide that a title insurance company is not required to issue a minerals endorsement after January 1, 2012.

Item 2012-41: Repeals Rate Rule R-36, Credit for Exclusion of or General Exception for Minerals. HB 2408 enacted §2703.056(b), which prohibits premium credits for minerals, effective January 1, 2012. As a result, TDI proposes repealing Rate Rule R-36.

Item 2012-42: Amends R-29.1, Premium for Minerals and Surface Damage Endorsement (T-19.2), and Minerals and Surface Damage Endorsement (T-19.3). As a result of HB 2408, enacting Insurance Code §2703.0515 and §2703.055, no charge may be made for either endorsement to a Loan Policy issued after January 1, 2012.

Item 2012-45: Changes the Texas Title Insurance Guaranty Association's address on the Policy Guaranty Fee Remittance Form to "[current address]" to update the form and provide more flexibility for future changes to information without a rule amendment.

Item 2012-47: Amends disclosure requirements with respect to third party notaries to conform the rule to Insurance Code §2501.008.

Item 2012-50: Amends Procedural Rule P-57, Additional Insured Endorsement (T-26), to include "Fairway language" for an optional coverage. In *Fairway Dev. Co. v. Title Ins. Co. of Minn.*, 621 F. Supp. 120 (N.D. Ohio 1985), the court held that the assignment of partnership interests from two partners to the remaining partner and a new third-party purchaser resulted in the termination of the title-insured partnership and

the creation of a new partnership. The new partnership lacked standing to bring an action under the title policy issued to the original partnership. The coverage in the amended endorsement would provide that the transfer of an interest in a limited liability company insured under an owner's policy would not be deemed to create a new entity that is not entitled to the benefits of the policy.

Item 2012-51: Amends Form T-26, Additional Insured Endorsement, to include "Fairway language" for an optional coverage. The coverage would provide that the transfer of an interest in a limited liability company insured under an owner's policy would not be deemed to create a new entity that is not entitled to the benefits of the policy. TDI has also removed a duplicative paragraph from the original submission.

Item 2012-52: Amends Procedural Rule P-58, Report on Directly Issued Policy, to add an Out of County Status Code. This conforms the rule to Form T-00, which contains three Directly Issued Policy Status Codes, rather than only the two currently listed in P-58.

Item 2012-54: Amends Form T-11, Policy of Title Insurance (USA), to add a creditors' rights exclusion relating to the transaction, in compliance with Insurance Code §2502.006, which prohibits certain extra hazardous coverages.

Item 2012-55: Amends Form T-38, Mortgagee Policy of Title Insurance P-9.b.(e) Endorsement, to add a creditors' rights exclusion relating to the transaction, in compliance with Insurance Code §2502.006, which prohibits certain extra hazardous coverages.

Item 2012-57: Amends Form T-16, Mortgagee Policy Aggregation Endorsement, to provide optional language that could provide a separate lower limit of liability for the policy in identified states in order to conform to single risk limits. The amendment also conforms the language in the form to the current text of ALTA Endorsement 12-06.

Item 2012-62: Amends Form T-19, Restrictions, Encroachments, Minerals Endorsement to ensure that a recorded document clearly identifies the terms of a covenant, condition, or restriction. This endorsement separately insures against loss of priority of the lien of the Insured Mortgage or of title because of the provisions of the covenant, condition, or restriction in paragraph 2, and insures against current violations in paragraph 1.b. TDI has removed paragraph 5.e. from the original submission, because it could negate the coverage promised in paragraph 4.d.

Item 2012-63: Amends Form T-19.1, Restrictions, Encroachments, Minerals Endorsement – Owner Policy to ensure that a recorded document clearly identifies the terms of a covenant, condition, or restriction. This endorsement separately insures against current violations in paragraph 1.a. TDI has removed paragraph 5.e. from the original submission because it could negate the coverage promised in paragraph 4.d.

Item 2012-64: Amends Form T-4, Leasehold Owner's Policy Endorsement, to conform Form T-4 to ALTA Endorsement 13-06 (Leasehold – Owner's). In consultation with Stewart Title Guaranty Company, which originally submitted the agenda item, TDI has resolved inconsistencies in the use of "tenant" and "insured" in the form.

