

# Arkansas Insurance Department

Mike Beebe  
Governor



Jay Bradford  
Commissioner

**BULLETIN NO.:** 14-2014

**DATE:** October 1, 2014

**TO:** ALL TITLE INSURANCE AGENT AND INSURER LICENSEES,  
TRADE ORGANIZATIONS, NATIONAL ASSOCIATION OF  
INSURANCE COMMISSIONERS, AND OTHER INTERESTED  
PARTIES

**FROM:** ARKANSAS INSURANCE DEPARTMENT

**SUBJECT:** TITLE INSURANCE PREMIUM CALCULATION AND  
REMITTANCE

Arkansas Code Annotated § 26-57-603 requires all title insurers to file with this Department an annual report of total direct premium income. Title insurance premium is defined as “the funds paid to the title insurer and to an appointed title insurance agency as consideration for the amount of liability assumed by a title insurer under a title insurance policy, including all amounts retained by the title insurance agency pursuant to the title insurance agency's contract with the title insurer.” Ark. Code Ann. § 23-103-402(14)(A); *see also* A.I.D. Rule 87, § 17. Title insurance premium does not include charges for the performance of services related or incidental to title insurance or closings that are disclosed to the person charged, including the following: title search, abstracting, or examination of title; obtaining a title opinion; document preparation fees; escrow or closing fees; notary fees; fees incurred to cure defects in title; tax report or tax certification fees; title report fees; processing fees; courier fees; and fees incident to the issuance of a title insurance report or policy. Ark. Code Ann. § 23-103-402(14)(B).

The Department has discovered that it is a common practice for title insurance agents to not report to the insurer the actual title insurance premium that is charged to a customer, including a lender, on the HUD-1 Settlement Statement. Instead, the agent reports to the insurer an amount of premium calculated from a set of published or “book” rates established by the insurer. Although title insurance rates are not filed in this state, Arkansas law still requires premium tax be paid on the exact premium charged to all customers.

Many title insurance agents and insurers are in compliance with the reporting statute, but some will have to adjust their procedures to comply with Arkansas law. As a reminder, the next annual premium tax report is due on or before March 1, 2015, and agents and insurers are directed to promptly conform their procedures so that all title insurance premium is properly reported.

One year from the date of this Bulletin, the Department will begin examining records necessary to verify that the proper amount of premium is reported. Insurers are responsible for reporting premium to the Department, and must educate their agents and rectify any reporting procedures that conflict with Arkansas law.

Questions concerning this Bulletin may be directed to the Legal Division at (501) 371-2820 or by e-mail at [insurance.legal@arkansas.gov](mailto:insurance.legal@arkansas.gov).



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JAY BRADFORD  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS

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