



Bulletin 07-04: Title Insurance Price Disclosure

To: Missouri Title Insurers, Title Agencies and Title Agents
From: Mary Kempker
Director of the Consumer Affairs Division
Date: November 9, 2007

The Consumer Affairs Division of the Missouri Department of Insurance, Financial Institutions & Professional Registration (DIFP) encourages title insurers, agencies and agents to review their practices of disclosing prices to consumers to ensure that they are properly separating premium from title service charges. Recently, DIFP issued consent orders involving five title agencies. These orders require that premium, which under Missouri law is based upon the insurers' filed risk rate, must be distinguished from the title service charges, which may vary among title agencies, agents and direct-owned title insurer operations.

Since the actions leading to these consent orders were filed, the Missouri General Assembly enacted a law specifically authorizing DIFP to promulgate rules to govern this disclosure. The consent orders recently issued require compliance with the new statutory provisions in section 381.019, RSMo, and rules promulgated by the Director. This bulletin is intended to advise title insurers, title agencies and title agents that effective January 1, 2008, this price disclosure is required not only as a material disclosure but under specific statutory directive.

Section 381.019, RSMo, requires that a title insurer, agency or agent participating in a settlement or closing of a residential real estate transaction must provide a clear, conspicuous, and distinct disclosure of:

- premium
- abstract or title search and examination fees and other associated charges or fees; and
- escrow, settlement or closing fees.

For title insurers, agencies and agents seeking to comply with this requirement, implementing the following disclosure procedures will constitute compliance pending promulgation of rules:

Residential Real Estate Closings in when a HUD-1 form is used

When a HUD-1 form is used, the disclosure may be made by including "premium" as calculated from the filed risk rates and shall be the only amount totaled on the "Title Insurance" line, usually line 1108. If multiple title insurance policies are reflected in the "Title Insurance" line, the premium amounts associated with each title insurance policy shall be distinguished on the HUD-1 form on a line other than line 1108.

The charges below, including but not limited to the closing protection fee, shall be listed on lines other than line 1108:

- abstract or title search and examination fees and other associated charges or fees; and
- escrow, settlement or closing fees

Residential Real Estate Closings when a HUD-1 form is **not used**

When a HUD-1 form is not used, a disclosure similar to the following may be used at closing:

Title Insurance Premium and Title Service Charge
Disclosure Statement

To: _____

You will pay as part of your residential real estate transaction the following premiums, charges and/or fees:

- 1) title insurance premium: _____
- 2) closing protection fee(s): _____
- 3) title service charge(s) (i.e. search and examination, clearing items, etc.): _____
- 4) closing charge(s): _____
- 5) other charges or fees: _____

Title insurance premium and a closing protection fee have been calculated according to rates filed with Missouri’s insurance director. But title service charges, closing charges and other fees are not limited by state law and may vary between different title insurers, agencies and agents.

For further general information regarding title insurance, you may visit the Missouri Insurance website at www.insurance.mo.gov or call the Missouri Department of Insurance, Financial Institutions and Professional Registration at (800) 726-7390.

Purchaser’s Signature

With regard to premium, the title insurer, agency or agent shall collect premiums that are based upon title insurance risk rates that have been filed with the Director. The title insurer, agency or agent shall collect the same premium for title insurance policies in the same classification with similar liability amount coverage using the risk rate that has been filed with the Director.

After distinct disclosure, the total amount of premium, fees and charges may be described in terms which convey both premium and charges, such as “total cost of title insurance and services” or “total cost for title insurance and charges.” The title insurer, agency or agent shall not use the terms “rate,” “card rate,” “premium” or other terms of similar import in connection with a residential real estate transaction to describe an all-inclusive title insurance price that includes both a non-negotiable premium and title charges that may vary.

It is the view of the Consumer Affairs Division that a title insurer, agency or agent that does not follow the process set out above may be subject to enforcement actions under section 374.046 to 374.049, RSMo for violation of sections 375.144 and 381.019, RSMo.

The Director intends to file regulations consistent with this bulletin on January 2, 2008.