Item 2012-65: Amends Form T-4R, Residential Leasehold Endorsement, to conform Form T-4R to ALTA Endorsement 13-06 (Leasehold – Owner's).

Item 2012-66: Amends Form T-5, Leasehold Loan Policy Endorsement, to conform Form T-5 to ALTA Endorsement 13.1-06 (Leasehold – Loan).

Item 2012-67: TDI proposes new Form T-36.1, Commercial Environmental Protection Lien Endorsement. This endorsement is ALTA Endorsement 8.2-06. In commercial loan transactions in other jurisdictions, an ALTA 8.2-06 Endorsement is commonly requested and issued.

Item 2012-69: TDI proposes new Form T-54, Severable Improvements Endorsement, to address situations in which an item's status as real or personal property is disputed. This endorsement affects the measure of damages available if there are title defects that cause diminution of value in certain circumstances, or certain costs incurred resulting from the defect. TDI has changed the location of this form from the location proposed in the original submission.

Item 2012-70: TDI proposes new Procedural Rule P-72, Severable Improvements Endorsement, to address situations in which an item's status as real or personal property is disputed. This endorsement affects the measure of damages available if there are title defects that cause diminution of value in certain circumstances, or certain costs incurred resulting from the defect. TDI has modified the original submission to clarify that a company may not charge a premium for the Severable Improvements Endorsement unless and until an applicable rate rule is in effect.

Item 2012-71: Amends Rate Rule R-11 to update references. This item incorporates changes suggested by TLTA in withdrawn Agenda Item 2012-10 re: R-11(D).

Item 2012-72: Amends Procedural Rule P-9 to incorporate suggested changes to Rate Rule R-11 in withdrawn Agenda Item 2008-61, to update references, and to conform the language in the rule to other rules and forms in the *Basic Manual*. This item incorporates changes submitted by TLTA in withdrawn Agenda Item 2012-15. TDI has amended the original submission to include language from Stewart Title Guaranty Company's disapproved Agenda Item 2012-72 regarding Endorsement Form T-36.1, to address situations in which a loan policy is issued covering the lien securing an indebtedness against land that is not used or is to be used primarily for residential purposes.

Item 2012-73: Amends Form T-1R continuation of coverage language to conform to Insurance Code §2703.101(g) enacted by HB 3768, 81st Legislature, Regular Session (2009).

Item 2012-74: Amends Rate Rule R-5 to correct references as a result of paragraph rearrangement and renumbering in Agenda Item 2008-57.

Item 2012-75: Amends Rate Rule R-21 to update the reference to Rate Rule R-3, which changed to Procedural Rule P-66 as a result of Agenda Item 2008-65, and to conform the language in the rule to other rules and forms in the *Basic Manual*.

Item 2012-76: Rescinds Rate Rule R-10 as obsolete.

Item 2012-77: Amends Rate Rule R-32 to include the reference to Form T-25.1 (Agenda Item 2008-39) adopted for Procedural Rule P-56 (Agenda Item 2008-56) and to conform the language in the rule to other rules and forms in the *Basic Manual*.

Item 2012-78: Amends Procedural Rule P-16 to conform the language in the rule to other rules and forms in the *Basic Manual*.

Item 2012-79: Amends Procedural Rule P-11 to conform to changes made to Property Code §12.017 by HB 3945, 81st Legislature, Regular Session (2009).

Item 2012-80: Amends Form T-2R and T-2R Addendum to incorporate previous changes and correct references.

Item 2012-81: Amends Rate Rule R-2 to conform to the changes made to R-5 in Agenda Item 2008-57 and to correct a typographical error.

Item 2012-82: Amends Rate Rule R-20 to conform to the changes made to R-5 in Agenda Item 2008-57.

Item 2012-83: Amends Form T-48, Co-Insurance Endorsement, to modify signature lines.

Item 2012-84: Amends Form T-31, Manufactured Housing Endorsement, to update language and references.

