

February 24, 1999

TO: ALL FLORIDA AGENTS

FROM: SCOTT PIERCE
Senior Vice President

SUBJECT: PROPOSED PREMIUM RATE REDUCTION

Yesterday, Florida Treasurer and Insurance Commissioner Bill Nelson filed a rule to cut the premium for title insurance by nine percent. According to Nelson, this cut is based on the results of studies (known as the "Cox Report"), which were initiated more than two years ago to determine what the rates should be for title insurance. According to Commissioner Nelson, the move is aimed at saving the buyers of an average home about \$52.00 in closing costs.

Wally Senter of the Department of Insurance has indicated that a public hearing (workshop) to discuss the proposed nine percent reduction will be held in Tallahassee at the Larson Building at 10:00 a.m. on the morning of Thursday, March 25th. This proposed nine percent decrease would result in a rate of \$5.23 per thousand up to a \$100,000 of liability and then a per thousand rate of \$4.55 up to \$1 million. This decrease would also affect reissue rates as well.

My experience in the title business has shown that the timing of such rate decreases usually affects the industry when the business has peaked and a new downward cycle is starting, which we may be seeing now. During such times, the industry can hardly afford a rate decrease.

We at Old Republic Title would like to hear your thoughts on this proposed decrease, so please give us a call. I also encourage everyone to either attend the meeting in Tallahassee, or to make their opinions known to the Department of Insurance. As always, we will keep you updated in regard to this matter as it progresses.

SP/pm