

III.
PARTIES

3. Plaintiff Texas Land Title Association is a statewide trade association representing approximately 75% of the Texas title insurance industry. Texas Land Title Association is domiciled in Texas, doing business at 1717 W. 6th Street, Suite 120, Austin, TX 78703.

4. The Texas Department of Insurance (“TDI”) is an agency of the State of Texas. TDI may be served with process through its Commissioner Cassie Brown at TDI, 1601 Congress Avenue, Austin, Texas 78701. Pursuant to Tex. Civ. Prac. & Rem. Code § 104.005, service shall also be made on the Attorney General of the State of Texas at 209 W 14th Street, Austin, Texas 78701. TDI is a proper party pursuant to Tex. Gov’t Code § 2001.038(c).

5. Commissioner Brown may be served at her TDI office, 1601 Congress Ave, Austin, Texas 78701. Brown is a proper party pursuant to Tex. Ins. Code § 36.202(a).

IV.
JURISDICTION AND VENUE

6. This Court has jurisdiction over this claim pursuant to Tex. Ins. Code §§36.201-202, which authorizes a suit to seek judicial review over any action, order, or decision of the Commissioner. The order being appealed here failed to follow required rulemaking procedures, and therefore the order itself would be an invalid rule. Thus, jurisdiction would also exist under Tex. Gov’t Code § 2001.038, which authorizes a suit challenging the validity of a rule in an action for declaratory judgment. This statute is a grant of original jurisdiction and an express waiver of the State’s sovereign immunity. *See Combs v. Entertainment Pub’s, Inc.*, 292 S.W.3d 712, 720 (Tex. App.—Austin 2009, no pet.). TLTA is a proper plaintiff in such an action. *See Tex. Dep’t of Ins. v. Tex. Ass’n of Health Plans*, 598 S.W.3d 417, 421-22 (Tex. App.—Austin 2020, no pet.). TLTA is an association whose members would otherwise have standing to sue in their own right,

the interests it seeks to protect are germane to the organization's purpose, and neither the claim asserted nor the relief requested requires the participation of individual members in the lawsuit. *See Tex. Ass'n of Business v. Tex. Air Control Bd.*, 852 S.W.2d 440, 447 (Tex. 1993). TLTA's members are title insurers and agents whose rates are regulated by TDI, and such regulation is at issue in this case.

7. Venue is proper in Travis County, Texas pursuant to Tex. Gov't Code § 2001.038(b) and Tex. Ins. Code § 36.202.

V. **INTRODUCTION**

8. This suit was necessitated by an unlawful Official Order of the Texas Commissioner of Insurance, (the "Order") entered by Cassie Brown, Commissioner of the Texas Department of Insurance, Defendant, on Feb 6, 2025. *See* Order No. 2025-9125, attached hereto as Ex. A. The Order requires a 10% reduction in state-wide title insurance premiums rates to take effect July 1, 2025—the largest rate decrease in Texas insurance regulatory history going back to 1938. Decreasing premiums by such a large amount during a time when the real estate market is significantly depressed—and therefore the volume of title insurance written is similarly depressed—will have a devastating and irreparable impact on title insurance agents, resulting in at least 40% of them operating at a loss starting July 1, 2025. This will significantly disrupt the title insurance industry in Texas, which employs approximately 20,000 Texans. Further, it will have a ripple effect on the entire real estate market if title insurance agents, especially in small communities, are forced to operate at a loss thereby threatening their ongoing viability. In short, the Order is confiscatory.

9. To make matters worse, the Order in question suffers from fatal and serious procedural, substantive, and constitutional defects rendering it unlawfully void, violative of due

process, arbitrary and capricious, without authority, and unsupported by substantial evidence. A summary of the defects in the Order includes:

- a. Defendant failed to follow proper rule making procedures and conduct a rule hearing, which is statutorily required (in the absence of a contested case hearing) to change rates;
- b. The Order imposed an unlawful and unconstitutional burden of proof on TLTA;
- c. The Order misapplied the law by failing to consider evidence necessary to set prospective rates that are nonconfiscatory to title agents and insurers;
- d. The Order misapplied the law by failing to consider *all* relevant evidence related to income and expenses of title agents and insurers;
- e. The Order failed to make specific findings or apply a reasoned analysis to support the rate decrease ordered; and
- f. The Order uses a rate table that does not align with the rate decrease ordered.

VI. FACTUAL ALLEGATIONS

Background

10. Title insurance serves as a critical protection mechanism in real estate transactions. Title insurance safeguards property owners and lenders undiscovered defects in a property's title that could threaten ownership rights. These defects may include, among other things, prior liens, conflicting wills, incorrect legal descriptions, or fraudulent transfers that occurred before the policy's issuance. In Texas, title insurance is not merely customary but is effectively mandatory in practice, as virtually all institutional lenders require it as a condition for financing real estate purchases.

11. The title insurance marketplace in Texas consists of two primary participants: title insurance underwriters (the insurers who assume the risk) and title insurance agents (who perform

title examinations, issue policies, and handle closings). The Texas Land Title Association (TLTA) is an industry association representing the collective interests of both insurers and agents; approximately 75% of insurers and agents in Texas are members. In this capacity, it interacts with TDI, the state regulatory authority that closely regulates title insurance.

12. TDI exercises plenary authority over all aspects of the title insurance industry pursuant to Title 11 of the Tex. Ins. Code, with extensive powers granted under Chapter 2703 (the Title Insurance Rate Regulation). TDI promulgates a uniform rate applicable to all title insurance transactions throughout the state. Key to this regulatory system is the Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas (the “Basic Manual”), which provides rules, rates, and forms governing title insurance transactions in the state. The Commissioner periodically revises this manual through formal rulemaking proceedings, and its provisions carry the force of law within the industry. The rates set out in this manual are adopted by reference by regulation. 28 Tex. Admin. Code § 9.1.

13. The rate-setting process follows a structured review cycle as mandated by Section 2703.202 of the Tex. Ins. Code. Rate-setting can only be done one of two ways—either through rulemaking under the Administrative Procedures Act (“APA”), Tex. Gov’t Code, Ch. 2001, or if requested by any party and granted by the TDI Commissioner, a contested case hearing. Either process includes the submission of statistical data and rate proposals to the Commissioner from TDI staff, industry participants including TLTA on behalf of its members, the Office of Public Insurance Counsel (“OPIC”), and other interested parties. In this case, no party requested a contested case hearing, so a formal rulemaking process under the APA was mandatory.

