

RATING & BILLING

ROCS (Revenue Operations and Customer Service) Overview & Policy Premium Rating



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Our Role - ROCS Department

We have two areas within our department:

- Processing
 - Process all incoming mail including policies, checks, Accounts Receivable, seminar registrations, Fund Assembly, member supplies, etc.
- Research
 - Provide customer service to our members including questions on member accounts and statements as well as providing rating quotes.
 - Each member has an assigned researcher that acts as single point of contact for member inquiries



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Policy Preparation and Payment Remittance

- A checklist for paper policy preparation is included in your workbook
- We have also included a Payment Remittance guide to help us help you when sending in payments to The Fund



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Member Statements

- Member statements are mailed out at the beginning of each month
- Each type of billing is a separate section of the statement
 - Premium
 - ATIDS
 - Branch products
- Statement also shows
 - All checks received during the month and
 - Any cash that is unapplied on the account
- Any questions should be directed to your assigned researcher
- All invoices due within 30 days



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Contact Information

Contact us with any questions regarding:

- Rating a policy premium
- Questions about your statement
- Questions about submitting policies to us



1-800-275-2843

9:00am – 5:00pm

Finance-customer-service@thefund.com



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Original Issue Rates Rule 69O-186.003(1), F.A.C.

Minimum Premium \$100.00

(Calculate premium. If less than \$100, charge \$100.)

- Default rate applicable to every owner's and loan policy when there is no available discount
- Obligation to apply any available discount to charge the consumer the lowest possible rate
- Only one discount may be applied to each dollar insured.

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Premium Rate Table

Policy Amount	Original Issue Premium Rate per 1,000	Old Republic Share at Original Issue	Reissue Premium Rate per \$1,000	Old Republic Share at Reissue Rate
Up to \$100,000	5.75	30%	3.30	30%
\$100,000 and up to \$1 Million	5.00	30%	3.00	30%
Over \$1 Million and up to \$5 million	2.50	35%	2.00	30%
Over \$5 Million and up to \$10 Million	2.25	40%	2.00	30%
Over \$10 Million	2.00	40%	1.50	30%

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Rating Discounts

Rules 69O-186.003 and 69O-186.005, F.A.C. provisions set Title Insurance rates
Discounts Available:

- Simultaneous Issue Rates
- Reissue Rates
- Substitution Loan Rates
- New Home Purchase Discount
- Leasehold Rates
- Contract Vendee Rates



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Simultaneous Issue Rate Rule 69O-186.003(5), F.A.C.

Rate is a *minimum* of \$25.00 (\$25 typically charged)*

- Both owner's and loan policies must be issued on Old Republic
- Discounted rate applies to the loan policy only
- Policies must cover the same land with the same date of policy
- *Can legally charge up to full rate
 - **Note:** Must still split whatever amount charged with underwriter



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Simultaneous Issue Rate Rule 69O-186.003(5), F.A.C.

- To the extent loan policy exceeds owner's policy, full rates or other applicable discount must be charged
- If there are multiple loan policies, a separate simultaneous loan rate applies to each until the total loan policies exceed the owner's policy



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Simultaneous Issue Rates Rule 69O-186.003(5), F.A.C.

Example:

- Owner's Policy \$100,000 (purchase price)
- Loan \$90,000 with 125% policy of \$112,500
 - \$25 simultaneous issue applicable to first \$100k of loan policy
 - Remaining \$12,500 of loan policy promulgated rate of \$5.00 / thousand
 - Note: \$5.00 / thousand because \$12,500 is in second "tier"



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Reissue Rates – Rule 69O-186.003(2), F.A.C.

Rate is a minimum of \$100

(Calculate premium. If less than \$100, then charge \$100.)

- Available on owner's policies and loan policies

Loan Policy Requirements:

- Mortgagor for the new loan policy (refi) must be named insured on an owner's policy insuring the same land
- To the extent the loan policy exceeds the owner's policy, full rates or other applicable discount must be charged
- No time limitations based on dates of policies



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Reissue Rates – Rule 69O-186.003(2), F.A.C.

Owner's Policy Requirements:

- The current transaction must be a sale from the named insured on an owner's policy insuring the same land
- To extent new policy exceeds the owner's policy, full rates or other applicable discount must be charged

Time Limitations: (based on date of policies)

- Improved land limited to three years
- Unimproved land has no time limitation



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Reissue Rates – Rule 69O-186.003(2), F.A.C.

For Remittance

- Include copy of the prior owner's policy if other than a Fund or Old Republic policy
- Always include a rating worksheet showing the discount
- For a Fund or Old Republic policy, include the policy number and amount of policy on the worksheet



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Substitution Loan Rates – Rule 69O-186.003(4), F.A.C.

