

By the Committees on Judiciary; and Banking and Insurance; and
Senator Galvano

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1 A bill to be entitled
2 An act relating to title insurance; amending s.
3 625.041, F.S.; specifying that a title insurer is
4 liable for all of its unpaid losses and claims;
5 amending s. 625.111, F.S.; revising and specifying the
6 reserves certain title insurers must set aside;
7 specifying how such reserves will be released;
8 specifying which state law governs the amount of the
9 reserve when a title insurer transfers its domicile to
10 this state; defining "bulk reserve"; amending ss.
11 624.407 and 624.408, F.S.; conforming cross-
12 references; amending s. 626.8412, F.S.; specifying
13 that only a licensed and appointed agent or agency is
14 authorized to sell title insurance; amending s.
15 626.8413, F.S.; providing additional limitations on
16 the name that a title insurance agent or agency may
17 adopt; providing applicability; amending s. 626.8417,
18 F.S.; conforming provisions to changes made by the
19 act; amending s. 626.8418, F.S.; revising the
20 application requirements for a title insurance agency
21 license; deleting certain bonding requirements and
22 procedures; amending s. 626.8419, F.S.; conforming
23 provisions to changes made by the act; amending s.
24 626.8437, F.S.; revising terms relating to grounds for
25 actions against a licensee or appointee; amending s.
26 627.778, F.S.; limiting the remedies available for the
27 breach of duty arising from a title insurance
28 contract; amending s. 627.782, F.S.; revising the date
29 that certain information relating to title insurance

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30 rates must be submitted to the Office of Insurance
31 Regulation by title insurance agencies and insurers;
32 amending s. 627.7845, F.S.; revising terms relating to
33 determination of insurability and preservation of
34 evidence of title search and examination; providing
35 effective dates.

36
37 Be It Enacted by the Legislature of the State of Florida:

38
39 Section 1. Section 625.041, Florida Statutes, is amended to
40 read:

41 625.041 Liabilities, in general.—In any determination of
42 the financial condition of an insurer, liabilities to be charged
43 against its assets ~~shall~~ include:

44 (1) The amount, estimated in accordance ~~consistent~~ with the
45 ~~provisions of~~ this code, necessary to pay all of its unpaid
46 losses and claims incurred on or before ~~prior to~~ the date of
47 statement, whether reported or unreported, together with the
48 expenses of adjustment or settlement thereof.

49 (2) With respect to title insurance, the amount, estimated
50 in accordance with this code, necessary to pay all of its known
51 unpaid losses and claims incurred on or before the date of
52 statement, together with the expenses of adjustment or
53 settlement thereof. This requirement is in addition to the
54 reserves required under s. 625.111.

55 (3) ~~(2)~~ With respect ~~reference~~ to life and health insurance
56 and annuity contracts:

57 (a) The amount of reserves on life insurance policies and
58 annuity contracts in force, valued according to the tables of

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59 mortality, rates of interest, and methods adopted pursuant to
60 this code which are applicable thereto.

61 (b) Reserves for disability benefits, for both active and
62 disabled lives.

63 (c) Reserves for accidental death benefits.

64 (d) Any additional reserves that may be required by the
65 office in accordance ~~consistent~~ with practice formulated or
66 approved by the National Association of Insurance Commissioners
67 or its successor organization, on account of such insurance,
68 including contract and premium deficiency reserves.

69 ~~(4)-(3)~~ With respect ~~reference~~ to insurance other than that
70 specified in subsections (2) and (3) ~~subsection (2), and other~~
71 ~~than title insurance~~, the amount of reserves equal to the
72 unearned portions of the gross premiums charged on policies in
73 force, computed in accordance with this part.

74 ~~(5)-(4)~~ Taxes, expenses, and other obligations due or
75 accrued at the date of the statement.

76 ~~(6)-(5)~~ An ~~Any~~ insurer in this state which ~~that~~ writes
77 workers' compensation insurance shall accrue a liability on its
78 financial statements for all Special Disability Trust Fund
79 assessments that are due within the current calendar year. ~~In~~
80 ~~addition~~, Those insurers shall also disclose in the notes to the
81 financial statements required to be filed pursuant to s. 624.424
82 an estimate of future Special Disability Trust Fund assessments,
83 if the assessments are likely to occur and can be estimated with
84 reasonable certainty.

