

Committee on Banking and Insurance

CS/HB 695 — Title Insurance

by Regulatory Affairs Committee and Rep. Boyd (CS/CS/SB 940 by Commerce and Tourism Committee; Banking and Insurance Committee; and Senator Bradley)

The bill (Chapter 2016-57, L.O.F.) changes the unearned premium reserve requirement for title insurers that are members of an insurance holding company system having \$1 billion or more in surplus as to policyholders and have a financial strength rating of “superior,” “excellent,” “exceptional,” or an equivalent rating by a rating agency acceptable to the Office of Insurance Regulation. Such insurers must have a reserve of a minimum of 6.5 percent of the total of direct premiums written and premiums for reinsurance assumed, with certain adjustments. Currently, only title insurers with a surplus in excess of \$50 million can use that formula to calculate required unearned premium reserve.

The bill removes the requirement that a title insurer that transfers its domicile to Florida must set an unearned premium reserve and release its unearned premium reserve under the laws of its previous domicile state. Instead, the bill requires a title insurer that transfers its domicile to Florida to calculate an adjusted statutory or unearned premium reserve as if, on the effective date of redomestication, the insurer had been domesticated in Florida for the previous 20 years and authorizes the release of such reserve.

The bill is not anticipated to have an impact on state funds.

These provisions were approved by the Governor and take effect July 1, 2016.

Vote: Senate 37-0; House 119-0