



Fair Housing Council of
Suburban Philadelphia

Eligibility for Title Insurance Premium Discounts in Pennsylvania

Nearly all title insurance companies are bound by the title insurance premium rates as set forth in the Manual of Title Insurance Rating Bureau of Pennsylvania, as amended through October 1, 2008 (the “Rate Manual”).¹ The purpose of title insurance is to provide protection in the event that a defect in title to property is discovered. Three types of premium rates found in the Rate Manual are discussed below:

1. The Basic Rate

The basic rate most often applies in residential real property transactions when a purchaser buys a home outright; this is the full, non-discounted premium rate. The basic rate is based on a complex formula set forth in Section 5.50 of the Rate Manual:

Amount of Mortgage	Dollar Amount
\$ 0 to \$30,000	\$ 420.00
\$ 30,001 to \$45,000, add per 1,000	\$ 7.25
\$ 45,001 to \$100,000, add per 1,000	\$ 6.00
\$ 100,001 to \$500,000, add per 1,000	\$ 5.00
\$ 500,000 to \$1,000,001, add per 1,000	\$ 3.75
\$ 1,000,001 to \$2,000,000, add per 1,000	\$ 2.75

2. The Reissue Rate

Pursuant to Section 5.50 of the Rate Manual, a purchaser of title insurance shall receive a 10% discount from the basic rate if they are eligible for the reissue rate. Pursuant to Section 5.3 of the Rate Manual, a purchaser is eligible for the reissue rate if the following requirements are met:

- (1) the refinance occurs within 10 years of the date a prior title insurance policy was issued;
- (2) the property is identical to or is part of real property previously insured; and
- (3) there is evidence of the prior title insurance policy. Pursuant to Section 2.8 of the Rate Manual, evidence that an insurer shall consider consists of information including:

¹ All of the participating title insurance companies are listed in the Rate Manual.

- (a) the recording of a purchase deed or a mortgage to an institutional lender within the last 10 years; or
- (b) documentation provided to the insurer of evidence that a prior policy was obtained (e.g., a copy of the prior policy).

Accordingly, people who refinance their homes within 10 years of the purchase of the home or a prior refinance of their home may be eligible for this discount.

The Rate Manual effective October 1, 2008 amends prior versions of the Rate Manual, which had provided that evidence of the earlier title insurance policy “must be produced” to be eligible for the discount. There is currently litigation pending against several title insurance companies addressing what it means to produce “evidence” of a prior policy. Plaintiffs in the class actions contend that evidence should be presumed by the mere existence of a prior mortgage on the property, which existence would be identified by the routine title search done in connection with the refinance transaction. The insurers, on the other hand, contend that the purchaser needs to provide the actual title insurance policy in order to obtain the discount. Purchasers should make a point of asking their settlement agents what discount, if any, they may be entitled to and what they need to do in order to obtain the discount.

3. The Refinance Rate

Pursuant to Section 5.6 of the Rate Manual, consumers who refinance their homes within the last four years of a prior closing may be eligible for an additional discount, and consumers who refinance their homes within the last two years may be entitled to an even steeper discount.

Consumers are eligible for a “refinance rate” of 70% of the reissue rate (which in turn is 90% of the basic rate) if they meet the following requirements:

- (1) the refinance occurs within 2 years of the date a prior title insurance policy was issued;
- (2) the property to be insured is identical to or part of the property previously insured;
- (3) there is no change in the fee simple ownership of the property; and
- (4) there is evidence of the prior title insurance policy (see discussion above).

Consumers are eligible for a “refinance rate” of 80% of the reissue rate if they meet the following requirements:

- (1) the refinance occurs between 2 and 4 years of the date a prior title policy was issued;
- (2) the property to be insured is identical to or part of the property previously insured;
- (3) there is no change in the fee simple ownership of the property; and
- (4) there is evidence of the prior title insurance policy (see discussion above).

Accordingly, people refinancing their home within four years of the purchase of the home or a prior refinance of their home may be eligible for this discount. Consumers should ask their settlement agents to determine if they are eligible for the refinance rate.

4. Sample Premium Rates

Applying the formulas set forth above, the cost for title insurance at the basic rate, reissue rate, and refinance rate would be the following with respect to the mortgage amounts listed below:

Amount of Mortgage	Basic Rate	Reissue Rate: 90% of Basic Rate	Refinance Rate: 80% of Reissue Rate*	Refinance Rate: 70% of Reissue Rate**
\$ 0 to \$30,000	\$ 420.00	\$ 378.00	\$ 302.40	\$264.60
\$ 45,000	\$ 528.75	\$ 475.88	\$ 380.70	\$333.12
\$ 100,000	\$ 858.75	\$ 772.88	\$ 618.30	\$541.02
\$ 200,000	\$ 1,358.75	\$ 1,222.88	\$ 978.30	\$856.02
\$ 300,000	\$ 1,858.75	\$ 1,672.88	\$ 1,338.30	\$1,171.02

* Eligibility for this rate occurs when the refinance occurs between 2 and 4 years from the date a prior title insurance policy was issued

**Eligibility for this rate occurs when the refinance occurs within 2 years from the date a prior title insurance policy was issued