85 Section 2. Section 625.111, Florida Statutes, is amended to
86 read:

87 625.111 Title insurance reserve.—In addition to an adequate

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88 reserve as to outstanding losses relating to known claims, as
89 required under s. 625.041, a domestic title insurer shall
90 establish, segregate, and maintain a guaranty fund or unearned
91 premium reserve as provided in this section. The sums ~~required~~
92 ~~under this section~~ to be reserved for unearned premiums on title
93 guarantees and policies ~~at all times and for all purposes~~ shall
94 be considered and constitute unearned portions of the original
95 premiums and shall be charged as a reserve liability of the such
96 insurer in determining its financial condition. ~~While~~ Such ~~sums~~
97 ~~are so~~ reserved funds, ~~they~~ shall be withdrawn from the use of
98 the insurer for its general purposes, impressed with a trust in
99 favor of the holders of title guarantees and policies, and held
100 available for reinsurance of the title guarantees and policies
101 in the event of the insolvency of the insurer. ~~Nothing contained~~
102 ~~in~~ This section does not shall preclude the such insurer from
103 investing such reserve in investments authorized by law, ~~for~~
104 ~~such an insurer~~ and the income from such investments invested
105 ~~reserve~~ shall be included in the general income of the insurer
106 and may ~~to~~ be used by such insurer for any lawful purpose.

107 (1) For an unearned premium reserve ~~reserves~~ established on
108 or after July 1, 1999, such ~~unearned premium~~ reserve must be in
109 ~~shall consist of not less than~~ an amount at least equal to the
110 sum of the amounts specified in paragraphs (a), (b), and (d) for
111 title insurers holding less than \$50 million in surplus as to
112 policyholders as of the previous year end, and the sum of the
113 amounts specified in paragraphs (c) and (d) for title insurers
114 holding \$50 million or more in surplus as to policyholders as of
115 the previous year end:

116 (a) A reserve with respect to unearned premiums for

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117 policies written or title liability assumed in reinsurance
118 before July 1, 1999, equal to the reserve established on June
119 30, 1999, for those unearned premiums with such reserve being
120 subsequently released as provided in subsection (2). For
121 domestic title insurers subject to this section, such amounts
122 shall be calculated in accordance with ~~provisions of law of this~~
123 state law in effect at the time the associated premiums were
124 written or assumed and as amended before ~~prior to~~ July 1, 1999.

125 (b) A total amount equal to 30 cents for each \$1,000 of net
126 retained liability for policies written or title liability
127 assumed in reinsurance on or after July 1, 1999, with such
128 reserve being subsequently released as provided in subsection
129 (2). For the purpose of calculating this reserve, the total of
130 the net retained liability for all simultaneous issue policies
131 covering a single risk shall be equal to the liability for the
132 policy with the highest limit covering that single risk, net of
133 any liability ceded in reinsurance.

134 (c) On or after January 1, 2014, for title insurers holding
135 \$50 million or more in surplus as to policyholders as of the
136 previous year end, a minimum of 6.5 percent of the total of the
137 following:

- 138 1. Direct premiums written; and
- 139 2. Premiums for reinsurance assumed, plus other income,
140 less premiums for reinsurance ceded as displayed in Schedule P
141 of the title insurer's most recent annual statement filed with
142 the office with such reserve being subsequently released as
143 provided in subsection (2). Title insurers with less than \$50
144 million in surplus as to policyholders must continue to record
145 unearned premium reserve in accordance with paragraph (b).

