

Policy Forms License Program FAQ

Question: Why is ALTA charging for the use forms that have always been free?

Answer: As of 2009, any issuing agent of title insurance is required to hold a license for the continued use of ALTA's policy forms.

ALTA's Policy Forms benefit the entire title industry, not just ALTA members. The ALTA Policy Forms have never been free; the cost of creating, developing, and updating the forms has been carried by the membership of ALTA for the entire industry.

The first association title insurance policy was a lender policy. It was developed in 1929. Standardization of title insurance coverage and its embodiment in ALTA's forms comes as a result of countless hours of work by ALTA members and staff.

Standardized Forms enable consumers to compare price, service, and other non-technical matters without the need for complex coverage analysis.

The Policy Forms are the intellectual property of the Association and its membership. Just like using Microsoft Office software, you must have a valid license from the creators of the product to legally use the product.

This initiative was first discussed by independent title agents. They believed this initiative would help more fairly distribute the costs of defending the industry and developing forms, since a minority of those active in the land title industry were members of ALTA.

Question: What is the difference between a Policy Forms License and a Membership?

Answer: Holding a Policy Forms License with ALTA (at a cost of \$195) is a requirement of all issuing agents of title insurance. It grants them the continued use of ALTA's Policy Forms. A membership with ALTA (for which dues are based on a company's gross revenue from title services during the previous year) includes a Policy Forms License for no separate cost, as well as many other benefits (including a public listing in the ALTA Membership Directory, and the homeclosing101.com website; electronic daily news clips; articles; publications; discount programs; PAC ; educational resources; and invitations to meetings and conventions). While a licensee only has online access to Policy Forms, a member has access to news articles, as well as other members-only sections of the website.

Question: What if I do very little title work?

Answer: For agents who, in the previous calendar year, signed policies for 50 or fewer title transactions, an Occasional Use Waiver is available, which, upon approval, grants the agent a Policy Forms License at no cost. A waiver application can be submitted electronically at www.alta.org/waiver.

Question: How do I apply for a Policy Forms License?

Answer: You may apply for a license online by visiting www.alta.org/licensepurchase (you must have a login and password to pay through our online portal). In December of each year, you will receive an invoice prompting you to renew your license for the following year.

Question: I write for a title company (First American, Old Republic, Stewart, Fidelity, etc.) that issues my policies. My title company already has a license. Why do I still have to pay for one?

Answer: The Policy Forms License is required for each *issuing agent* of title insurance. If your name or your company's name appears on the policies (even though your title company may complete the forms for you), since the policy is benefiting you and your company, you must still obtain a Policy Forms License. Title companies must purchase a license for policies that they issue in their own name, but that license does not extend to other issuing agents who use their services.

Question: I am an approved attorney, but not an agent; do I still need a license?

Answer: No; only *issuing agents* of title insurance must hold a Policy Forms License. You are considered an issuing agent if you or your company holds an agency agreement with an underwriter, and you sign your name or your company name on policies.

Question: If my law firm has a license under its name, do I still need my own license? If my law firm has a license, do I need to purchase a separate license for a title company that it owns?

Answer: You only need a separate license if there is a separate agency agreement with the underwriter. If your agency agreement is written between the law firm as a whole and the underwriter (rather than separately, with individual attorneys or individual title companies), one license will cover the entire company/firm.

Although submission of one *membership* fee grants membership (which includes a Policy Forms License) to a firm and all its issuing agents, the ALTA Policy Forms License Program operates a little bit differently. Any attorney, title agency, or law firm that is considered an issuing agent (any entity that has its own agency agreement with an underwriter and signs that entity name on a policy) must maintain its own Policy Forms License.

If a firm that has multiple issuing attorneys joins ALTA as a member, however, that firm's membership benefits (which includes a Policy Forms License) will be extended to those attorneys. Membership dues must be calculated using the gross revenue for title work practiced by all issuing attorneys.

It is always beneficial for ALTA to know names of any entity associated with a licensee—this way ALTA can help determine the necessity of a license, or link any attorneys or title companies to an existing licensee to ensure they are not invoiced if it is unnecessary.

Question: If I write title insurance for multiple underwriters/title companies, will I need multiple Policy Forms Licenses?

Answer: No; even if you are signed with more than one underwriter/title company, as long as you only have one agency agreement per underwriter, you only need one Policy Forms License.

Question: What if my company is majority-owned by another company?

Answer: Even if your company is majority- or wholly-owned by another company, you may still need to purchase a separate Policy Forms License. Although submission of one *membership fee* grants membership (which includes a Policy Forms License) to a parent company and all its subsidiaries, the ALTA Policy Forms License program operates a little bit differently. Any attorney, title agency, or law firm that is considered an issuing agent (any entity that has its own agency agreement with an underwriter and signs that entity name on a policy) must maintain its own Policy Forms License, regardless of company ownership.

If a company that holds majority or whole ownership in a number of subsidiary companies joins ALTA as a member, however, that parent company's membership benefits (which includes a Policy Forms License) will be extended to those subsidiary companies.

Membership dues must be calculated using the combined gross revenue of the parent company and any subsidiaries that are included under the membership.

Question: How do I access policy forms before or after I've purchased my license?

Answer: You will continue to have access to policy forms through your underwriter, just as you have in the past. Once we have received and processed your license application and payment, you will also have access to forms on the ALTA website (login and password required).

Question: What if I do not use ALTA forms?

Answer: ALTA's policy forms are the industry standard forms. Even if you receive your forms from an underwriter/title company or computer software, they are still considered the intellectual property of ALTA. If you are not sure the forms you use are created by ALTA, please contact your underwriter or software provider for confirmation.

Question: What if I don't pay the license fee?

Answer: Invoices not remitted by April will incur a penalty of \$5.00 per policy issued in the license year, in addition to the \$195 license fee.