14. The statutory scheme provided by Tex. Ins. Code § 2703.202 provides that, after following the mandatory rulemaking procedures and evaluating the evidence presented, the

Commissioner issues a rate order establishing the premium rates for title insurance policies. Section 2703.152 mandates that rates must be “reasonable as to the public and nonconfiscatory as to the title insurance companies and title insurance agents.” Under Texas law, “nonconfiscatory” means that the rates must allow for the recovery of operating expenses and also a reasonable return. *See Geeslin v. State Farm Lloyds*, 255 S.W.3d 786, 795 (Tex. App.—Austin 2008, no pet.).

A. The Process Leading to the 2025 Rate Order

15. On November 1, 2024, TLTA filed a Petition to Hold the Periodic Title Insurance Rate Rulemaking Hearing and for the Adoption of a Rule with TDI in accordance with Tex. Gov’t Code §. 2001.021, Tex. Ins. Code § 2703.202, and 28 Tex. Admin. Code § 9.1 (the “Rulemaking Petition”). The Rulemaking Petition requested no change in regulated rates, or in the alternative, a rate decrease no greater than 1%. Following the required process, TLTA’s Rulemaking Petition submitted a proposed amendment to 28 Texas Administrative Code § 9.1 to effectuate an amendment to the title insurance rule that sets title premium rates, requested the Commissioner submit the proposal to the Texas Register for publication, and requested the Commissioner to publish notice of public hearing to consider adoption of title insurance rates, all in accordance with the mandatory procedures of the APA. Around the same time, OPIC also filed a petition for rate change through rulemaking. These petitions followed a public meeting held on October 22, 2004, and various informal collaborative meetings between TLTA, TDI and other stakeholders in which various actuarial analyses used in prospective rate-setting were presented by the stakeholders.

16. Unfortunately, TDI’s subsequent actions failed to follow required processes, applied incorrect legal standards, failed to consider relevant factual information, and failed to apply a reasoned analysis to the data.

17. First, TDI denied TLTA's petition for a rulemaking hearing.¹ On January 23, 2025, the Commissioner held a public hearing. The January 23, 2025 public hearing can in no way be considered a proper rulemaking hearing. TDI did not publish a rule proposal with a TDI recommended rate change or any other rate change rule proposal. Without publication of a rule containing all the information required in notice of a rule proposal by Tex. Gov't Code § 2001.024, the public hearing was not a rule hearing with proper notice to the public as required by Tex. Ins. Code § 2703.202 and Tex. Gov't Code Chapter 2001, Subchapter B. TDI failed to provide adequate public notice and an opportunity to submit comments as required by the Texas Insurance Code and the applicable provisions of the APA.

18. Despite the fact that the January 23, 2025 public hearing was not a proper rulemaking hearing as mandated by statute, TDI staff, TLTA, individual title agents and insurers, and OPIC all presented evidence as to what if any change to prospective title insurance rates would meet the statutory standards. Only TLTA presented evidence as to income and expenses beyond 2022.

19. On or about February 6, 2025, the Commissioner issued her Order, reducing the regulated rate by 10%. The amount of the rate reduction (10%) seemed to be arbitrarily pulled out of thin air because it was not advocated for by any party, and there were no findings of fact supporting this specific amount of decrease.

20. Failure to observe the statutory rulemaking process not only renders the Order void ab initio, but also violates principles of due process by depriving affected parties of a meaningful opportunity to participate in the regulatory process. For example, if Defendants had published their

¹ The reasons TDI gave for the denial were either pretextual or mistakenly inaccurate. They stated that it was not feasible to provide the 60-day requirement to hold a hearing under Tex. Gov't Code § 2001.021 while meeting the 60-day notice requirement for hearings under Tex. Ins. Code § 2703.207. This was inaccurate because Tex. Gov't Code § 2001.021 only requires a denial of the petition or to "initiate a rulemaking proceeding..." within 60 days. All the Commissioner had to do to initiate a rulemaking proceeding was to either post TLTA's rule proposal or post one of its own within 60 days of the petition.

proposed rate change as a proposed rule in advance of the hearing as required by the APA, then TLTA could have tailored their evidence and presentation in opposition to a specific rate change, if relevant and appropriate. As the process played out, TLTA was blind-sided.

21. On February 26, 2025, TLTA filed TLTA’s Motion to Vacate And Motion For Rehearing And Reconsideration (the “Motion”) with TDI. The Motion pointed out all of the defects in the Order that are alleged in this suit. By letter dated March 4, 2025, the Commissioner stated that she had received TLTA’s Motion and that “Order No. 2024-9045 should stand,” thereby effectively overruling TLTA’s Motion.

B. Procedural Defects In The Rate-Changing Process

i. Failure to Follow Proper Rulemaking Procedures

22. The Commissioner failed to comply with Tex. Ins. Code § 2703.202, Tex. Gov’t Code § 2002.021, and 28 Tex. Admin. Code § 1.202 by failing to follow proper procedures for considering TLTA’s rule petition, including but not limited to, denying TLTA’s rulemaking petition without proposing an alternative rule proposal from TDI Staff and failing to propose a rule and give proper notice prior the public hearing, among other things. Such failures constitute violations of statute and the Texas and U.S. Constitutions’ due process clauses, actions taken in excess of agency statutory authority, decision-making through unlawful procedure, and an Order that is arbitrary and capricious.

23. The current rates are part of the Title Insurance Basic Manual that has been adopted by reference as a rule and codified in 28 Tex. Admin. Code § 9.1. The Legislature has specifically authorized the adoption of a Title Manual by reference. *See* Tex. Ins. Code Sec. 2703.208. Unless a contested case is requested and granted, Tex. Ins. Code § 2703.202(c) requires a rulemaking hearing under Tex. Gov’t Code Chapter 2001, Subchapter B prior to a final order fixing rates.

24. Here, TLTA requested rulemaking to change title rates by filing its Ratemaking Petition. There was no request for a contested case. Pursuant to Tex. Gov't Code, Chapter 2001, Subchapter B, a rulemaking hearing can only be conducted after a proposed rule is published in the Texas Register. *See* Tex. Gov't Code § 2001.029. There was no rule published prior to the public hearing. Thus, the public hearing referenced in the Order failed to comply with the basic publication requirements for rulemaking.