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146 (d) ~~(e)~~ An additional amount, if deemed necessary by a
147 qualified actuary, to ~~which shall~~ be subsequently released as
148 provided in subsection (2). Using financial results as of
149 December 31 of each year, all domestic title insurers shall
150 obtain a Statement of Actuarial Opinion from a qualified actuary
151 regarding the insurer's loss and loss adjustment expense
152 reserves, including reserves for known claims, ~~adverse~~
153 ~~development on known claims,~~ incurred but not reported claims,
154 and unallocated loss adjustment expenses. The actuarial opinion
155 must ~~shall~~ conform to the annual statement instructions for
156 title insurers adopted by the National Association of Insurance
157 Commissioners and ~~shall~~ include the actuary's professional
158 opinion of the insurer's reserves as of the date of the annual
159 statement. If the amount of the reserve stated in the opinion
160 and displayed in Schedule P of the annual statement for that
161 reporting date is greater than the sum of the known claim
162 reserve and unearned premium reserve as calculated under this
163 section, as of the same reporting date and including any
164 previous actuarial provisions added at earlier dates, the
165 insurer shall add to the insurer's unearned premium reserve an
166 actuarial amount equal to the reserve shown in the actuarial
167 opinion, minus the known claim reserve and the unearned premium
168 reserve, as of the current reporting date and calculated in
169 accordance with this section, but not ~~in no event~~ calculated as
170 of any date before ~~prior to~~ December 31, 1999. The comparison
171 shall be made using that line on Schedule P displaying the Total
172 Net Loss and Loss Adjustment Expense which is comprised of the
173 Known Claim Reserve, and any associated Adverse Development
174 Reserve, the reserve for Incurred But Not Reported Losses, and

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175 Unallocated Loss Adjustment Expenses.

176 (2)~~(a)~~ With respect to reserves ~~the reserve~~ established in
177 accordance with:

178 (a) Paragraph (1)(a), the domestic title insurer shall
179 release the reserve over the subsequent ~~a period of 20~~
180 ~~subsequent~~ years as provided in this paragraph. The insurer
181 shall release 30 percent of the initial aggregate sum during
182 1999, with one quarter of that amount being released on March
183 31, June 30, September 30, and December 31, 1999, with the March
184 31 and June 30 releases to be retroactive and reflected on the
185 September 30 financial statements. Thereafter, the insurer shall
186 release, on the same quarterly basis as specified for reserves
187 released during 1999, a percentage of the initial aggregate sum
188 as follows: 15 percent during calendar year 2000, 10 percent
189 during each of calendar years 2001 and 2002, 5 percent during
190 each of calendar years 2003 and 2004, 3 percent during each of
191 calendar years 2005 and 2006, 2 percent during each of calendar
192 years 2007-2013, and 1 percent during each of calendar years
193 2014-2018.

194 ~~(b) With respect to reserves established in accordance with~~
195 Paragraph (1)(b), the unearned premium for policies written or
196 title liability assumed during a particular calendar year shall
197 be earned, and released from reserve, over the subsequent ~~a~~
198 ~~period of 20 subsequent~~ years as provided in this paragraph. The
199 insurer shall release 30 percent of the initial sum during the
200 year following ~~next succeeding~~ the year the premium was written
201 or assumed, with one quarter of that amount being released on
202 March 31, June 30, September 30, and December 31 of such year.
203 Thereafter, the insurer shall release, on the same quarterly

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204 basis as specified for reserves released during the year
205 following ~~first succeeding~~ the year the premium was written or
206 assumed, a percentage of the initial sum as follows: 15 percent
207 during the next succeeding year, 10 percent during each of the
208 next succeeding 2 years, 5 percent during each of the next
209 succeeding 2 years, 3 percent during each of the next succeeding
210 2 years, 2 percent during each of the next succeeding 7 years,
211 and 1 percent during each of the next succeeding 5 years.

212 (c) ~~With respect to reserves established in accordance with~~
213 Paragraph (1) (c), the unearned premium for policies written or
214 title liability assumed during a particular calendar year shall
215 be earned, and released from reserve, over the subsequent 20
216 years at an amortization rate not to exceed the formula in this
217 paragraph. The insurer shall release 35 percent of the initial
218 sum during the year following the year the premium was written
219 or assumed, with one quarter of that amount being released on
220 March 31, June 30, September 30, and December 31 of such year.
221 Thereafter, the insurer shall release, on the same quarterly
222 basis as specified for reserve released during the year
223 following the year the premium was written or assumed, a
224 percentage of the initial sum as follows: 15 percent during each
225 year of the next succeeding 2 years, 10 percent during the next
226 succeeding year, 3 percent during each of the next succeeding 3
227 years, 2 percent during each of the next succeeding 3 years, and
228 1 percent during each of the next succeeding 10 years.

