

Assembly Bill No. 1005

CHAPTER 440

An act to add Section 12401.71 to the Insurance Code, relating to title insurance.

[Approved by Governor September 20, 2003. Filed with Secretary of State September 22, 2003.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1005, Dutra. Title insurance: rates.

Existing law prohibits a title insurer, underwritten title company, or controlled escrow company from using any rate in the business of title insurance before its effective date or before it has been publicly displayed, as specified, for at least 30 days. Existing law provides that no rate increase shall apply to title policies or services that have been contracted for prior to the rate's effective date.

This bill would provide that, notwithstanding the above provisions, a title insurer, underwritten title company, or controlled escrow company may use a new rate prior to 30 days after the filing if the new rate results in a reduction from an existing rate, the earlier effective date is set forth in the filing, and the new rate has been publicly displayed and made readily available to the public prior to its effective date. It would provide that any rate reduction shall be subject to regulation by the Insurance Commissioner, as specified.

The bill would require the Department of Insurance, 5 years from the effective date of these provisions, and within existing resources, to review the reduced rates authorized by these provisions, as specified.

The people of the State of California do enact as follows:

SECTION 1. Section 12401.71 is added to the Insurance Code, to read:

12401.71. (a) Notwithstanding Sections 12401.1 and 12401.7, a title insurer, underwritten title company, or controlled escrow company may use a new rate prior to 30 days after the filing if the new rate results in a reduction from an existing rate, the earlier effective date is set forth in the filing, and the new rate has been publicly displayed and made readily available to the public prior to its effective date.

(b) Any rate reduction filed by a title insurer, underwritten title company, or controlled escrow company pursuant to subdivision (a)



shall be subject to the authority of the commissioner as set forth in this article and Article 6.7 (commencing with Section 12414.13).

(c) Five years from the effective date of this section, and within existing resources, the department shall review the reduced rates authorized by this section to determine if they are inadequate or if they increase the possibility of title insurers becoming insolvent. This review shall be in addition to any other authorized by statute.

