



**State of New Jersey**  
**DEPARTMENT OF BANKING AND INSURANCE**  
PO BOX 325  
TRENTON, NJ 08625-0325  
Tel (609) 292-5360

**JAMES E. MCGREEVEY**  
*Governor*

**HOLLY C. BAKKE**  
*Commissioner*

**BULLETIN NO. 02-29**

**TO:** ALL TITLE INSURANCE PRODUCERS AND COMPANIES,  
ALL REAL ESTATE BROKERS AND AGENTS

**FROM:** HOLLY C. BAKKE, COMMISSIONER

**RE:** INDUCEMENTS FOR THE PLACING OF TITLE INSURANCE

The Department is once again reminding all title insurance producers and title insurance companies of the provisions of N.J.S.A. 17:46B-34 et seq., and N.J.A.C. 11:17A-1.2 prohibiting inducements for the placing of title insurance. This issue was previously addressed in Bulletin Nos. 97-14 [http://www.state.nj.us/dobi/blt97\\_14.htm](http://www.state.nj.us/dobi/blt97_14.htm) and 99-08 [http://www.state.nj.us/dobi/blt99\\_08.htm](http://www.state.nj.us/dobi/blt99_08.htm), attached hereto.

Recently, the Department has learned of certain practices that appear to be inconsistent with applicable standards. These include some title insurance producers offering real estate transaction work to attorneys, or placing their names on a "recommended attorney list" provided to purchasers of title insurance in exchange for referrals of such purchasers. The Department believes that this practice is proscribed by N.J.S.A. 17:46B-34, which prohibits title insurance agents from paying, or giving directly or indirectly, any consideration as an inducement or compensation for the placing or procuring of any order for title insurance by someone other than a regular or full time employee or agent of a title insurance company.

The Department is also reminding real estate licensees that the receipt of remuneration, compensation or consideration in any form, for instance receiving materials designed to be utilized for a mass mailing (such as Just Listed/Just Sold postcards with digital photography of homes) from a title company or its employees, or receiving a room rental fee for the use of a title closing room which is higher than the fair market value for the rental of comparable office space may be considered a violation of N.J.S.A. 17:46B-35c. That provision prohibits any

person acting as an agent of an insured or applicant agent (and others) from receiving and/or accepting, directly or indirectly, "any commission, rebate, discount, abatement, credit or reduction of premium, or any special favor or advantage or valuable consideration ... " paid by a title company or its employees as an inducement for the placement or procuring of coverage. In addition to other administrative fines and penalties, N.J.S.A. 17:46B-37 permits the imposition of penalties of up to five times the amount of the payment upon any person who receives and/or pays an improper inducement.

The Department has also learned of another questionable practice in which a home purchaser is given free upgrades if the title is insured through a designated title company.

All parties are advised that the Department will investigate all such occurrences and impose penalties as provided by law for any violations discovered.

12/9/02  
Date

/s/ Holly C. Bakke  
Holly C. Bakke  
Commissioner

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