229 (d) Paragraph (1) (d), any additional amount established in
230 any calendar year shall be released in the years subsequent to
231 its establishment as provided in paragraph (c) ~~(b)~~, with the
232 timing and percentage of releases being in all respects

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233 identical to those of unearned premium reserves that are
234 calculated as provided in paragraph (c) ~~(b)~~ and established with
235 regard to premiums written or liability assumed in reinsurance
236 in the same year as the year in which any additional amount was
237 originally established.

238 (3) If a title insurer that is organized under the laws of
239 another state transfers its domicile to this state, the
240 statutory or unearned premium reserve shall be the amount
241 required by the laws of the title insurer's former state of
242 domicile as of the date of transfer of domicile and shall be
243 released from reserve according to the requirements of law in
244 effect in the former state at the time of domicile. On or after
245 January 1, 2014, for new business written after the effective
246 date of the transfer of domicile to this state, the domestic
247 title insurer shall add to and set aside in the statutory or
248 unearned premium reserve such amount as provided in paragraph
249 (1) (c).

250 (4) ~~(3)~~ At any reporting date, the amount of the required
251 releases of existing unearned premium reserves under subsection
252 (2) shall be calculated and deducted from the total unearned
253 premium reserve before any additional amount is established for
254 the current calendar year in accordance with ~~the provisions of~~
255 paragraph (1) (d) ~~(1) (e)~~.

256 (5) A domestic title insurer is not required to record a
257 separate bulk reserve. However, if a separate bulk reserve is
258 recorded, the statutory premium reserve must be reduced by the
259 amount recorded for such bulk reserve.

260 (6) ~~(4)~~ As used in this section, the term:

261 (a) "Bulk reserve" means provision for subsequent

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262 development on known claims.

263 (b)~~(a)~~ "Net retained liability" means the total liability
264 retained by a title insurer for a single risk, after taking into
265 account the deduction for ceded liability, if any.

266 (c)~~(b)~~ "Qualified actuary" means a person who is, as
267 detailed in the National Association of Insurance Commissioners'
268 Annual Statement Instructions:

269 1. A member in good standing of the Casualty Actuarial
270 Society;

271 2. A member in good standing of the American Academy of
272 Actuaries who has been approved as qualified for signing
273 casualty loss reserve opinions by the Casualty Practice Council
274 of the American Academy of Actuaries; or

275 3. A person who otherwise has competency in loss reserve
276 evaluation as demonstrated to the satisfaction of the insurance
277 regulatory official of the domiciliary state. In such case, at
278 least 90 days before ~~prior to the~~ filing ~~of~~ its annual
279 statement, the insurer must request ~~approval~~ that the person be
280 deemed qualified and that request must be approved or denied.
281 The request must include the National Association of Insurance
282 Commissioners' Biographical Form and a list of all loss reserve
283 opinions issued in the last 3 years by this person.

284 (d)~~(c)~~ "Single risk" means the insured amount of a a ~~any~~
285 title insurance policy, except that where two or more title
286 insurance policies are issued simultaneously covering different
287 estates in the same real property, "single risk" means the sum
288 of the insured amounts of all such ~~title insurance~~ policies. A
289 ~~Any~~ title insurance policy insuring a mortgage interest, a claim
290 payment under which reduces the insured amount of a fee or

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291 leasehold title insurance policy, shall be excluded in computing
292 the amount of a single risk to the extent that the insured
293 amount of the mortgage title insurance policy does not exceed
294 the insured amount of the fee or leasehold title insurance
295 policy.

296 Section 3. Subsection (5) of section 624.407, Florida
297 Statutes, is amended to read:

298 624.407 Surplus required; new insurers.—

299 (5) For the purposes of this section, liabilities do not
300 include liabilities required under s. 625.041(5) ~~s. 625.041(4)~~.
301 For purposes of computing minimum surplus as to policyholders
302 pursuant to s. 625.305(1), liabilities include liabilities
303 required under s. 625.041(5) ~~s. 625.041(4)~~.

304 Section 4. Subsection (2) of section 624.408, Florida
305 Statutes, is amended to read:

306 624.408 Surplus required; current insurers.—

307 (2) For purposes of this section, liabilities do not
308 include liabilities required under s. 625.041(5) ~~s. 625.041(4)~~.
309 For purposes of computing minimum surplus as to policyholders
310 pursuant to s. 625.305(1), liabilities include liabilities
311 required under s. 625.041(5) ~~s. 625.041(4)~~.

