

In Pennsylvania, the Title Insurance Act, 40 P.S. 910-1 *et. seq.* and its regulations govern the amount of money title insurance companies can charge you for title insurance on your property. The rate structure for premiums to be charged to consumers for these policies includes certain discounts on the basic full rate premium. These discounted rates apply in two main situations that typically apply to home buyers.

First, in the situation where you are buying a home that has had a title insurance policy issued on it within the past 10 years of your closing date, you get the benefit of a discounted “re-issue” rate. This discount is 90% of the basic rate (the basic rate is defined as a rate other than a discounted rate, and is really the higher rate that is charged for the initial extensive title search performed at the placement of the original policy on the property.) Generally, the charge for title insurance premium is directly related to the value of the property or the loan amount in a refinancing situation. The regulations contain a rate schedule that sets forth the amount of premium dollars to be charged for a specified value range on the property.

The second discounted rate which may apply is where a homeowner refinanced his mortgage or substituted his loan within 3 years of the date of closing on the same property. This rate is even less—80% of the Reissue Rate. The logic behind these discounted rates is simply that the risk insured against is almost precisely the same as that involved in the previous transaction. Moreover, less work in terms of title searching, etc. is performed by the title companies in these two situations. They merely rely on the title report resulting from the search previously conducted when the policy was originally issued years before.

The quickest way to find out whether you have been overcharged for your title insurance policy is to check your documents, specifically the HUD-1 Settlement Sheet, line 1108 entitled: Title Insurance. The premium is directly related to the value of the home— the sale price or the amount of the mortgage. The attached chart sets forth the most current rates in Pennsylvania and should help you determine whether you have overpaid. If you have, and you wish to speak with me, please fill out the contact form or call us at (267) 241-2475.