



**COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT**

**OFFICE OF SPECIAL PROJECTS
1326 Strawberry Square
Harrisburg, PA 17120**

Phone: (717) 787-4429
Fax: (717) 705-3873
E-mail: psalvato@ins.state.pa.us

May 4, 1999

Rush

Mr. Robert Nyce
Executive Director
Independent Regulatory Review Comm.
333 Market Street
Harrisburg, PA 17120

RECEIVED
99 MAY -4 AM 11:03
INDEPENDENT REGULATORY REVIEW COMMISSION

Re: Insurance Department Final
Form Regulation No. 11-175,
Title Insurance Rebates

Dear Mr. Nyce:

Pursuant to section 5a(g) of the Regulatory Review Act (71 P.S. § 745.5a(g)), the Insurance Department is hereby requesting that regulation number 11-175, Title Insurance Rebates, be tolled at this time.

At this time, the Insurance Department is resubmitting the corrected annex to be consistent with the Pennsylvania Code and as it appeared in 28 Pa.B. 39 4796 (September 26, 1998).

There has been one additional deletion made in the final form version. This deletion was a reference to a section that was deleted in proposed form and therefor is no longer applicable.

If you have any questions regarding this matter, please contact me at (717) 787-4429.

Sincerely yours,

Peter J. Salvatore
Regulatory Coordinator

CONTINUATION SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU
(Pursuant to Commonwealth Documents Law)

ANNEX A

Title 31. Insurance. Part VIII. Miscellaneous Provisions. Chapter 125. Title Insurance Rebates.

Section

- 125.1. Prohibited rebates and inducements.
- 125.2. Charges required for title reports and others.
- 125.3. Increasing the charge or fee.
- 125.4. Participation in fees.
- 125.5. [Paying for advertising.] Reserved.
- 125.6. [Providing equipment.] Reserved.
- 125.7. [Payment of rent.] Reserved.
- 125.8. [Paying convention expenses.] Reserved.
- 125.9. [Paying vacation expenses or prizes.] Reserved.

§ 125.1. Prohibited rebates and inducements.

[(a)] A title insurance company or agent or approved attorney of a title insurance company may not pay to an approved attorney, real estate broker, real estate salesman, attorney at law or other person, partnership or corporation, who or which, from time to time, apply to a title insurance company or to an agent of a title insurance company for title insurance and who at the time of the application are not licensed agents for a title insurance company, compensation, consideration, benefit or remuneration directly or indirectly.

[(b)] The payment of compensation, consideration, benefit or remuneration shall be deemed to be an illegal rebate and inducement, except that a title insurance company or an agent of a title insurance company may pay to an attorney at law in good standing (but not to an approved attorney of the title insurance company) or a real estate broker licensed in this Commonwealth, a cash commission for procuring a title insurance for a client in a real estate transaction, if the cash commission is not in excess of that set forth in the schedule of commissions filed by the title insurance company with the Insurance Department.]

§ 125.2. Charges required for title reports and others.

(a) The issuance without charge of a title report, commitment to insure, guaranteed general search, information certificate or title insurance policy is an illegal rebate and inducement.

(b) The charge for the title report, commitment to insure, guaranteed general search or information certificate shall have a reasonable relation to the cost of production, but in no event may it be less than the rate for a minimum title insurance policy as set forth in the rate schedule of the title insurance company filed with the Insurance Department.

(c) The provisions of subsection (a) does not preclude the crediting of the amount paid for the title report, commitment to insure or information certificate to the charge or premium for the final policy of title insurance issued on the basis of the title report, commitment to insure or information certificate.

§ 125.3. Increasing the charge or fee.

Increasing the charge or fee for a title insurance policy by an amount and [payment of] returning any or all the added amount [or increase] to [anyone] any person is an illegal rebate and inducement.

§ 125.4. Participation in fees.

Participation by a person in any of the fees charged by a title insurance company or agent thereof for title insurance, including but not limited to charges for special insurance ~~and except cash commissions specified in § 125.1 (relating to prohibited rebates and inducements)~~, is an illegal rebate and inducement.

§ 125.5. [Paying for advertising.

Furnishing, paying for or an offer to pay for or furnish brochures, billboards, newspaper, radio, television or other advertising or promotional material for customers to be used in connection with the sale or encumbrance of real property is an illegal rebate and inducement. Examples include, but are not limited to, payment of expenses incurred at openings or ground-breaking ceremonies or other events if the events might be used directly or indirectly to promote the sale or encumbrance of real property.] Reserved.

§ 125.6. [Providing equipment.

Providing furniture or equipment to a customer without a fair price being paid by the customer for the furniture or equipment is an illegal rebate and inducement.] Reserved.

§ 125.7. [Payment of rent.

The payment of the rent on space occupied by a person specified in § 125.1(a) (relating to prohibited rebates and inducements) is considered an illegal rebate and inducement.] Reserved.

§ 125.8. [Paying convention expenses.

The payment of or offering to pay the expenses of persons specified in § 125.1(a) (relating to prohibited rebates and inducements) for the purposes of attending a convention sponsored by the payee or payor of an organization to which the person belongs is considered an illegal rebate and inducement.] Reserved.

§ 125.9. [Paying vacation expenses or prizes.

The offering of, or the agreement to pay for, prizes to or vacations for persons specified in § 125.1(a) (relating to prohibited rebates and inducements) where the offer or payment relates directly or indirectly to the title orders coming to the title insurance company or agent thereof through the efforts of the person is considered an illegal rebate and inducement.] Reserved.

**TRANSMITTAL SHEET FOR REGULATIONS SUBJECT TO THE
REGULATORY REVIEW ACT**

RECEIVED

I.D. NUMBER: 11-175
 SUBJECT: Title Insurance Rebates
 AGENCY: DEPARTMENT OF INSURANCE

99 MAY -4 AM 11:03

INDEPENDENT REGULATORY
REVIEW COMMISSION

TYPE OF REGULATION

Proposed Regulation

Final Regulation

Bush

Final Regulation with Notice of Proposed Rulemaking Omitted

120-day Emergency Certification of the Attorney General

120-day Emergency Certification of the Governor

Delivery of Tolled Regulation

a. With Revisions

b.

Without Revisions

MDW 5-4-99

FILING OF REGULATION

DATE

SIGNATURE

DESIGNATION

5/4/99 Sheila Earhart

HOUSE COMMITTEE ON INSURANCE

5/4/99 Denise Patton

SENATE COMMITTEE ON BANKING & INSURANCE

5/4/99 Dr. Helbert

INDEPENDENT REGULATORY REVIEW COMMISSION

ATTORNEY GENERAL

LEGISLATIVE REFERENCE BUREAU

May 3, 1999