

**TITLE INSURANCE AGENT DATA REPORT
INSTRUCTIONS AND DEFINITIONS
STATE OF WASHINGTON**

All title insurance agencies, whether independent (non-affiliated) or affiliated, must complete the Title Insurance Agent Data Report. The report must include all activities of an agency occurring within the State of Washington. Agencies must report activity from all counties on one report.

WRITTEN PREMIUM DATA:

Written premium means 100% of the premiums charged to the policyholders for title insurance by you as a title insurance agent. Written premium includes both your portion of the premium as well as the portion remitted, or to be remitted, to the title insurer.

POLICY COUNT DATA:

Report policy counts for business written through you as a title insurance agent. You are not expected to report counts of policies that title insurers issue through other marketing channels.

ESTIMATED AVERAGE COST TO ISSUE A TITLE INSURANCE COMMITMENT:

Report the total expenses from Line 21 divided by the number of title insurance commitments issued.

TITLE INSURANCE OPERATIONS ONLY EXPENSE DATA:

Line 1 – Employees’ salaries and wages

Salaries and wages are fixed compensation regularly paid to employees for services and include any overtime compensation.

Line 2 – Owners’ and partners’ salaries and wages

Salaries and wages for owners and partners means reasonable compensation for personal services actually performed by the owner or partner of the agency. The term “owners and partners” includes shareholders, members, or any other title that denotes ownership of the entity in question.

Line 3 – Employee benefits

Employee benefits include costs incurred by the agency for employee group insurance (health, life, etc.), retirement plans, payroll taxes, and other items of direct benefit to the employees. Employee benefits may only include costs incurred for the benefit of owners and partners if the owner or partner performed personal services for the agency.

Line 4 – Rent

Rent includes the costs paid to lease real estate or equipment used in the operation of the agency. Rent paid for the use of real estate or equipment owned by an owner or partner of the agency must be reasonable considering all relevant facts and circumstances.

Line 5 – Insurance

Insurance includes general insurance costs such as workers compensation, property, liability, valuable papers, title agent surety bond, and abstractor bond. This category specifically excludes group insurance which is included in Line 3, errors and omissions or fidelity insurance which is included in Line 17, and automobile insurance which is included in Line 11.

Line 6 – Legal expense

Legal expense includes legal fees or retainers for corporate and administrative matters. This category excludes legal fees, court costs, or other costs associated with defending a loss shown in Line 17.

Line 7 – Licenses, taxes, and fees

The category includes notary bonds, sales tax permits, personal property taxes, franchise taxes, and agent, agency, and solicitor licensing fees.

Line 8 – Title plant expense and maintenance

The category includes all costs associated with maintaining a plant including, but not limited to, computer, software and media costs, document reproduction charges, title search expenses, and any maintenance or update fees. Costs incurred to construct a title plant or costs to purchase a title plant must be capitalized and may not be expensed as incurred or depreciated.

Line 9 – Office supplies

The category includes the cost of materials and products needed to support day-to-day operation and office equipment purchases of less than \$500 per item.

Line 10 – Depreciation

Depreciation for all purchases of property or equipment in excess of \$500 must be reported on line 10. Depreciation must be expensed on a straight-line basis over the estimated useful life of the particular item of property or equipment.

Line 11 – Automobile expense

Automobile expense includes actual costs such as rental payments, insurance, gas, oil, maintenance, and repairs. Alternatively, automobile expense may be computed by use of the average standard mileage rates published by the Internal Revenue Service. Expenses in this category must directly relate to automobile use for business purposes only.

Line 12 – Communication expense

Communication expense includes costs such as postage, facsimile, and other forms of communication.

Line 13 – Education expense

Education expense includes the cost of workshops, seminars, education supplies, and manuals for the purposes of fostering an environment of prevention of title claims. This category also includes costs incurred to educate the public regarding title insurance and other education related expenses such as the cost of title association dues and board fees, meetings, conventions, and continuing education classes.

Line 14 – Bad debt expense

Bad debt expense consists of amounts not collected for services provided or products sold which were recognized as revenue.

Line 15 – Interest expense

Interest expense includes interest paid on all business loans associated with the business of title insurance. Mortgage interest costs incurred for a building where agency operation is located must not be reported in this category.

Line 16 – Employee travel and lodging

Travel and lodging expense includes the cost of air travel, bus, taxi services, and any mileage paid to employees for the use of their personal automobile related to out-of-town travel for business purposes.

Line 17 – Loss and loss adjustment expense

This category includes the following components:

- (1) **Title losses**, which means payments made to or on behalf of others by the agent under title insurance policies issued by the agent which are not paid by the title insurer.
- (2) **Loss adjustment expenses**, which means payments made for legal costs, court costs, investigative costs, and other expenses to defend a loss under a title insurance policy which are not paid by the title insurer.
- (3) **E&O insurance expense**, which means the portion of any premium paid for this type of insurance for the calendar year that covers the exposure of the agent for title insurance losses.

Line 18 – Accounting and auditing expense

This category includes the cost of accounting and auditing services provided by outside parties.

Line 19 – Public relations expense

Public relations expense includes all expenses associated with solicitation and/or promotion of business including, but not limited to, advertising, entertainment, sponsorship, contributions, dues, literature and subscriptions to other industry associations, business brunches, lunches, and dinners with other industry members, gifts and customer convenience services to include complimentary coffee, soft drinks, or refreshments for customers and/or other industry members. Donations to charitable organizations must not be reported in this category.

Line 20 – Other expenses

This category includes all other ordinary and necessary expenses incurred which are required to operate the business.

Line 21 – Total expenses

Sum of Lines 1 through 20.

Each agency must provide a detailed explanation of how its expenses were allocated between title insurance operations and escrow/non-title insurance activities. Space has been provided in the Title Insurance Agent Data Report to include this explanation.