



Illinois Department of Financial and Professional Regulation

Division of Financial Institutions

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Statement Regarding Closing Protection Letter Fees

The Department of Financial and Professional Regulation, Division of Financial Institutions (Department) has received inquiries from various sources concerning fees charged by title insurance companies when providing protection to consumers pursuant to the requirements of Sections 16 and 16.1 of the Title Insurance Act, 215 ILCS 155/1-26. While the Department neither issues “advisory opinions” nor dispenses legal advice, the public’s interest in this topic merits this statement from the Department. Parties seeking a legal opinion should consult their own attorney.

Closing protection letters (CPLs) are required in certain transactions by the statute referred to above which allows title insurance companies to charge for the protection provided by such CPLs. In addition, the matter of such fees is regulated by 50 Illinois Administrative Code 8100.2402(b) (8), requiring that such fees be “fair, adequate and non-discriminatory”. Although the Department may not set or adjust fees, the Department is charged with the responsibility to administer both the Illinois Title Insurance Act and the Real Estate Settlement Procedures Act insofar as those acts prohibit paying for, or providing discounts for, the referral of business.

Taking into consideration the purpose of the CPL legislation and the financial stability of the title insurance industry in this state (a requirement for the title insurance companies to be able to pay claims as they arise), a charge of \$25 for a CPL issued to a lender or borrower receiving a title insurance policy in the transaction and \$50 for a CPL issued to a seller (or borrower in a refinance) not receiving a title insurance policy in the transaction is *prima facie* fair, adequate and nondiscriminatory.

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