25. Defendants also failed to comply with 28 Tex. Admin. Code § 1.202(b), (d) and (e) by failing to:

- a. Add TLTA's rule proposal to the list of rule proposals pending before TDI;
- b. Notify TLTA of the name, address, and telephone number of the staff person reviewing the proposal and designated contact person for inquiries;
- c. Provide a copy of a recommended rule proposal in Texas Register form to TLTA as petitioner with a rule proposal containing a rate change that substantially differed from the rate change in TLTA's rule proposal and provide TLTA ten business days to file a written response to the recommended proposal;
- d. Provide the Commissioner with the original petition, TDI Staff's proposal in Texas Register form, TLTA's response (if any), and any additional written comments from the public addressing the proposal after TLTA filed a response or the time for submitting a response expired;
- e. Instruct the Office of the Chief Clerk to submit the Commissioner's proposed rule to the Texas Register for publication and issue an order stating the reason TLTA's petition was denied in part because the published version of the rule was substantially different from TLTA's recommendation.

26. The Public Hearing on January 23, 2025 was nothing more than that—a public hearing; it was not a rulemaking hearing and cannot support a final order under Tex. Ins. Code § 2703.202. The failure to follow the plain language requirement of Section 2703.202 requiring a rule hearing results in the Order being arbitrary and capricious and violates due process.

ii. Misapplying Standards

27. In addition, the procedure leading up to the Order failed to comply with the Insurance Code and violated TLTA and its members’ due process rights.

28. In the first place, the Commissioner improperly saddled TLTA with the burden of proof and even applied a “clear and convincing evidence” standard to TLTA’s evidence that the proposed rate change was confiscatory. Order, Finding of Fact (“FoF”) 19 (“The commissioner *did not receive ‘clear and convincing’* evidence that a reduction in rates would lead the *average title insurance* company to or title insurance agent to *experience insolvency* or earn an unreasonable rate of return.”) (emphasis added). FoF 19 demonstrates that Defendants required TLTA to show that the proposed rate change would result in insolvency, and applied the confiscatory analysis to the “average” title agent and insurer. None of these standards are endorsed by the relevant statutes governing the ratemaking analysis, set out in Tex. Ins. Code Chapter 2703. Such requirements misapply the law, violate statutes and the Texas and U.S. Constitutions, and constitute invalid ad hoc rulemaking. Such actions also exceed the Commissioner’s legal authority, apply an unlawful procedure, are not supported by substantial evidence, and are arbitrary and capricious.

29. In fact, it is the Commissioner, not TLTA, that has the burden of proof to set a non-confiscatory rate. No statute, agency rule or case law supports placing the burden of proof on TLTA. The burden and legal duty is squarely on Defendants to promulgate and fix rates. Similarly, there is no legal authority for imposing a “clear and convincing” evidentiary standard, especially on a party

that does not bear the burden of proof. *See Geeslin, supra*, 255 S.W.3d at 797, n. 3 (“Where the burden of proof for a contested case is undefined or unclear, we have applied the general civil standard of a preponderance of the evidence because contested cases are civil in nature.”).

30. Finally, there is no authority for requiring proof that the “average” title insurer or agent will become “insolvent.” In fact, this is directly contrary to the statutory standard which requires only that the rates established by the commissioner be “reasonable as to the public” and “nonconfiscatory as to title insurance companies and title insurance agents.” Tex. Ins. Code § 2703.152(b). Under Texas law, “nonconfiscatory” means that the rates must allow for the recovery of operating expenses and also a reasonable return. *See Geeslin, supra*, 255 S.W.3d at 795. Supplanting the statutory standard of “nonconfiscatory” and instead requiring proof of “insolvency” is arbitrary, capricious, lacks due process and exceeds Defendants’ authority. Amazingly, the Commissioner cites the *Geeslin* case as authority for her findings (see Order at 6, n.3) when in fact, that decision holds that “a rate that does not allow for a reasonable rate of return is confiscatory and unconstitutional,” *Id.* at 795. The *Geeslin* opinion also discusses the difference between confiscatory and insolvent, a distinction that was apparently lost on Defendants. *Id.*

iii. Failure to Consider Evidence

31. The Order demonstrates that Defendants failed to consider and address uncontroverted evidence showing that a rate decrease would be confiscatory. The Order relied on historical data ending in 2022 but failed to consider 2023 (or later) data. As such, it failed to “consider and address **all** relevant income and expenses of title insurance companies and title insurance agents” as required by Tex. Ins. Code § 2703.152 (emphasis added). Such 2023 income and expense data was in TDI’s possession, and TLTA also presented 2023 income and expense data which was

uncontroverted. Both sources of 2023 data were apparently ignored by Defendant in setting the arbitrary 10% rate decrease set forth in the Order.

32. This is a critical error given the dramatic change in market conditions since the fall of 2022. Because the expense ratio (expenses as a percentage of premium revenue) of title insurance agents is so critical to their viability, a lower volume of transactions (real estate sales or refi's) necessitates a higher premium in order to preserve a nonconfiscatory expense ratio. TLTA presented evidence of an historic decrease in real estate transactions beginning in the fall of 2022. Admittedly, the real estate market boomed during 2020, 2021, and the first three quarters of 2022, but since then the bottom has fallen out. TLTA's evidence showed that this was due to a combination of higher mortgage rates (leading to a locked in effect where homeowners with older, low rates have no incentive to sell and incur much higher rates on their new home), increasing home prices, lower inventory of homes for sale, and inflation generally and particularly in the cost of building supplies. TLTA's evidence, which was uncontroverted, showed that these conditions were likely to not change for the next several years, especially given the Federal Reserve's outlook on inflation and maintaining current levels of interest rates. Title insurance rates are set prospectively, so decreasing rates by 10% at a time when the real estate market is experiencing, and will continue to experience, materially lower volume will spell disaster for a significant portion of TLTA's members.²

33. TDI's failure to consider relevant evidence in violation of Tex. Ins. Code § 2703.152 constitutes action taken in excess of agency statutory authority, decision-making through unlawful procedure, a decision not supported by substantial evidence, and an Order that is arbitrary and capricious.

iv. Failure to Perform Reasoned Analysis

² Part of TLTA's evidence showed that if an 8.6% rate reduction was implemented (as opposed to the Commissioner's 10% reduction), it is forecasted that 40% of Texas title insurance agents will be operating at a loss.

34. A further defect in the Order is its failure to apply any reliable methodology to support the 10% rate reduction ordered. The Order recites the in-depth methodologies by which TDI, TLTA, as well as the Texas Office of Public Insurance Counsel (“OPIC”) each made alternative calculations of the appropriate regulated rate. These calculations include various factors, including the profit provision and cost of capital, the experience periods considered, expense ratio, and loss adjustment expense ratios. The sharply differing rate calculations offered by each of these parties’ expert analysis was the product of differences in the methodology and inputs of these calculations.