312 Section 5. Paragraph (a) of subsection (1) of section
313 626.8412, Florida Statutes, is amended to read:

314 626.8412 License and appointments required.—

315 (1) Except as otherwise provided in this part:

316 (a) Title insurance may be sold only by a licensed and
317 appointed title insurance agent employed by a licensed and
318 appointed title insurance agency or employed by a title insurer.

319 Section 6. Effective October 1, 2014, section 626.8413,

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320 Florida Statutes, is amended to read:

321 626.8413 Title insurance agents; certain names prohibited.-
322 After October 1, 2014 ~~1985~~, a title insurance agent or title
323 insurance agency may as defined in s. 626.841 shall not adopt a
324 name that ~~which~~ contains the words "title insurance," "title
325 company," "title guaranty," or "title guarantee," unless such
326 words are followed by the word "agent" or "agency" in the same
327 size and type as the words preceding it ~~them~~. This section does
328 not apply to a title insurer acting as an agent for another
329 title insurer if both insurers hold active certificates of
330 authority to transact title insurance business in this state and
331 if both insurers are acting under the names designated on such
332 certificates.

333 Section 7. Section 626.8417, Florida Statutes, is amended
334 to read:

335 626.8417 Title insurance agent licensure; exemptions.-

336 (1) A person may not act as a title insurance agent ~~as~~
337 ~~defined in s. 626.841~~ until a valid title insurance agent's
338 license has been issued to that person by the department.

339 (2) An application for license as a title insurance agent
340 shall be filed with the department on ~~printed~~ forms furnished by
341 the department.

342 (3) The department may ~~shall~~ not grant or issue a license
343 as a title insurance agent to an ~~any~~ individual who is found by
344 the department ~~it~~ to be untrustworthy or incompetent, who does
345 not meet the qualifications for examination specified in s.
346 626.8414, or who does not meet the following qualifications:

347 (a) Within the 4 years immediately preceding the date of
348 the application for license, the applicant must have completed a

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349 40-hour classroom course in title insurance, 3 hours of which
350 ~~are shall be~~ on the subject matter of ethics, as approved by the
351 department, or must have had at least 12 months of experience in
352 responsible title insurance duties under the supervision of a
353 licensed title insurance agent, title insurer, or attorney while
354 working in the title insurance business as a substantially full-
355 time, bona fide employee of a title insurance agency, title
356 insurance agent, title insurer, or attorney who conducts real
357 estate closing transactions and issues title insurance policies
358 but who is exempt from licensure under subsection (4) ~~pursuant~~
359 ~~to paragraph (4)(a)~~. If an applicant's qualifications are based
360 upon the periods of employment at responsible title insurance
361 duties, the applicant must submit, with the license application
362 ~~for license on a form prescribed by the department, an~~ the
363 affidavit of the applicant and of the employer affirming ~~setting~~
364 ~~forth~~ the period of such employment, that the employment was
365 substantially full time, and giving a brief abstract of the
366 nature of the duties performed by the applicant.

367 (b) The applicant must have passed any examination for
368 licensure required under s. 626.221.

369 (4)(a) Title insurers or attorneys duly admitted to
370 practice law in this state and in good standing with The Florida
371 Bar are exempt from the provisions of this chapter relating with
372 ~~regard~~ to title insurance licensing and appointment
373 requirements.

374 (5)(b) An insurer may designate a corporate officer of the
375 insurer to occasionally issue and countersign binders,
376 commitments, and policies of title insurance ~~policies, or~~
377 ~~guarantees of title~~. The A designated officer is exempt from the

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378 provisions of this chapter relating ~~with regard~~ to title
379 insurance licensing and appointment requirements while the
380 officer is acting within the scope of the designation.

381 ~~(6)(e)~~ If an attorney owns ~~or attorneys own~~ a corporation
382 or other legal entity that ~~which~~ is doing business as a title
383 insurance agency, other than an entity engaged in the active
384 practice of law, the agency must be licensed and appointed as a
385 title insurance agent.

