

New Jersey Rate Manual Simplification Effective March 1, 2009

February 24, 2009

The New Jersey Department of Banking and Insurance ("DOBI") recently approved an application from the New Jersey Land Title Insurance Rating Bureau ("Rating Bureau") to (1) replace the long-standing Basic Rate and Reissue Rate schedules with a single Standard Rate in the New Jersey Manual of Rates and Charges ("Rate Manual"), and (2) replace the two-tier county Examination Charge (usually referred to as the "search and exam" charge, for either \$105.00 in Basic Rate matters or \$90.00 in Reissue/Refinance Rate matters) with a uniform search and exam charge of \$100.00, regardless of the Rate schedule applied.

1. Change in the Underwriting Charge

Effective March 1, 2009, for all new orders **received on or after that date**, the Basic Rate and Reissue Rate schedules will no longer be used, and the new Standard Rate will be applied (1) to all owner's title insurance applications and (2) to all loan title insurance applications unless any other loan rate schedule (Refinance, Modification or Construction) applies in whole or in part.

The new Standard Rate preserves the same price points that we have always had, but the price-per-thousand formula will be as set forth below:

4.2 STANDARD UNDERWRITING RATE SCHEDULE

The standard underwriting rate for either owner's insurance, leasehold insurance, or mortgage insurance, shall be calculated according to the following rate schedule:

Policy Liability	Rate per \$1,000 or Fraction Thereof
\$0-\$100,000.....	\$5.00
\$100,001-\$500,000.....	add \$3.95
\$500,001-\$2 million.....	add \$2.65
Over \$2 million.....	add \$2.00

2. Change in the Examination Charge

A related change, also effective on all orders for title insurance **received on or after March 1**, is that the examination charge allowed by Section 5.1 of the Rate Manual, which includes the county land records search as discussed in Section 5.3 of the Rate Manual, has been changed to \$100.00 for all title insurance transactions, regardless of the Rate schedule employed in the calculation of the underwriting rate. This change means that on or after March 1, 2009 we will no longer be charging \$105.00 for the "search and exam" on Basic Rate deals nor \$90.00 for "search and exam" on Reissue Rate and Refinance Rate deals, and instead we will apply the one-size-fits-all "search and exam" charge of \$100.00 for any and all title insurance orders received on or after March 1.

These changes were sought by the Rating Bureau to address concerns raised by the consumer protection and enforcement officials in DOBI about allegedly inconsistent calculations and discriminatory applications of the Basic and Reissue underwriting rate schedules. We expect that both the title industry and its customers will benefit by having a simpler price structure on a go-forward basis.

As for any title insurance order received before March 1, 2009, the existing Basic and Reissue Rates continue to apply, as well as the \$105/90 alternatives for the "search and exam" function. Those files already open by February 28, 2009, whether or not invoiced, remain under the existing pricing system, and it is irrelevant if they do not close until after March 1. In other words, old pricing continues to apply to old deals (i.e. title insurance orders received before March 1), regardless of closing date or when payment of your invoices is finally received.

Please contact our office if you have any questions.

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