

BULLETIN

TO: All Title Insurers

FROM: D. David Parsons
Commissioner

DATE: July 12, 2001

RE: The Alabama Title Insurance Act
Ala. Act No. 2001-496

Please be advised the referenced act applies to all title insurers and title insurance agents engaged in the business of title insurance in this state upon its effective date of October 1, 2001. All title insurers should become familiar with the new law and take steps now to be in compliance on the effective date. You may access a copy of the law via the web site of the Alabama Department of Insurance at [REDACTED].

Two items in this act requiring immediate attention by title insurers are as follows:

- **Title Agent Licensing:** The act requires all title insurance policies insuring an interest in real property in this state to be issued by an agent domiciled in this state. The act further requires all title insurers to first obtain a certificate of authority for each agent utilized in this state. These requirements do not apply to the officers and employees of title insurers. To ensure there is no interruption in processing of title insurance policies, this office will accept applications for title insurance agent certificates of authority immediately to be issued with an effective date of October 1, 2001. The attached forms should be used in making this application, which includes additional information regarding the licensing process and applicable fees to be paid. The application can be used for an unlimited number of Title Agents. Form AL-T-1 must be used as a form, but Form AL-T-2 is actually a format. When using Form AL-T-2, Title Insurers should be careful to sequentially number all Title Agent applicants included with each application.

Upon receipt of a properly completed application for title agent licensing, this Department will attempt to issue the certificates of authority as quickly as possible. Nevertheless, please allow at least three weeks for processing.

- **Title Rate Approval:** The act requires all title insurers to file for approval by this department a schedule of premium rates and every modification of premium rates the insurer proposes to use in this state. To ensure there is no interruption in processing of title insurance policies, this office will accept filings for approval of title insurance rates immediately, to be processed with an effective date of October 1, 2001. No particular form is required for this filing, but it should include sufficient statistical data for our rate analysts to determine the fairness and justness of the filing. A rate filing examination fee of \$55 is due with each such filing, which should be addressed to: Alabama Department of Insurance, Title Rate Filing, PO Box 303351, Montgomery, AL 36130-3351. Please include the E-Mail address of a contact person should additional information be needed by the Department in the review process.

Likewise, upon receipt of a title rate filing, this department will attempt to review the filing promptly. Nevertheless, please allow at least three weeks for processing. The Department anticipates issuing a "tentative" approval of title insurance rates, thus allowing title insurers to use approved rates on October 1, 2001. The Department will continue to collect statistical data and other information from title insurers over the next 12 to 24 months, after which the Department hopes to be in a position to issue "final" approval of all title rates on file.

It is the opinion of this Department that the application of the rate filing and approval provisions of the act should be prospective only. Thus, the rate filing provisions of the act do not apply to either of the following:

- (1) Transactions in which title insurers or their agents have quoted a premium rate AND issued a commitment for title insurance prior to October 1, 2001, but which close after October 1, 2001.
- (2) Policies issued in connection with transactions which closed prior to October 1, 2001, in which the policy is issued after October 1, 2001.

Therefore, each transaction in which a policy of title insurance is issued after October 1, 2001 to which either (1) or (2) above is applicable shall be considered exempt from the rate filing and approval provisions of the act.