386 Section 8. Section 626.8418, Florida Statutes, is amended
387 to read:

388 626.8418 Application for title insurance agency license.—
389 Before ~~Prior to~~ doing business in this state as a title
390 insurance agency, ~~a title insurance agency must meet all of the~~
391 ~~following requirements:~~

392 ~~(1)~~ the applicant must file with the department an
393 application for a license as a title insurance agency, on
394 ~~printed~~ forms furnished by the department, which ~~that~~ includes
395 all of the following:

396 ~~(1)(a)~~ The name of each majority owner, partner, officer,
397 and director of the title insurance agency.

398 ~~(2)(b)~~ The residence address of each person required to be
399 listed under subsection (1) ~~paragraph (a)~~.

400 ~~(3)(e)~~ The name of the title insurance agency and its
401 principal business address.

402 ~~(4)(d)~~ The location of each title insurance agency office
403 and the name under which each agency office conducts or will
404 conduct business.

405 ~~(5)(e)~~ The name of each title insurance agent to be in
406 full-time charge of a title insurance ~~an~~ agency office and

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407 specification of which office.

408 (6)~~(f)~~ Such additional information as the department
409 requires by rule to ascertain the trustworthiness and competence
410 of persons required to be listed on the application and to
411 ascertain that such persons meet the requirements of this code.

412 ~~(2) The applicant must have deposited with the department~~
413 ~~securities of the type eligible for deposit under s. 625.52 and~~
414 ~~having at all times a market value of not less than \$35,000. In~~
415 ~~place of such deposit, the title insurance agency may post a~~
416 ~~surety bond of like amount payable to the department for the~~
417 ~~benefit of any appointing insurer damaged by a violation by the~~
418 ~~title insurance agency of its contract with the appointing~~
419 ~~insurer. If a properly documented claim is timely filed with the~~
420 ~~department by a damaged title insurer, the department may remit~~
421 ~~an appropriate amount of the deposit or the proceeds that are~~
422 ~~received from the surety in payment of the claim. The required~~
423 ~~deposit or bond must be made by the title insurance agency, and~~
424 ~~a title insurer may not provide the deposit or bond directly or~~
425 ~~indirectly on behalf of the title insurance agency. The deposit~~
426 ~~or bond must secure the performance by the title insurance~~
427 ~~agency of its duties and responsibilities under the issuing~~
428 ~~agency contracts with each title insurer for which it is~~
429 ~~appointed. The agency may exchange or substitute other~~
430 ~~securities of like quality and value for securities on deposit,~~
431 ~~may receive the interest and other income accruing on such~~
432 ~~securities, and may inspect the deposit at all reasonable times.~~
433 ~~Such deposit or bond must remain unimpaired as long as the title~~
434 ~~insurance agency continues in business in this state and until 1~~
435 ~~year after termination of all title insurance agency~~

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436 ~~appointments held by the title insurance agency. The title~~
437 ~~insurance agency is entitled to the return of the deposit or~~
438 ~~bond together with accrued interest after such year has passed,~~
439 ~~if no claim has been made against the deposit or bond. If a~~
440 ~~surety bond is unavailable generally, the department may adopt~~
441 ~~rules for alternative methods to comply with this subsection.~~
442 ~~With respect to such alternative methods for compliance, the~~
443 ~~department must be guided by the past business performance and~~
444 ~~good reputation and character of the proposed title insurance~~
445 ~~agency. A surety bond is deemed to be unavailable generally if~~
446 ~~the prevailing annual premium exceeds 25 percent of the~~
447 ~~principal amount of the bond.~~

448 Section 9. Paragraphs (a) through (c) of subsection (1) of
449 section 626.8419, Florida Statutes, are amended to read:

450 626.8419 Appointment of title insurance agency.-

451 (1) The title insurer engaging or employing the title
452 insurance agency must file with the department, on forms
453 furnished by the department, an application certifying that the
454 proposed title insurance agency meets all of the following
455 requirements:

456 (a) The title insurance agency ~~has~~ must have obtained a
457 fidelity bond in an amount of at least, ~~not less than~~ \$50,000,
458 acceptable to the insurer appointing the agency. If a fidelity
459 bond is unavailable generally, the department shall ~~must~~ adopt
460 rules for alternative methods to comply with this paragraph.