35. However, the Order fails to include any findings concerning which of these alternative methodologies or inputs Defendants accepted as reliable, or any findings on how its mandated rate of 10% was calculated. Setting out the numerical inputs chosen to support the rate ordered is a feature of rate orders in promulgated rate states and past orders of the Commissioner when multiple rate indications are being considered. Without specific findings of fact to support the rate ordered, the rate is arbitrary and capricious. This is especially true considering that the specific 10% rate reduction cannot be calculated with *any* combination of the competing inputs or methodologies presented to TDI, and such calculations or justification is not shown in the Order’s findings of fact or conclusions of law.

v. Calculation Error

36. The Order includes as an attachment a Table of Texas Title Insurance Basic Premium Rates, which purports to apply the 10% reduction to the regulated rates. However, it can easily be shown the values on the table are incorrectly calculated. Column 4 of the Table is intended to reflect the rate for the top of the previous row policy range, which policy amount and rate are subtracted out to allow for a progressively declining rate at each bracket. That rate amount is then added back into the final calculation of the policy amount. The rounding of the multiplier to 5 decimal places results

in an incorrect Add for each Policy Range. The error in Exhibit A creates an internal conflict and ambiguity in the Order, and resulted in an Order not supported by substantial evidence, and that was arbitrary and capricious.

VII. **CAUSES OF ACTION**

DECLARATORY JUDGMENT UNDER TEXAS GOVERNMENT CODE § 2001.038

37. Plaintiff repeats and re-alleges each of the foregoing paragraphs as if fully restated herein.

38. This action arises under the Texas Uniform Declaratory Judgments Act (“UDJA”), Tex. Civ. Prac. & Rem. Code § 37.001 et seq., which authorizes this Court to declare the rights, status, and legal relations of the parties before it. A declaratory judgment is appropriate when a justiciable controversy exists as to the rights and status of parties and the controversy will be resolved by the declaration sought. More specifically, Tex. Gov’t Code § 2001.038 authorizes a suit challenging the validity of a Texas government agency’s rule in an action for declaratory judgment.

39. A real and justiciable controversy exists between TLTA and Defendants regarding the validity of the Commissioner’s Order No. 2025-9125, dated February 6, 2025, which purports to establish title insurance premium rates pursuant to Chapter 2703 of the Tex. Ins. Code through rulemaking.

40. Plaintiff asserts that under the Tex. Ins. Code and the Texas Administrative Procedure Act, Defendants are required to follow specific statutory and regulatory requirements

in a rulemaking proceeding governing title insurance regulated rates, as set forth above. A rule is invalid if not promulgated pursuant to proper procedure.

41. By failing to adhere to these procedures, Defendants exceeded their statutory authority. The Order was issued in violation of Tex. Ins. Code Chapter 2703, the applicable provisions of the Texas Administrative Procedure Act, and the constitutional requirements of due process set forth in the U.S. and Texas Constitutions.

42. Accordingly, Plaintiff seeks a declaratory judgment that the Order is void and unenforceable.

43. The issuance of a declaratory judgment would terminate the uncertainty and controversy giving rise to this proceeding.

PETITION FOR REVIEW

44. The Order is an action of the Commissioner subject to judicial review pursuant to Tex. Ins. Code § 36.201, which includes decisions, orders, rates, rules, or administrative or other rulings of the Commissioner.

45. Plaintiff repeats and re-alleges each of the paragraphs in Section VI. Factual Allegations above as the basis for Plaintiff's objections to the Order and seeks review and reversal of the Order under Tex. Ins. Code § 36.202. The Order must be vacated and a rehearing and reconsideration of TLTA's Petition granted because of the following:

A. Failed to Conduct Rule Hearing and Follow Rulemaking Procedure.

46. The Commissioner failed to comply with Texas Ins. Code § 2703.202, Tex. Gov't Code Chapter 2001, Subchapter B, especially §§ 2001.021, 2001.024, 2001.029, and 28 Tex. Admin. Code § 1.202 by failing to follow proper procedures for considering TLTA's rule petition, including, but not limited to failing to give TLTA notice and opportunity to respond to a TDI Staff

rule proposal with alternative rate change and denying TLTA's rulemaking petition without proposing an alternative rule proposal from TDI Staff, and failing to propose a rule and give proper notice prior the public hearing. Such failures constitute violations of statute and the Texas and U.S. Constitutions' due process clauses, actions taken in excess of agency statutory authority, decision-making through unlawful procedure, and an Order that is arbitrary and capricious. The Order and each finding of fact ("FOF") and conclusion of law ("COL") is defective and invalid.

B. Misapplied Law and Engaged in Invalid *Ad Hoc* Rulemaking by Requiring an Unlawful Burden of Proof.

47. The procedure leading up to the Order failed to comply with Tex. Ins. Code Chapter 2703, especially §§ 2703.152 and 2703.202, and violated the due process and the takings clauses of the Texas and U.S. Constitution through:

- a. application of a burden of proof on TLTA;
- b. applying a clear and convincing evidence standard to prove that a rate change would be confiscatory;
- c. requiring TLTA to show that such rate change would result in insolvency (which was held unconstitutional in the *Geeslin* case); and
- d. requiring that TLTA apply its confiscatory analysis to the "average" title agent and insurer based on a holding in an inapplicable North Carolina case cited by OPIC's actuary.

48. None of the above are required by Tex. Ins. Code Chapter 2703 governing title insurance rates. Such requirements misapply the law, violate statutes and the Texas and U.S. Constitutions, and constitute invalid *ad hoc* rulemaking. Such actions also exceed the Commissioner's legal authority, apply an unlawful procedure, are not supported by substantial

evidence, and are arbitrary and capricious. The Order as a whole and FOF 19 and 23, and COL 6 are defective and invalid.

C. Misapplied the Law by Failing to Consider Evidence Related to Confiscatory Rate Issue.

49. Ratemaking must be prospective in nature, yet the Order failed to consider and address uncontroverted evidence showing that a rate decrease in current and projected economic conditions would be confiscatory. Such failure resulted in misapplication and violation of law under Tex. Ins. Code § 2703.152. Such failure also constitutes actions taken in excess of agency statutory authority, decision-making through unlawful procedure, a decision not supported by substantial evidence, and an Order that is arbitrary and capricious. The Order as a whole and FOF 19 and 24 and COL 6 are defective and invalid.

