

By Representative Starks

1                                   A bill to be entitled  
 2           An act relating to title insurance reserve;  
 3           amending s. 625.111, F.S.; providing a formula  
 4           for releasing unearned premium reserve over a  
 5           period of years; providing an effective date.

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 7 Be It Enacted by the Legislature of the State of Florida:

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 9           Section 1. Subsections (1) and (2) of section 625.111,  
 10 Florida Statutes, are amended to read:

11           625.111 Title insurance reserve.--In addition to an  
 12 adequate reserve as to outstanding losses, as required under  
 13 s. 625.041, a title insurer shall establish, segregate, and  
 14 maintain a guaranty fund or unearned premium reserve as  
 15 hereinafter provided. The sums hereinafter required to be  
 16 reserved for unearned premiums on title guarantees and  
 17 policies at all times and for all purposes shall be considered  
 18 and constitute unearned portions of the original premiums and  
 19 shall be charged as a reserve liability of such insurer in  
 20 determining its financial condition. While such sums are so  
 21 reserved, they shall be withdrawn from the use of the insurer  
 22 for its general purposes, impressed with a trust in favor of  
 23 the holders of title guarantees and policies, and held  
 24 available for reinsurance of the title guarantees and policies  
 25 in the event of the insolvency of the insurer. Nothing herein  
 26 contained shall preclude such insurer from investing such  
 27 reserve in investments authorized by law for such an insurer,  
 28 and the income from such invested reserve shall be included in  
 29 the general income of the insurer to be used by such insurer  
 30 for any lawful purpose.

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1 (1) This unearned premium reserve shall consist of not  
2 less than an amount computed as follows:

3 (a) The amount of the unearned premium reserve on June  
4 30, 1999 ~~1992~~; and

5 (b) A sum equal to 30 cents for each \$1,000 of net  
6 retained liability under each title insurance policy on a  
7 single risk written on or after July 1, 1999 ~~1992~~.

8 (2)(a) The adequacy of the unearned premium reserve  
9 existing on December 31, 1999 ~~1992~~, shall be determined in  
10 accordance with the unearned premium reserve requirements  
11 existing on July 1, 1999 ~~1992~~, and said unearned premium  
12 reserve shall be released from the reserve and restored to net  
13 profits over a period of 20 years in 12 equal annual  
14 installments, beginning with calendar year 2000, as follows:  
15 30 percent of the aggregate sum on July 1 of the year next  
16 succeeding the year of addition; 15 percent of the aggregate  
17 sum on July 1 of the next succeeding year; 10 percent of the  
18 aggregate sum on July 1 of each of the next 2 succeeding  
19 years; 5 percent of the aggregate sum on July 1 of each of the  
20 next 2 succeeding years; 3 percent of the aggregate sum on  
21 July 1 of each of the next 2 succeeding years; 2 percent of  
22 the aggregate sum on July 1 of each of the next 7 succeeding  
23 years; and 1 percent of the aggregate sum on July 1 of the  
24 next 5 succeeding years ~~1993~~.

25 (b) With respect to amounts reserved under this  
26 section on or after January 1, 2000 ~~1993~~, the insurer shall  
27 release over a period of 20 years and restore to net profits  
28 amounts reserved during a particular calendar year ~~in 12 equal~~  
29 ~~annual installments~~, beginning in the subsequent calendar  
30 year, as follows: 30 percent of the aggregate sum on July 1 of  
31 such subsequent year; 15 percent of the aggregate sum on July

1 1 of the next succeeding year; 10 percent of the aggregate sum  
2 on July 1 of each of the next 2 succeeding years; 5 percent of  
3 the aggregate sum on July 1 of each of the next 2 succeeding  
4 years; 3 percent of the aggregate sum on July 1 of each of the  
5 next 2 succeeding years; 2 percent of the aggregate sum on  
6 July 1 of each of the next 7 succeeding years; and 1 percent  
7 of the aggregate sum on July 1 of the next 5 succeeding years.

8 Section 2. This act shall take effect July 1, 1999.

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11 HOUSE SUMMARY

12 Provides a formula for releasing and restoring to net  
13 profits unearned premium reserve over a period of 20  
14 years beginning in calendar year 2000. See bill for  
15 details.

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