

COMMONWEALTH OF VIRGINIA

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COMMISSIONER OF INSURANCE
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BUREAU OF INSURANCE



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November 16, 2009

Administrative Letter 2009-11

To: All Licensed Title Agents, Title Insurance Companies, and Other Interested Parties

Re: Remittance of Title Premium and Issuance of Title Policy

It has come to the Bureau of Insurance's attention that many title insurance agents are failing to remit premium to insurers and/or to issue corresponding lenders' and owners' title policies to policyholders in a timely manner. We have identified instances where agents have held title premium and failed to issue policies in excess of two years. The purpose of this letter is to remind all licensed title agents of the importance of remitting premium and issuing title policies in a timely manner.

Section 38.2-1813 of the Code of Virginia sets forth the requirements agents must adhere to when handling premiums. Specifically, the law states that funds must be paid to the insurer or other party entitled to payment in the "ordinary course of business." The Bureau considers the ordinary course of business to be equivalent to the length of time specified in the agency contract for remitting premium to the insurer. For example, if the contract provides that the agent must remit premium to the insurer within 30 days of receipt, this would be considered the ordinary course of business, and any payment that occurs after this time period would be a violation of the statute. If the agent's contract is silent on the matter, then the Bureau would expect the agent to remit the funds to the insurer as soon as is reasonably possible. If an agent holds funds for 30 days or more and is unable to provide a valid explanation for why the funds have not been remitted, this could be considered a violation.

The Bureau also expects agents to issue title insurance policies in a timely manner. This should typically occur at the same time the agent remits the premium to the insurer. Issuing policies in a timely manner ensures all requirements outlined in the title commitment have been met and affords protection to the consumer and lender who have paid premium and are entitled to receive a policy shortly after settlement.

The Bureau will continue to review and investigate any complaints it receives regarding an agent's failure to remit premium and issue policies in accordance with their

respective contractual agreements, and it fully expects insurers to notify it when they become aware of any potential violations.

Access to the related Virginia insurance laws, regulations, administrative letters and the Consumer Real Estate Settlement Protection Act statutes may be reviewed at www.scc.virginia.gov/division/boi/webpages/boiadministrativeltrs.htm

Each organization to whom this letter has been sent should ensure that it is directed to the proper persons, including appointed representatives.

Any questions related to this administrative letter may be directed to:

Virginia Bureau of Insurance
Steven Shipman
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Cordially,



Alfred W. Gross
Commissioner of Insurance

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