



Government of the District of Columbia
Vincent C. Gray, Mayor
Department of Insurance, Securities and Banking



William P. White
Commissioner

BULLETIN
12-IB-01-02/29

**TO: TITLE INSURERS AND TITLE INSURANCE PRODUCERS LICENSED
TO TRANSACT BUSINESS IN THE DISTRICT OF COLUMBIA**

FROM: WILLIAM P. WHITE, COMMISSIONER *William P. White*

**SUBJECT: PROHIBITION OF REBATES, DISCOUNTS AND INDUCEMENTS IN
TITLE INSURANCE**

DATE: FEBRUARY 29, 2012

In furtherance of the Department's ongoing efforts to harmonize the application of the District of Columbia's Title Insurance and Title Insurance Producer statutory and regulatory scheme with that of the surrounding jurisdictions, this Bulletin is issued to provide guidance to all Title Insurers and Title Insurance Producers with regard to the prohibition on rebates, discounts or inducements contained in D.C. Official Code § 31-5041.07, and reiterated at District of Columbia Municipal Regulation ("DCMR") Title 26 A, Chapter 41, section 4108.2. This Bulletin supersedes any previous, related Bulletins and will remain in effect until superseded by Rules on the Prohibition of Rebates, Discounts and Inducements in Title Insurance promulgated through formal rulemaking initiated by the Department.

Specifically, § 31-5041.07(a) states:

In a residential property transaction, a title insurer, or any employee or representative of a title insurer, shall not pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in a policy of insurance, or any valuable consideration or inducement, whether or not specified or provided for in the policy, except to the extent provided for in an applicable filing with the Commissioner as provided by law.

Title 26 A, DCMR, Chapter 41, section 4108.2 states:

Each title insurer shall use the rates or premiums as approved by the Commissioner and may not deviate from the rates or premiums or allow to or for the account of an insured a rebate or discount on the rates or premiums payable.

As a consequence, Title Insurance Producers therefore may not offer, either directly or indirectly, any credits, discounts or any type of inducement prior to, during, or after settlement that are contingent upon the purchase of a residential title insurance policy. This includes any inducement that is effectively contingent upon the purchase of a residential title insurance policy. Because 26 A DCMR § 4108.2 is not limited in scope to residential title insurance policies, the same restrictions that apply to residential title insurance transactions apply to commercial transactions through the regulation.

Any credit or discount of settlement fees that effectively serves as a discount of title insurance premium, even if not explicitly stated, or by virtue of the credit or discount exceeding the amount of settlement service fees charged to the party or parties to whom the credit is provided, would implicate the District's anti-rebating provisions. These restrictions apply when either a lender's and/or an owner's title insurance policy is procured.

The Department intends to monitor title insurance activities and enforce District law through the penalties found therein, which include, among others:

- (1) A penalty not exceeding \$2,500 for the 1st violation;
- (2) A penalty not exceeding \$5,000 for each successive violation; and
- (3) Revocation or suspension of the Title Insurance Producer's or Title Insurer's license.

If Title Insurers or Title Insurance Producers have any questions regarding the prohibition on the payment of rebates of title insurance premiums, please contact Philip Barlow, Associate Commissioner for Insurance, Department of Insurance, Securities and Banking at (202) 442-7823, or by e-mail at philip.barlow@dc.gov.