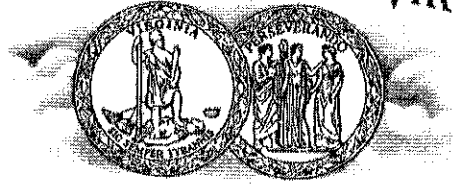


# COMMONWEALTH OF VIRGINIA

JACQUELINE K. CUNNINGHAM  
COMMISSIONER OF INSURANCE  
STATE CORPORATION COMMISSION  
BUREAU OF INSURANCE



P.O. BOX 1157  
RICHMOND, VIRGINIA 23218  
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November 3, 2017

Administrative Letter 2017 - 04

**TO: All Title Insurance Companies Licensed under Title 38.2 of the Code of Virginia**  
**RE: Closing Protection Letters**

The Bureau of Insurance ("Bureau") is aware that several title insurance companies are imposing a monetary charge for the issuance of a closing protection letter ("CPL"). Inconsistencies have arisen as to whether the charge should be identified as an administrative fee or premium. The Bureau finds that a charge levied by a title insurance company for the issuance of a CPL is premium because there is a loss-based cost associated with the issuance of a CPL, and the exposure created by a CPL is not a "fixed expense" (a known, set dollar amount of expense incurred during the calendar year) or a "variable expense" (a known percentage of premiums written, but variable in the amount based on written premium) connected with issuing title insurance in Virginia.

Accordingly, the Bureau hereby instructs title insurance companies that impose a charge for the issuance of a CPL to treat that charge as premium. The CPL charges should be reported as direct premiums written, not other income. As a reminder, the CPL must cover the same exposures covered by the title insurance policy, and cannot extend coverage beyond matters affecting the condition of the title to property or status of any lien on property.<sup>1</sup>

Questions concerning this administrative letter may be addressed to:

Edward J. Buyalos, Jr., Chief Financial Auditor  
Financial Regulation Division, Virginia Bureau of Insurance  
State Corporation Commission  
P.O. Box 1157  
Richmond, VA 23218  
(804) 371-9605  
[Ed. Buyalos@scc.virginia.gov](mailto:Ed.Buyalos@scc.virginia.gov)

Sincerely,

A handwritten signature in black ink that reads "Jacqueline K. Cunningham". The signature is written in a cursive style.

Jacqueline K. Cunningham  
Commissioner of Insurance

<sup>1</sup> Administrative Letter 1995-8.