D. Misapplied the Law by Failing to Consider Evidence Related to All Relevant Income and Expenses (e.g., 2023 data).

50. The Order relied on historical data ending in 2022 but failed to consider 2023 (or later) data as well as current and future economic conditions that dramatically impact the income and expenses attributable to engaging in the business of title insurance. As such, it failed to consider and address all relevant income and expenses of title agents and insurers as required by Tex. Ins. Code § 2703.152. Such 2023 income and expense data was in TDI's possession, and TLTA's 2023 income and expense data was uncontroverted. It was also uncontroverted that 2023 data is relevant to current market conditions and conditions expected during the title insurance rating period. Such failure constitutes a violation of Tex. Ins. Code § 2703.152 and constitutes action taken in excess of agency statutory authority, decision-making through unlawful procedure, a decision not supported by substantial evidence, and an Order that is arbitrary and capricious. The

Order as a whole and FOF 10-17, especially FOF 14, 17, and 22, and COL 6 are defective and invalid.

E. Failed to Make Findings of Facts to Support Rate Decrease.

51. The Order merely recites actuarial evidence but makes no findings of fact to support the 10% rate reduction called for in COL 6. There is no selection or mention of any inputs, such as profit provision or expense ratio, used to arrive at the rate change called for in the Order. Such failure makes the 10% rate reduction in COL 6 arbitrary and capricious and the Order defective. Issuance of the arbitrary Order also constitutes action in excess of agency statutory authority and a decision made through unlawful procedure. The Order as a whole and FOF 10 through 13 and 24 and COL 6 are defective and invalid.

F. Defective Rate Table.

52. The rate table attached as Exhibit A to the Order contains a rounding error that fails to reflect the 10% rate decrease called for in the Order. Such error renders the Order in conflict with itself, ambiguous, defective, and invalid.

VIII.
APPLICATION FOR TEMPORARY INJUNCTION

53. Plaintiff Texas Land Title Association (“TLTA”) incorporates by reference all preceding paragraphs as if fully set forth herein.

54. In addition to the declaratory relief sought above, TLTA requests that this Court issue a temporary injunction to maintain the status quo pending final resolution of this matter on the merits.

55. The Order reducing title policy premiums by 10% is scheduled to take effect on July 1, 2025. If implemented, the Order would immediately and fundamentally alter the economic structure of the title insurance industry in Texas by imposing premium rates that are inadequate,

unreasonable, and confiscatory. Unless injunctive relief is granted, title insurers and agents will be required to honor the rate reduction beginning July 1, and when or if the Order is later declared void, there will be no way to recoup the additional premiums from the thousands of customers who received the 10% rate reduction. Thus, TLTA members will suffer irreparable harm, and have no adequate remedy at law because they will never have a source from which to recover monetary damages for their losses.

56. TLTA and its members will suffer probable, imminent, and irreparable injury in the absence of injunctive relief. Specifically:

- a. TLTA's members will be compelled to conduct business at premium rates that fail to cover operating costs and provide a reasonable return on invested capital;
- b. The inadequate rates will force title agents to reduce service quality, eliminate positions, close offices in underserved areas, or cease operations entirely;
- c. The financial harm caused by operating under confiscatory rates cannot be adequately calculated or compensated by monetary damages, particularly given sovereign immunity limitations; and
- d. Even if this Court ultimately invalidates the Rate Order, TLTA's members cannot retroactively recover the difference between the confiscatory rates and adequate rates for policies issued during the pendency of this litigation, not to mention that the disruption in services or entire business operations would result in damage to reputation, loss of goodwill, and erosion of market position that cannot be adequately be calculated or compensated by monetary damages.

57. TLTA has a probable right to the relief sought because, as detailed above, the Commissioner failed to follow mandatory procedural requirements, failed to apply the statutory standards for establishing title insurance rates, and violated TLTA's constitutional due process rights.

58. The requested injunction will preserve the status quo, which is the last actual, peaceable, non-contested status that preceded this controversy—namely, the continuation of the current title insurance rate structure that has been in place since 2019.

59. TLTA is ready and willing to post a reasonable bond as required by law. However, TLTA respectfully submits that the bond should be minimal given that the purpose of the injunction is to prevent implementation of an unlawful agency action, and TLTA is a nonprofit trade association.

IX.
REQUEST FOR RELIEF

Plaintiff Texas Land Title Association prays that, upon final trial, the Court enter a judgment against Defendants as follows:

1. Enter a declaratory judgment that the challenged Order is void and unenforceable due to TDI's failure to comply with the mandatory rulemaking procedures set forth in the Tex. Ins. Code and the Texas Administrative Procedure Act as well as the improper application of legal standards and the failure to consider all evidence required by statute;
2. Issue judgment reversing and rendering the Order as invalid;
3. Issue a temporary injunction enjoining Defendants from enforcing the Order; and
4. Grant such other and further relief, both in law and in equity, to which Plaintiff may be justly entitled.

Respectfully submitted,

By /s/ Ray Chester

Ray C. Chester

State Bar No. 04189065

Andrew M. Edge

State Bar No. 24071446

McGinnis Lochridge LLP

1111 W. 6th Street, Bldg. B, Suite 400

Austin, Texas 78703

(512) 495-6000

(512) 495-6093 (Fax)

rchester@mcginnislaw.com

aedge@mcginnislaw.com

ATTORNEYS FOR PLAINTIFF

EXHIBIT A

No. 2025-9125

**Official Order
of the
Texas Commissioner of Insurance**

Date: 02/06/2025

Subject Considered:

Title Insurance Basic Premium Rates Hearing
Docket No. 2851
Petition Nos. P-1124-02 and P-1124-03

General Remarks and Official Action Taken:

The subjects of this order are the two requests to consider title insurance basic premium rates under Insurance Code § 2703.202 filed by the Texas Land Title Association (TLTA) and the Office of Public Insurance Counsel (OPIC). The commissioner sets the title insurance basic premium rates by order following a public hearing. After consideration of each matter presented in writing and orally at a public hearing, the commissioner fixes a new title insurance premium rate.

The following findings of fact and conclusions of law are adopted.

Findings of Fact

1. On September 16, 2024, the Texas Department of Insurance (TDI) published its 2024 Title Rate Report on its website. The report provides rate indications based on title experience data ending in calendar year 2022 ranging from -4.9% to -15.4%.
2. On November 1, 2024, TDI received TLTA's request to consider the title insurance basic premium rates. TLTA proposed that there be no change in the rates. Alternatively, if rates are decreased, TLTA proposed that the decrease should not be more than -1.0% and effective on July 1, 2025. In a supplemental submission provided to TDI on January 14, 2025, TLTA concluded that a rate decrease in the

2025-9125

Commissioner's Order

2025 Title Insurance Basic Premium Rates Hearing - Docket No. 2851

Page 2 of 8

range of 0.0% to -4.7% is reasonable, but in light of data it collected on a sampling of 37 title agents' 2023 experience, suggested that a 0.0% change is most appropriate.