Item 2012-85: Amends Administrative Rule L-1, Title Insurance Agent, to include requirements when a title insurance agent changes abstract plant provider, or buys or sells an abstract plant, to update definitions, to streamline the process, and to conform to Procedural Rule P-28. TDI has made substantive changes to the original submission. The substantive changes include amendments that allow title agents to

operate under a single license, rather than being required to have a license for each underwriter with which the title agent does business. The title agent must possess an appointment from at least one title company in order to obtain a license. The agent's license must be renewed every two years, and will be suspended during any period during which the agent does not possess a valid appointment.

Item 2012-86: Amends Administrative Rule L-3, Direct Operations License, to include requirements when a Direct Operation changes abstract plant provider or buys or sells an abstract plant. TDI has made substantive changes to the original submission that conform the requirements in Administrative Rule L-3 to the requirements in Administrative Rule L-1, where possible, to enhance consistency and efficiency.

Item 2012-87: Amends Administrative Rule L-2, Title Insurance Escrow Officer, to incorporate the changes of HB 652, 81st Legislature, Regular Session (2009) regarding escrow officer schedule bonds, and to standardize formatting. Due to a functional reorganization within the department, TDI has amended the references to the Title Office.

Item 2012-88: Amends Procedural Rule P-28 to implement provisions for the Professional Training Program required by Insurance Code §2651.002(d) and §2651.0021, enacted in HB 4338 and effective on September 1, 2009. TDI has made nonsubstantive editorial changes to the original submission to conform the language in Procedural Rule P-28 to the new language in Administrative Rules L-1 and L-3, where necessary.

Item 2012-89: Amends Form T-3 instructions to better clarify the use of the form and to conform the language in the instructions to the rules and forms in the *Basic Manual*. TDI has amended the original submission to include language from disapproved Agenda Item 2012-56 regarding the creditors' rights exception and the conditions relating to the delivery of the promissory note, to be consistent with the exception in the ALTA Assignment Endorsements.

Item 2012-90: Amends the *Statistical Plan* to conform the language in the plan to other rules and forms in the *Basic Manual*. TDI has modified the original submission to include codes for items adopted at the February 28, 2012, hearing. TDI has also deleted the reference to the Credit for Exclusion of or General Exception for Minerals, since it is not currently a part of the *Statistical Plan*, and since the repeal of Rate Rule R-36 makes the code obsolete.

2. FISCAL NOTE. Marilyn Hamilton, Director of the Personal and Commercial Lines Office for the Property and Casualty Section, has determined that, for each year of the first five years the proposed amendments are in effect, there will be no fiscal impact to state and local governments as a result of the enforcement or administration of this proposal. Ms. Hamilton does not anticipate any measurable effect on local employment or the local economy as a result of the proposal.

3. PUBLIC BENEFIT/COST NOTE. Ms. Hamilton has also determined that, for each year of the first five years the proposed amendments are in effect, there will be

significant public benefits as a result of enforcing or administering the proposed amendments. The expected benefits include consistent administration of rules, streamlined regulatory processing, and efficient closing of title transactions.

The new and updated forms will impose minimal additional regulatory costs on companies participating in the title insurance market. TDI expects the cost of reproducing forms to be between 6 cents and 8 cents per page for printing and paper. This cost should be fully compensated by the existing premium schedule.

4. ECONOMIC IMPACT STATEMENT. As stated in the cost note, TDI has determined that the proposed amendments to §9.1 and §9.401 will result in minimal additional costs per policy. TDI anticipates no differential impact between small, large, and micro businesses as a result of compliance with the proposal, and that the proposal will not have an adverse economic effect on small or micro businesses. The cost per hour of labor should not vary between small, large, and micro businesses. Further, it is neither legal nor feasible to exempt small or micro businesses or to waive compliance with the rule, considering that the amendments are proposed to promote efficient regulation of title insurance. As a result, under §2006.002(c) of the Government Code, TDI is not required to prepare a regulatory flexibility analysis.

5. TAKINGS IMPACT ASSESSMENT. TDI has determined that no private real property interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to property that would otherwise exist in the absence of

government action. As a result, this proposal does not constitute a taking or require a takings impact assessment under Government Code §2007.043.

