



**ARKANSAS INSURANCE DEPARTMENT
LEGAL DIVISION**

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Bulletin 1-83

**MORTGAGE GUARANTY INSURANCE:
COMMITMENT FEES**

January 5, 1983

By letter dated September 1, 1982, the Arkansas Insurance Department advised all insurers writing mortgage guaranty insurance in the State of Arkansas that it is the Department's position that a commitment fee charged for a commitment to insure is consideration for the insurance contract and therefore, is premium as defined by Ark. Stat. Ann. § 66-3203. Commitment fees are a usual and customary underwriting expense and must be filed with the Department as set forth in Rule and Regulation 23. When the coverage is placed in effect, the commitment fee must be shown on the policy as part of the premium as required by Ark. Stat. Ann. § 66-3212(2).

Approval is hereby withdrawn for all previously approved filings not showing the commitment fee in the rate formula effective January 1, 1983.

All insurers using commitment fees must include these fees as a part of the rate formula in all future filings or such filings will be disapproved. Insurers having previously approved filings not showing commitment fees in the rate formula must submit new filings showing the commitment fee in the rate formula as approval of the previous filing has been withdrawn.

Linda N. Garner
INSURANCE COMMISSIONER