461 (b) The title insurance agency must have obtained errors
462 and omissions insurance in an amount acceptable to the insurer
463 appointing the agency. The amount of the coverage must be at
464 least ~~may not be less than~~ \$250,000 per claim and an aggregate

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465 limit with a deductible no greater than \$10,000. If errors and
466 omissions insurance is unavailable generally, the department
467 shall ~~must~~ adopt rules for alternative methods that ~~to~~ comply
468 with this paragraph.

469 (c) ~~Notwithstanding s. 626.8418(2),~~ The title insurance
470 agency must have obtained a surety bond in an amount of at least
471 ~~not less than~~ \$35,000 made payable to the title insurer or title
472 insurers appointing the agency. The surety bond must be for the
473 benefit of any appointing title insurer damaged by a violation
474 by the title insurance agency of its contract with the
475 appointing title insurer. If the surety bond is payable to
476 multiple title insurers, the surety bond must provide that each
477 title insurer is to be notified if ~~in the event~~ a claim is made
478 upon the surety bond or the bond is terminated.

479 Section 10. Subsections (3) and (4) of section 626.8437,
480 Florida Statutes, are amended to read:

481 626.8437 Grounds for denial, suspension, revocation, or
482 refusal to renew license or appointment.—The department shall
483 deny, suspend, revoke, or refuse to renew or continue the
484 license or appointment of any title insurance agent or agency,
485 and it shall suspend or revoke the eligibility to hold a license
486 or appointment of such person, if it finds that as to the
487 applicant, licensee, appointee, or any principal thereof, any
488 one or more of the following grounds exist:

489 (3) Willful misrepresentation of any title insurance
490 policy, ~~guarantee of title, binder,~~ or commitment, or willful
491 deception with regard to ~~any~~ such policy, ~~guarantee, binder,~~ or
492 commitment, done ~~either~~ in person or by any form of
493 dissemination of information or advertising.

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494 (4) Demonstrated lack of fitness or trustworthiness to
495 represent a title insurer in the issuance of its commitments or
496 ~~binders, policies of title insurance, or guarantees of title.~~

497 Section 11. Subsection (3) is added to section 627.778,
498 Florida Statutes, to read:

499 627.778 Limit of risk.—

500 (3) Only contract remedies are available for the breach of
501 a duty which arises solely from the terms of a contract of title
502 insurance or an instrument issued pursuant to s. 627.786(3).

503 Section 12. Subsection (8) of section 627.782, Florida
504 Statutes, is amended to read:

505 627.782 Adoption of rates.—

506 (8) Each title insurance agency and insurer licensed to do
507 business in this state and each insurer's direct or retail
508 business in this state shall maintain and submit information,
509 including revenue, loss, and expense data, as the office
510 determines necessary to assist in the analysis of title
511 insurance premium rates, title search costs, and the condition
512 of the title insurance industry in this state. Such ~~This~~
513 information shall ~~must~~ be transmitted to the office annually by
514 May ~~March~~ 31 of the year after the reporting year. The
515 commission shall adopt rules relating to ~~regarding~~ the
516 collection and analysis of the data from the title insurance
517 industry.

518 Section 13. Subsection (2) of section 627.7845, Florida
519 Statutes, is amended to read:

520 627.7845 Determination of insurability required;
521 preservation of evidence of title search and examination.—

522 (2) The title insurer shall cause the evidence of the

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523 determination of insurability and the reasonable title search or
524 search of the records of a Uniform Commercial Code filing office
525 to be preserved and retained in its files or in the files of its
526 title insurance agent or agency for at least ~~a period of not~~
527 ~~less than~~ 7 years after the title insurance commitment or, title
528 insurance policy, ~~or guarantee of title~~ was issued. The title
529 insurer or its agent or agency must produce the evidence
530 required to be maintained under ~~by~~ this subsection at its
531 offices upon the demand of the office. Instead of retaining the
532 original evidence, the title insurer or its ~~the title insurance~~
533 agent or agency may, in the regular course of business,
534 establish a system under which all or part of the evidence is
535 recorded, copied, or reproduced by any photographic,
536 photostatic, microfilm, microcard, miniature photographic, or
537 other process that ~~which~~ accurately reproduces or forms a
538 durable medium for reproducing the original.

539 Section 14. Except as otherwise expressly provided in this
540 act, this act shall take effect July 1, 2014.