6. REQUEST FOR PUBLIC COMMENT. Comments received during the hearing held on February 28, 2012, Docket Number 2732, are part of the record and have already been considered for purposes of this proposal. If you wish to comment on the proposal, or to request a public hearing, you must do so in writing no later than 5 p.m. on May 20, 2013. A hearing request must be on a separate page from any written comments. TDI requires two copies of your comments or hearing request. Send one copy to the Office of the Chief Clerk, Mail Code 113-2A, Texas Department of Insurance, P.O. Box 149104, Austin, Texas 78714-9104, or to ChiefClerk@tdi.texas.gov. Send the other copy to Marilyn Hamilton, Director, Personal and Commercial Lines Office, Property and Casualty Section, Mail Code 104-PC, Texas Department of Insurance, P.O. Box 149104, Austin, Texas 78714-9104, or to marilyn.hamilton@tdi.texas.gov.

7. STATUTORY AUTHORITY. TDI proposes the amendments under Insurance Code §§2551.003, 2703.153, 2703.202, 2703.203, 2703.204, 2703.206, 2703.208, and 36.001.

Section 2551.003 authorizes the commissioner to adopt and enforce rules that prescribe underwriting standards and practices on which a title insurance contract must be issued; that define risks that may not be assumed under a title insurance contract;

and that the commissioner determines are necessary to accomplish the purposes of Title 11, Insurance Code, which concerns the regulation of title insurance.

Section 2703.153 authorizes and requires the commissioner to collect data from each title insurance company and title insurance agent engaged in the business of title insurance relating to loss experience, expense of operation, and other material matters necessary for fixing premium rates.

Section 2703.202(c) authorizes the commissioner to conduct a public hearing in response to a qualifying request, or under §2703.206 as a rulemaking hearing under Subchapter B, Chapter 2001, Government Code.

Section 2703.203 requires the commissioner to hold a periodic hearing to consider adoption of premium rates and other matters relating to regulating the business of title insurance upon request by an association, title insurance company, title insurance agent, or member of the public admitted as a party under §2703.204.

Section 2703.204 requires admission of certain persons as parties to the periodic hearing conducted under §2703.203.

Section 2703.206 authorizes the commissioner to order a public hearing to consider adoption of premium rates and other matters relating to regulating the business of title insurance as the commissioner determines necessary or proper.

Section 2703.208 states that an addition or amendment to the *Basic Manual* may be proposed and adopted by reference by publishing notice of the proposal or adoption by reference in the *Texas Register*.

Section 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.

8. CROSS REFERENCE TO STATUTE. The proposal implements the following statutes:

<u>Rule</u>	<u>Statute</u>
§9.1 and §9.401	Insurance Code §§2551.003, 2703.153, 2703.202, 2703.203, 2703.204, 2703.206, 2703.208, and 36.001

9. TEXT.

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

§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 June 1, 2013 [~~February 1, 2010~~]. The document is available from and on file at the Texas Department of Insurance, Personal and Commercial Lines Office – Title, Property and Casualty Section, [~~Title Division,~~] Mail Code 104-PC [~~106-2T, 333 Guadalupe Street~~], P.O. Box 149104, Austin, Texas 78714-9104 [~~78701-3938~~]. The document is also available on the TDI website at www.tdi.texas.gov.

SUBCHAPTER C. Texas Title Insurance Statistical Plan

§9.401. Texas Title Insurance Statistical Plan. The Texas Department of Insurance adopts by reference the rules contained in the *Texas Title Insurance Statistical Plan* as amended effective June 1, 2013 [~~February 1, 2010~~]. This document is published by and is available from the Texas Department of Insurance, [~~and is available from the~~] Data Services, Property and Casualty Section [~~Data Services Division~~], Mail Code 105-5D, [~~Texas Department of Insurance, William P. Hobby, Jr. State Office Building, 333 Guadalupe Street,~~] P.O. Box 149104, Austin, Texas 78714-9104. The document is also available on the TDI website at www.tdi.texas.gov.

10. CERTIFICATION. This agency certifies that the proposal has been reviewed by legal counsel and found to be within the agency's authority to adopt.

Issued in Austin, Texas, on April 4, 2013.



Sara Waitt, General Counsel
General Counsel Division
Texas Department of Insurance