

**WAC 284-29A-080 Expense component of rates.** (1) In support of the expense component of the rates, the title insurer must:

(a) Include estimates of expected expenses to issue title insurance policies and commitments;

(b) Exclude the expected expenses related to escrow and other activities not directly related to title insurance using an allocation based upon the income received from title insurance premiums and escrow income, except where an allocation process is not needed and the alternate calculation is fully explained;

(c) Exclude the expected expenses described in WAC 284-29A-070(2); and

(d) Show how those estimates were calculated and demonstrate how those estimates are connected to the proposed rates.

(2) The expense categories that must be considered when making rates include:

- (a) Employees' compensation;
- (b) Payroll taxes;
- (c) Employee benefits;
- (d) Contract labor;
- (e) Rent, utilities, and repair;
- (f) Title plant expenses and maintenance;
- (g) Abstract and search expenses;
- (h) Computer and software;
- (i) Business insurance;
- (j) Business legal;
- (k) Accounting;
- (l) Licenses, taxes, and fees;
- (m) Marketing and sales;
- (n) Travel and lodging;
- (o) Employee education;
- (p) Bank charges;
- (q) Charge offs;
- (r) Depreciation;
- (s) Miscellaneous expenses;
- (t) Loss and loss adjustment expense;
- (u) Federal income taxes; and
- (v) Other specifically identified expenses.

(3) To support the agent commission component of rates, it is not sufficient to state the commission rate and perform calculations based on that percentage. The title insurer's rate filing must include data that supports the expense component that applies to its title insurance agents.

(4) The supporting information required under this section may include the data from:

(a) Agent reports received by the title insurer in one or more years under previous regulatory requirements;

(b) The information received by the title insurer from the statistical reporting agent; and

(c) Any other relevant information.

[Statutory Authority: RCW 48.02.060, 48.29.005, 48.29.017, 48.29.140, 48.03.060(6), and 48.29.147. WSR 14-10-056 (Matter No. R 2013-15), § 284-29A-080, filed 5/2/14, effective 6/2/14. Statutory Authority: RCW 48.02.060 and 48.29.005. WSR 10-15-092 (Matter No. R 2009-01), § 284-29A-080, filed 7/20/10, effective 8/20/10.]