



## State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE

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### BULLETIN NO. 13-02

TO: ALL COMPANIES WRITING TITLE INSURANCE IN NEW JERSEY, ALL LICENSED TITLE INSURANCE PRODUCERS, AND ALL LICENSED REAL ESTATE BROKERS, BROKER-SALESPERSONS AND SALESPERSONS

FROM: KENNETH E. KOBYSLOWSKI, COMMISSIONER

RE: COMMISSIONS, REBATES, AND OTHER INDUCEMENTS

The Department has received information regarding a current practice by some title insurance producers and title insurance companies which may deviate from statutory restrictions on the payment of commissions, rebates, and other inducements by title insurance producers.

N.J.S.A. 17:46B-34 provides, in pertinent part: "No title insurance company and no title insurance agent shall pay, allow or give, or offer to pay, allow or give, directly or indirectly, any commission or part of its fee or charge or any other consideration as an inducement or compensation for the placing or procuring of any order for title insurance; ..." The Department has determined that certain payments by title insurance producers of room rental fees to real estate brokers or other licensees may violate N.J.S.A. 17:46B-34, since the producer may be paying, directly or indirectly, in whole or in part, money as an inducement or as compensation to the real estate broker or to a real estate agent licensed with the broker's firm for the placement or procuring of title insurance.

The Department also reminds all real estate licensees that the receipt of remuneration, compensation or consideration in any form, for instance a room rental fee that exceeds the fair market value for the rental of comparable office space, from a title company or its employees may be a violation of N.J.S.A. 17:46B-35c. That statute prohibits any person acting as an agent or broker of an applicant for title insurance, or of an insured, an owner or a mortgagee (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 or inducement" paid by a title company or its employees as an inducement for the placement of coverage.

The Department further reminds the industry that N.J.S.A.17:46B-37 authorizes the imposition of penalties for such violations of up to five times the amount of the payment on any person who receives and/or pays an improper inducement and that the Department may impose penalties as provided by law for any violations discovered.

February 19, 2013  
Date



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Kenneth E. Kobylowski  
Commissioner

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