3. TDI assigned TLTA's request for a public hearing Petition No. P-1124-02.
4. TDI issued a notice of public hearing on TLTA's request. The notice was posted on TDI's website on November 8, 2024, and published in the November 22, 2024, issue of the *Texas Register* (49 TexReg 9608).
5. On November 12, 2024, TDI received OPIC's request to consider the title insurance basic premium rates. OPIC requested that TDI hold the hearing requested by TLTA, but disagreed with TLTA that the basic premium rates should not be changed. In a supplemental submission provided to TDI on January 22, 2025, OPIC concluded that a rate decrease in the range of -8.9% to -19.0% is indicated based on historical experience and is actuarially sound.
6. TDI assigned OPIC's request for a public hearing Petition No. P-1124-03.
7. Because of a forecasted snowstorm for Austin and much of the state, the commissioner postponed the hearing that was initially scheduled for January 21, 2025, until January 23, 2025, under Government Code § 551.0411.
8. On January 23, 2025, the commissioner conducted a public hearing under Insurance Code § 2703.202(c), under Docket No. 2851. Interested people attended the hearing and had the opportunity to present written and oral testimony. TLTA, OPIC, and TDI staff presented exhibits, analyses, and rate calculations summarizing and referencing the reports that each had previously submitted to the commissioner.
9. Under Insurance Code § 2703.152, when fixing a premium rate, the commissioner must "consider all relevant income and expenses of title insurance companies and title insurance agents attributable to engaging in the business of title insurance." The premium rates must be "reasonable as to the public" and "nonconfiscatory as to title insurance companies and title insurance agents." Insurance Code § 2703.152.

2025-9125

Commissioner's Order

2025 Title Insurance Basic Premium Rates Hearing - Docket No. 2851

Page 3 of 8

Income and Expenses of Title Insurance Companies and Agents

10. The reports from TLTA, OPIC, and TDI each included a description of the actuarial methods they used to determine whether a change to the basic premium rates is indicated.
11. All three reports included rate indications determined using the loss ratio method. The loss ratio method takes into account the title industry's expense ratio, the loss and loss adjustment expense (LAE) ratio, the catastrophe loss provision, and the profit provision.¹
 - a. To determine the expense ratio, the reports compiled data on expenses related to the business of title insurance and divided that by the amount of premium collected. The expense ratio provides for all reasonable costs associated with a title insurance policy other than profits and losses.
 - b. To determine the loss and loss adjustment expense ratio, the reports compiled data on losses and loss adjustment expenses and divided that by the amount of premium collected.
 - c. The catastrophe loss provision is selected to account for the possibility of the market experiencing widespread losses that are significantly higher than what has been experienced historically.
 - d. To determine the profit provision, the reports first determined a target cost of capital. Returns from investments are subtracted from the target cost of capital and then adjusted for the industry's premium-to-capital leverage ratio.
 - e. To determine the expense ratio, the loss and loss adjustment expense ratio, and the catastrophe loss provision, TLTA, OPIC, and TDI used data submitted to TDI under Insurance Code § 2703.153.

¹ The formula for the rate indication using the loss ratio method is:

$$[(L+E+C)/(1-P)] - 1$$

Where L = loss and loss adjustment expense ratio = losses and LAE/premium; E = expense ratio = expenses/premium; C = catastrophe loss provision; and P = underwriting profit provision = profit/premium.

2025-9125

Commissioner's Order

2025 Title Insurance Basic Premium Rates Hearing - Docket No. 2851

Page 4 of 8

12. The reports from TLTA, OPIC, and TDI each contained multiple rate indications using the loss ratio method. The various rate indications make up the reports' ranges. The main difference in the indications are from the profit provisions and experience periods used.
 - a. For the profit provision, TLTA used 12.0%, OPIC used 7.0%, and TDI used 11.0%. These differences are mainly from the values used for the target cost of capital and the size premium adjustments. OPIC asserts that Texas title insurance is less risky and less variable than the average line of property and casualty insurance, so a lower cost of capital is reasonable, and no size premium adjustment is needed.
 - b. OPIC and TDI provided indications that used 5-year, 10-year, 15-year, and 20-year experience periods; each ending in 2022. In general, a shorter period tends to be responsive to recent market conditions in the experience period, whereas a longer period tends to capture a broad spectrum of economic conditions.
 - c. TLTA's indications used a 3-year period ending in 2019, a 5-year period ending in 2019, and a 20-year period ending in 2022. TLTA stated its experience periods avoid giving too much weight to the pandemic periods of 2020–2022, which were outlier years.
 - d. TLTA also provided an indication using a standalone estimate of the 2023 expense ratio because it asserted that the available data through 2022 does not include the full impact from the downturn in the title insurance market that started in the fall of 2022. Because TDI has not received all 2023 data under Insurance Code § 2703.153,² TLTA surveyed 37 agents that it said make up about 50% of total Texas premiums and used that data to estimate the expense ratio for 2023.
 - e. TLTA also provided an indication using linear regression. It created a scatter plot of the expense ratio and retained premium data between 1998 and 2022 and then determined a line of best fit to estimate the expense ratio on the basis of on-level retained premiums.

² While the deadline to submit the data has passed as of the date of this order, TDI is working with agents and agencies that missed the deadline or that need to provide data corrections.

2025-9125

Commissioner's Order

2025 Title Insurance Basic Premium Rates Hearing - Docket No. 2851

Page 5 of 8

- f. TDI and OPIC used the same experience periods, resulting in them using the same expense ratios, averaging 77.0%. TLTA's expense ratios were mostly higher, averaging 81.7%; this was attributable to the different experience periods and methods TLTA used.
- g. The loss and loss adjustment expense ratios used by all parties were similar, 2.3% for TLTA and 2.0% for OPIC and TDI, since this ratio shows little volatility over the various experience periods.
- h. For the catastrophe loss provision, all parties used 1.0%.

13. The various actuarial methods yielded the following results:

Loss Ratio Methods	TLTA	OPIC	TDI
5-year ending 2022		-19.0%	-15.4%
10-year ending 2022		-15.6%	-11.8%
15-year ending 2022		-12.5%	-8.6%
20-year ending 2022	-3.8%	-8.9%	-4.9%
5-year ending 2019	-4.6%		
3-year ending 2019	-4.7%		
Linear regression	-4.0%		
2023 estimate	0.0%		
<i>Overall range</i>	<i>0.0% to -4.7%</i>	<i>-8.9% to -19.0%</i>	<i>-4.9% to -15.4%</i>

14. The commissioner has reviewed and evaluated all the information submitted in the TLTA, OPIC, and TDI reports. This information reflects the relevant income and expenses experienced by all title insurance companies and title insurance agents engaged in the business of title insurance in Texas.