Rate is a minimum of \$100

(Calculate premium. If less than \$100, then charge \$100.)

- Available on loan policies only
- New policy insuring a refinance loan with
 - same borrower
 - same property and
 - same lender

Note: If unpaid balance is over \$250,000, the lender can be different

- Substitution loan rate only available up the insured balance of the previous policy
- Rate will vary from 30% - 100% of a full premium based on the date of prior policy



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Substitution Loan Rates – Rule 69O-186.003(4), F.A.C.

For Remittance

- Company and policy number must be shown on worksheet
 - A copy must be retained in your office
- The effective date, or latest effective date if policy was endorsed, of the prior loan policy must be shown on the worksheet
- Disclose the unpaid principal balance of the original insured loan



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New Home Purchase Discount – Rule 69O-186.003(3), F.A.C.

Rate is a minimum of \$200

(Calculate premium. If less than \$200, charge \$200.)

- Available on owner's policy only
- Original rates reduced by premium paid for seller's loan policy
- Only applies to the first sale after certificate of occupancy of 1-4 family improvement and seller cannot have leased or lived in the home



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New Home Purchase Discount – Rule 69O-186.003(3), F.A.C.

- Seller must produce previous loan policy on the property and a copy of the settlement statement showing the premium paid on the prior loan policy
- The number of units in the prior policy must be known as well as the amount of insurance

Note: Reissue rate may be a better option if a prior owner's policy exists



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Leasehold & Contract Vendee Rates – Rule 69O-186.003(5), F.A.C.

Simultaneous Owner's Fee and Leasehold

- Original rates applied to owner's policy on the fee interest
- 30% of original rates applied to owner's policy on the leasehold up to amount of the fee policy

Contract Vendee or Lessee Insured Acquires Fee Ownership

- If vendee or lessee policy surrendered, reduced rate applies:
 - Up to \$100,000
 - 25% of original rates
 - Over \$100,000
 - 20% of original rates
 - Minimum rate \$100
 - (Calculate premium; if less than \$100, charge \$100)



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Endorsement Rates – Rule 69O-186.005, F.A.C

- For rates for each permitted endorsement see Chapter 9 of the Fund Procedures Handbook
- Reproduced as the final pages under the Rating tab of your New Member Training Manual



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What is the premium charge for Chopra sale to Black?

Exercise

- Mr. & Mrs. Black purchase house from Mr. and Mrs. Chopra
- Purchase price - \$550,000
- First mortgage - \$410,000 and
- Endorsements
 - ALTA 9-06 (Restrictions, Easements Minerals)
 - ALTA 8.1-06 (Environmental Protection)
 - ALTA 5.1-06 (Planned Unit Development)



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Rule 69O-186.003(5), F.A.C.

Owner's policy \$550,000 (original rates, no known discounts):

100,000 @ \$5.75/1,000 = \$ 575.00

450,000 @ \$5.00/1,000 = \$2,250.00

Total owner's premium \$2,825.00

Loan policy \$410,000 (simultaneous rate):

Policy Premium = \$ 25.00

Endorsements:

8.1-06 & 5.1-06 @ \$25 = \$ 50.00

ALTA 9-06 = \$ 285.00

(10% of total policy prem. (\$2,850 X 10%)

Total loan policy (w/endorsements) + \$360.00

Total premium owner's and loan policy = \$3,185.00

AGENT/UNDERWRITER SPLIT

30% remittance to underwriter (\$3,185 x .30) \$955.50

Retain agent share of 70% (\$3,185 x .70) **\$2,229.50**

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Rating Tools

- E-Closing DT – The Fund’s closing software program
- NMT Manual contains a policy rating worksheet for Chopra sale to Black
- Fund App (free to members)
- ATIDS
- ROCS (Revenue Operations and Customer Service)
- ePolicy Manager for non-E-Closing DT users
- Manual worksheets in Chapter 9 of Fund Procedures Handbook and
- Fund website under Resources tab



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Butler Rebate

CHICAGO TITLE INS. CO. V. BUTLER
770 So.2d 1210 (Fla. 2000)

S. Clark Butler, a Gainesville developer, brought suit against a major national title insurer who refused to negotiate the premiums for title insurance in his developments. His title insurer refused to negotiate reduced or rebated title premiums, citing Florida statutes that made it illegal to charge anything less than the state-promulgated premium rates. Butler argued Florida's "anti-rebate" laws fixing title insurance premiums were in violation of the Florida Constitution. The FL Supreme Court agreed.

As a result, in FL, parties paying for title insurance can negotiate with their title agents for reduced rates or rebates on the agent's 70% portion of the premium.

- Any portion of the agent premium retention may be rebated to the client
- Remittance of the underwriter share required
- Rebate will be shown as a credit on the Settlement Statement



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Questions?



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