

Committee on Banking and Insurance

CS/CS/HB 321 — Title Insurance

by Government Operations Appropriations Subcommittee; Insurance and Banking Subcommittee; and Rep. Passidomo and others (CS/CS/SB 570 by Judiciary Committee; Banking and Insurance Committee; and Senator Galvano)

The bill changes the unearned premium reserve requirement for title insurers holding \$50 million or more in surplus to policyholders. Those title insurers must have a reserve of a minimum of 6.5 percent of the total of (1) direct premiums written and (2) premiums for reinsurance assumed, with certain adjustments. Title insurers having less than \$50 million in surplus as to policyholders must continue to record unearned premium reserve in accordance with current law (30 cents per \$1,000 of net retained liability).

This bill amends statutes relating to the release of unearned premium reserve. This bill creates a new schedule for the release of the unearned premium reserve over 20 years for companies with more than \$50 million in surplus, as follows: 35 percent of the initial sum during the year following the year the premium was written or assumed, 15 percent during each year of the next succeeding 2 years, 10 percent during the next succeeding year, 3 percent during each of the next succeeding 3 years, 2 percent during each of the next succeeding 3 years, and 1 percent during each of the next succeeding 10 years. This bill allows a title insurer organized under the laws of another state which transfers its domicile to Florida to have an unearned premium reserve as required by the laws of the title insurer's former state. That reserve is released according to the requirements of law in effect in the former state at the time of domicile. The release of reserve based on premium written after the insurer moves to Florida is governed by Florida law.

This bill provides that only contract remedies are available for the breach of a duty that arises solely from the terms of a contract of title insurance or other instrument, relating to real estate closings, issued and approved by the Office of Insurance Regulation.

This bill provides that title insurance agency and agent applications created by the Department of Financial Services need not be on a printed form and will allow the use of online applications. This bill applies the same naming requirements applicable to title insurance agents to title insurance agencies, effective October 1, 2014. This bill removes the requirement that a title insurance agency deposit securities with the department having a market value of \$35,000 or a bond in the same amount at the time of application for licensure.

This bill changes from March 31 to May 31, the date which title insurers and agencies must report information required by the Office of Insurance Regulation for the analysis of title insurance premium rates.

If approved by the Governor, these provisions take effect July 1, 2014.

Vote: Senate 37-0; House 116-0