



Agency Bulletin: AGTX-2017-007

Date: December 19, 2017

To: All Texas Agents

From: FNTI Agency Department

RE: Guaranty Assessment Recoupment Charge and Policy Guaranty Fee

As you are probably already aware of by now, the Texas Title Insurance Guaranty Association (TTIGA) Board of Directors has suspended the **policy guaranty fee** (currently \$3 per policy) for policies issued in Texas effective on January 1, 2018. As a reminder however, collections made during the fourth quarter 2017 are due to the Guaranty Association on or before February 1, 2018.

On Thursday, November 30, 2017, the Commissioner of the Texas Department of Insurance issued Order No. 2017-5297 to be effective on January 1, 2018, requiring title insurance agents to collect **\$4.50 directly from the purchaser of each owner's policy and each loan policy issued in 2018 as a Guaranty Assessment Recoupment Charge (GARC)**.

<http://www.tdi.texas.gov/orders/documents/20175297.pdf>

While procedurally the two charges are handled similarly, it is important to distinguish that the policy guaranty fee is different from the GARC fee, and thus the question arises as to what is actually the difference between the two. The policy guaranty fee is assessed by the TTIGA Board pursuant to authority granted in Section 2602.101 *et seq.* of Title 11 of the Texas Insurance Code for the protection of holders of covered claims and consumers served by impaired **agents**.

Again with the purpose of protecting holders of covered claims due to the failure of an **underwriter**, in 2017 TTIGA assessed all underwriters doing business in Texas an amount of \$6 million due to the failure of Southern Title Insurance Company for covered claims and the expenses of handling said claims after impairment. Pursuant to Section 2602.201 *et seq.* and Procedural Rule P-30 of the *Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas*, the underwriters recoup these assessed amounts the subsequent year after the assessment. The \$4.50 charge for each owner's policy and loan policy issued in 2018 is the amount concluded by the Commissioner following a public hearing for the underwriters doing business in Texas to be reimbursed.

The Commissioner's Order also includes the Remittance Form that each title insurance agent is to use to report and remit the amounts collected each quarter to TTIGA. The remittance form (attached to this bulletin) is to be used to report/remit the \$4.50 collection for each owner's policy and each loan policy issued in 2018, the first report and remittance is due for collections in the first quarter of 2018 according to Procedural Rule P-30 is on or before May 1, 2018. The electronic version of the form may also be located on the TTIGA website, <http://ttiga.org/garc.html>

As a reminder, any title agent not collecting and remitting guaranty fees for 2017 and/or the recoupment fees for 2018 is subject to the usual fines or penalties as determined by the Texas Department of Insurance.

Thank you for choosing First National Title Insurance Company, we appreciate the trust you place in us and wish you continuing success in 2018.