Reasonable as to the Public

15. In recent history, the title industry's actual profit ratio has been consistently, and at times dramatically, above the target profit ratio used in setting the basic premium rates. The actual profit ratios earned by title agents and underwriters in Texas over different periods are as follows:

2025-9125

Commissioner's Order

2025 Title Insurance Basic Premium Rates Hearing - Docket No. 2851

Page 6 of 8

Years of Data Included	Average Profit Ratio
2003–2022 (20 years)	17.5%
2008–2022 (15 years)	19.8%
2013–2022 (10 years)	24.6%
2018–2022 (5 years)	26.2%
2015–2019 (5 years)	22.2%
2022 (1 year)	26.6%

16. While the housing market saw a downturn in late 2022, due in part to increases in mortgage rates and median home prices, the average rate of return was 26.6%. When you compare this with the profit provisions used in TLTA's (12.0%), OPIC's (7.0%), and TDI's (11.0%) actuarial analyses, it shows that even as the market declines, there is a sizeable difference between what is considered an acceptable target for profit levels and the actual profits the market has been experiencing.
17. Sustaining the current levels of profits in the current real estate market with the current levels of inflation would not be reasonable as to the public. Texans are being affected by housing affordability across the state. A reduction in title insurance basic premium rates would likely help bring the actual profit ratio closer to the target.

Nonconfiscatory as to Title Insurance Companies and Agents

18. A confiscatory rate is one that is too low to allow a regulated company to "not only recover its operating expenses, but also to realize reasonable returns on its investments."³
19. The commissioner did not receive "clear and convincing evidence"⁴ that a reduction in rates would lead the average title insurance company or title insurance agent to experience insolvency or earn an unreasonable rate of return.

³ *Geeslin v. State Farm Lloyds*, 255 S.W.3d 786, 795 (Tex. App.—Austin 2008), citing *Duquesne Light Co. v. Barasch*, 488 U.S. 299, 307, 109 S.Ct. 609, 102 L.Ed.2d 646 (1989); *Railroad Comm'n v. Houston Natural Gas Corp.*, 155 Tex. 502, 289 S.W.2d 559, 572 (1956).

⁴ *Id.* at 795.

2025-9125

Commissioner's Order

2025 Title Insurance Basic Premium Rates Hearing - Docket No. 2851

Page 7 of 8

20. Between 2020 and 2022, the title industry in Texas experienced significant growth. The COVID pandemic and a dramatic reduction in interest rates led to an unprecedented increase in housing purchases and refinances.
21. To accommodate that increase, agencies have expanded, and more agents have entered the market. Since 2019, the number of licensed title agents in Texas has grown by 29%—from 614 agents in 2019 to 794 agents in 2024.
22. Industry-wide premiums went from \$2.27 billion in 2019, to \$2.69 billion in 2020, and \$3.69 billion in 2021. In 2022, there was a slight decline to \$3.38 billion, and 2023 saw a return to pre-pandemic premium levels at \$2.38 billion. While the market has declined, the industry is still collecting significant premium.
23. While the rates must be nonconfiscatory for the industry, that does not mean that every licensed agent and agency should expect the same level of profitability. The average profit must be reasonable, but, as OPIC noted in its report, that is likely to result in some agents making large profits while others do not. Irrespective of the basic premium rate, the downturn in the market may result in underperforming agents seeing a lack of profitability.
24. Aside from TLTA's method that included its sampling of 2023 data, each of the methods from TLTA, OPIC, and TDI indicated a reduction in rates from -4.7% to -19.0%. Those methods used profit provisions of 12.0%, 7.0%, and 11.0%, respectively; and each entity's report asserts that its respective profit provision would be a reasonable rate of return.

Conclusions of Law

1. The commissioner has jurisdiction over this matter under Insurance Code §§ 31.021, 2501.001–2501.008, 2551.003, and 2703.001–2703.208.
2. TDI gave proper and timely notice of the January 21, 2025, public hearing required by Insurance Code § 2703.203 and of its continuation to January 23, 2025, under Government Code § 551.0411.
3. Insurance Code § 2501.002 states that the purpose of the Texas Title Insurance Act is "to completely regulate the business of title insurance . . . to protect consumers and purchasers of title insurance policies and provide adequate and reasonable rates of return for title insurance companies and title insurance agents."

2025-9125

Commissioner's Order

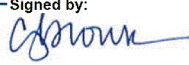
2025 Title Insurance Basic Premium Rates Hearing - Docket No. 2851

Page 8 of 8

4. Insurance Code § 2703.151 requires the commissioner to fix and promulgate the premium rates to be charged by title insurance companies and title insurance agents.
5. Insurance Code § 2703.152 states that when fixing premium rates, the commissioner must "consider all relevant income and expenses of title insurance companies and title insurance agents attributable to engaging in the business of title insurance." The premium rates must be "reasonable as to the public and nonconfiscatory as to title insurance companies and title insurance agents."
6. After considering the data collected under Insurance Code § 2703.153 and the reports provided by TLTA, OPIC, and TDI staff, the commissioner has determined that a 10% reduction in the title insurance basic premium rates takes all relevant income and expenses into account, is reasonable to the public, and is nonconfiscatory to title insurance companies and agents. This reduction will save Texas consumers an estimated \$238 million per year.

Order

It is ordered that, effective July 1, 2025, title insurance companies and title insurance agents must use the basic premium rates reflected in Exhibit A.

Signed by: 
FC5D7EDDFFB84F8...
Cassie Brown
Commissioner of Insurance

Recommended and reviewed by:

Signed by: 
70ABE377123E401...
Mark Worman, Deputy Commissioner

Signed by: 
5DAC5618BBC74D4...
Jessica Barta, General Counsel

Exhibit A

TEXAS TITLE INSURANCE BASIC PREMIUM RATES

Rates Effective July 1, 2025

Policy Face Amount Up to and Including	Basic Premium	Policy Face Amount Up to and Including	Basic Premium	Policy Face Amount Up to and Including	Basic Premium	Policy Face Amount Up to and Including	Basic Premium
\$25,000	\$295	\$44,000	\$410	\$63,000	\$525	\$82,000	\$640
25,500	298	44,500	413	63,500	528	82,500	644
26,000	302	45,000	417	64,000	532	83,000	648
26,500	304	45,500	419	64,500	535	83,500	650
27,000	306	46,000	422	65,000	537	84,000	653
27,500	309	46,500	426	65,500	540	84,500	656
28,000	312	47,000	428	66,000	544	85,000	659
28,500	315	47,500	430	66,500	548	85,500	662
29,000	320	48,000	435	67,000	551	86,000	664
29,500	322	48,500	438	67,500	552	86,500	669
30,000	325	49,000	441	68,000	555	87,000	672
30,500	328	49,500	444	68,500	559	87,500	674
31,000	331	50,000	446	69,000	562	88,000	677
31,500	334	50,500	449	69,500	564	88,500	680
32,000	337	51,000	451	70,000	568	89,000	684
32,500	340	51,500	455	70,500	572	89,500	686
33,000	343	52,000	459	71,000	575	90,000	689
33,500	347	52,500	463	71,500	577	90,500	692
34,000	349	53,000	464	72,000	580	91,000	696
34,500	353	53,500	468	72,500	583	91,500	699
35,000	356	54,000	471	73,000	586	92,000	701
35,500	358	54,500	473	73,500	589	92,500	705
36,000	361	55,000	476	74,000	592	93,000	707
36,500	365	55,500	479	74,500	596	93,500	711
37,000	367	56,000	483	75,000	599	94,000	712
37,500	371	56,500	486	75,500	601	94,500	716
38,000	374	57,000	489	76,000	604	95,000	721
38,500	377	57,500	492	76,500	607	95,500	724
39,000	379	58,000	496	77,000	610	96,000	725
39,500	383	58,500	498	77,500	613	96,500	728
40,000	385	59,000	500	78,000	617	97,000	732
40,500	390	59,500	504	78,500	620	97,500	735
41,000	392	60,000	508	79,000	624	98,000	738
41,500	395	60,500	511	79,500	625	98,500	742
42,000	398	61,000	514	80,000	628	99,000	744
42,500	401	61,500	516	80,500	632	99,500	747
43,000	403	62,000	519	81,000	635	100,000	749
43,500	407	62,500	523	81,500	637		

2025-9125

Title Basic Premium Calculation for Policies in Excess of \$100,000

Using the table below, apply these steps to determine basic premium for policies above \$100,000:

- Step 1 In column (1), find the range that includes the policy's face value.
- Step 2 Subtract the value in column (2) from the policy's face value.
- Step 3 Multiply the result in Step 2 by the value in column (3), and round to the nearest dollar.
- Step 4 Add the value in column (4) to the result of the value from Step 3.

(See examples following the table.)

Title Basic Premium Calculation for Policies in Excess of \$100,000

(1) Policy Range	(2) Subtract	(3) Multiply by	(4) Add
[\$100,001 - \$1,000,000]	100,000	0.00474	\$749
[\$1,000,001 - \$5,000,000]	1,000,000	0.00390	\$5,018
[\$5,000,001 - \$15,000,000]	5,000,000	0.00321	\$20,606
[\$15,000,001 - \$25,000,000]	15,000,000	0.00229	\$52,736
[\$25,000,001 - \$50,000,000]	25,000,000	0.00137	\$75,596
[\$50,000,001 - \$100,000,000]	50,000,000	0.00124	\$109,796
[Greater than \$100,000,000]	100,000,000	0.00112	\$171,896

Examples for Policies in Excess of \$100,000

Example 1:

- (1) Policy is \$268,500
- (2) Subtract \$100,000 ==> $\$268,500 - \$100,000$ ==> Result = \$168,500
- (3) Multiply by 0.00474 ==> $\$168,500 \times 0.00474$ ==> Result = \$799
- (4) Add \$749 ==> $\$799 + \749 ==> Final Result = \$1,548

Example 2:

- (1) Policy is \$4,826,600
- (2) Subtract \$1,000,000 ==> $\$4,826,600 - \$1,000,000$ ==> Result = \$3,826,600
- (3) Multiply by 0.00390 ==> $\$3,826,600 \times 0.00390$ ==> Result = \$14,924
- (4) Add \$5,018 ==> $\$14,924 + \$5,018$ ==> Final Result = \$19,942

Example 3:

- (1) Policy is \$10,902,800
- (2) Subtract \$5,000,000 ==> $\$10,902,800 - \$5,000,000$ ==> Result = \$5,902,800
- (3) Multiply by 0.00321 ==> $\$5,902,800 \times 0.00321$ ==> Result = \$18,948
- (4) Add \$20,606 ==> $\$18,948 + \$20,606$ ==> Final Result = \$39,554

2025-9125

Example 4:

- (1) Policy is \$17,295,100
- (2) Subtract \$15,000,000 ==> $\$17,295,100 - \$15,000,000$ ==> Result = \$2,295,100
- (3) Multiply by 0.00229 ==> $\$2,295,100 \times 0.00229$ ==> Result = \$5,256
- (4) Add \$52,736 ==> $\$5,256 + \$52,736$ ==> Final Result = \$57,992

Example 5:

- (1) Policy is \$39,351,800
- (2) Subtract \$25,000,000 ==> $\$39,351,800 - \$25,000,000$ ==> Result = \$14,351,800
- (3) Multiply by 0.00137 ==> $\$14,351,800 \times 0.00137$ ==> Result = \$19,662
- (4) Add \$75,596 ==> $\$19,662 + \$75,596$ ==> Final Result = \$95,258

Example 6:

- (1) Policy is \$75,300,200
- (2) Subtract \$50,000,000 ==> $\$75,300,200 - \$50,000,000$ ==> Result = \$25,300,200
- (3) Multiply by 0.00124 ==> $\$25,300,200 \times 0.00124$ ==> Result = \$31,372
- (4) Add \$109,796 ==> $\$31,372 + \$109,796$ ==> Final Result = \$141,168

Example 7:

- (1) Policy is \$151,250,300
- (2) Subtract \$100,000,000 ==> $\$151,250,300 - \$100,000,000$ ==> Result \$51,250,300
- (3) Multiply by 0.00112 ==> $\$51,250,300 \times 0.00112$ ==> Result = \$57,400
- (4) Add \$171,896 ==> $\$57,400 + \$171,896$ ==> Final Result = \$229,296

Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Kim McBride on behalf of Ray Chester

Bar No. 04189065

kmcbride@mcginnislaw.com

Envelope ID: 98171790

Filing Code Description: Petition

Filing Description: PLAINTIFF'S' ORIGINAL PETITION AND APPLICATION FOR TEMPORARY INJUNCTION

Status as of 3/7/2025 8:06 AM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Ray Chester		rchester@mcginnislaw.com	3/6/2025 5:07:09 PM	SENT
Andrew MEdge		aedge@mcginnislaw.com	3/6/2025 5:07:09 PM	SENT
Kim McBride		kmcbride@mcginnislaw.com	3/6/2025 5:07:09 PM	SENT