

1 SB291  
2 191299-1  
3 By Senator Dial  
4 RFD: Banking and Insurance  
5 First Read: 08-FEB-18

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8 SYNOPSIS: Under existing law, title insurance  
9 companies are required to seek prior approval of  
10 their rates by the Commissioner of Insurance. This  
11 bill would authorize title insurers to form a  
12 rating bureau for the purpose of filing rates on  
13 behalf of its member insurers.

14  
15 A BILL  
16 TO BE ENTITLED  
17 AN ACT

18  
19 Relating to insurance; to provide for the  
20 establishment of a rating bureau for title insurance; and for  
21 that purpose to add a new Article 6, commencing with Section  
22 27-13-140, to Chapter 13, Title 27, Code of Alabama 1975; to  
23 amend Sections 27-13-2 and 27-25-6, Code of Alabama 1975; and  
24 to add Section 27-25-6.1 to the Code of Alabama 1975.

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1                   Section 1. Article 6, commencing with Section  
2                   27-13-140, of Chapter 13, Title 27, is added to the Code of  
3                   Alabama 1975, to read as follows:

4                   Article 6. Title Insurance.

5                   §27-13-140.

6                   The commissioner may authorize a rating organization  
7                   to engage in the business of rate-making on behalf of its  
8                   subscriber or member insurers for the purposes of Section  
9                   27-25-6 upon finding that the organization has complied with  
10                  this article and is otherwise qualified to function as a  
11                  rating organization. Upon being authorized, the rating  
12                  organization may file premium rates as required by Section  
13                  27-25-6 on behalf of its member or subscriber insurers  
14                  authorized to write title insurance in this state.

15                  §27-13-141.

16                  A rating organization requesting the authority  
17                  provided in Section 27-13-140 shall pay a fee set by the  
18                  commissioner, not to exceed two hundred dollars (\$200), and  
19                  shall provide the commissioner with such information as the  
20                  commissioner, by rule, may prescribe including all of the  
21                  following:

22                  (1) A copy of the organization's constitution,  
23                  articles of agreement or association, or articles of  
24                  incorporation, and of its bylaws or rules governing the  
25                  conduct of its business.

1           (2) A list of insurers which are, or which have  
2 agreed to become, members of or subscribers to the  
3 organization.

4           (3) The name and address of a person or persons in  
5 this state upon whom notices or orders of the commissioner  
6 affecting the organization may be served.

7           (4) A detailed description of the manner in which  
8 the organization shall determine the premium rates to be filed  
9 as required by Section 27-25-6.

10          (5) Such other information as the commissioner may  
11 require.

12           §27-13-142.

13          After being initially granted authority to act as a  
14 rating organization, an organization shall thereafter renew  
15 its authority on an annual basis by filing a request for  
16 renewal in a form prescribed by the commissioner, and  
17 including the information required in subdivisions (1) to (5),  
18 inclusive, of Section 27-13-141, by December 31 of each year,  
19 and paying a renewal fee set by the commissioner not to exceed  
20 two hundred dollars (\$200).

21           §27-13-143.

22          As a condition for obtaining and retaining authority  
23 to act as a rating organization, the organization shall make  
24 reasonable provision in its constitution, articles of  
25 agreement or association, articles of incorporation, bylaws,  
26 or otherwise for all of the following:

1           (1) Any insurer engaged in writing title insurance  
2 in this state may become a member or subscriber of the rating  
3 organization upon application therefor by the insurer. The  
4 rating organization may not unjustifiably discriminate between  
5 insurers in the conditions imposed for admission as members or  
6 subscribers. In the event an insurer is rejected by the rating  
7 organization, the rating organization shall set forth the  
8 reasons for the rejection in writing and shall provide that  
9 writing to the insurer.

10           (2) Any insurer which has been denied or refused  
11 membership or admission as a subscriber by the rating  
12 organization, within 30 days of receipt of notice of the  
13 denial, may petition the commissioner for a hearing on the  
14 denial or refusal. The hearing shall be conducted as provided  
15 in Section 27-2-30 and the rules of the commissioner, and the  
16 order of the commissioner may be appealed as provided in  
17 Section 27-2-32.

18           §27-13-144.

19           (a) As a condition for obtaining and retaining  
20 authority to act as a rating organization, the organization  
21 shall notify the commissioner within 10 days of the withdrawal  
22 or expulsion of any member or subscriber. In the event of an  
23 expulsion, the rating organization shall include in the notice  
24 to the commissioner the reasons for the expulsion.

25           (b) If a member or subscriber is expelled or  
26 excluded due to failure to pay an agreed upon membership or  
27 subscription fee, the member or subscriber shall be readmitted

1 upon payment of any delinquent fees or charges to the rating  
2 organization.

3 (c) An insurer which has been expelled or has  
4 withdrawn as a member or subscriber of a rating organization  
5 may not use any rate or rating system made by the rating  
6 organization during the period that the expulsion or  
7 withdrawal continues.

8 §27-13-145.

9 An insurer may not use any rate or rating system  
10 made by a rating organization of which the insurer is not a  
11 member or subscriber.

12 §27-13-146.

13 All fees collected pursuant to this article shall be  
14 deposited in the State Treasury to the credit of the Insurance  
15 Department Fund.

16 Section 2. Sections 27-13-2 and 27-25-6 of the Code  
17 of Alabama 1975, are amended to read as follows:

18 "§27-13-2.

19 "The commissioner is charged with the duty of the  
20 administration of all laws now relating, or hereafter  
21 relating, to insurance rates and rating systems of all  
22 companies authorized to do business in the State of Alabama,  
23 with the exception of rates of life and health and accident  
24 business ~~and rates of title insurance.~~

25 "§27-25-6.

26 "(a) Every title insurer shall file with the  
27 commissioner its manual of title insurance rates and rules,

1 schedule of premium rates, and every modification of any  
2 premium rate that it proposes to use in this state. A rating  
3 organization's filing on behalf of its members or subscribers  
4 satisfies the duty of a title under this subsection if the  
5 title insurer is a member or subscriber of the rating  
6 organization. A rating organization shall be authorized  
7 pursuant to Article 6, commencing with Section 27-13-140, of  
8 Chapter 13. The premium rates shall not be subject to rebate  
9 and the rebate of premiums to the insured are expressly  
10 prohibited. If a reissue premium rate is filed by an insurer,  
11 an insured may receive reissue credit only when the insured  
12 physically produces the prior title insurance policy,  
13 including schedules associated therewith, issued by a title  
14 insurer licensed to be engaged in the business of title  
15 insurance in this state. A title insurer that has not filed  
16 its premium rates pursuant to the provisions hereof shall not  
17 engage in the business of title insurance until such time as  
18 its premium rates are filed. No person, title insurer, agency,  
19 or agent shall charge any premium rate for any policy or  
20 contract of title insurance except in accordance with the  
21 filed premium rates which are in effect for the title insurer  
22 as provided in this section.

23 "(b) Every premium rate filing by a title insurer  
24 shall state the proposed effective date thereof and shall  
25 indicate the character and extent of the coverage  
26 contemplated. The commissioner shall determine the form,  
27 manner, and detail of premium rate filings required in this

1 section. No premium rate filing shall provide for the  
2 negotiation or bidding of the rate to be charged for a policy  
3 insuring an interest in real property in this state.

4 "(c) Before the expiration of 60 days after the  
5 receipt of a premium rate filing by a title insurer or rating  
6 organization, the commissioner shall determine the fairness  
7 and justness of all such filings and shall also notify the  
8 title insurer or rating organization of any disapproval of the  
9 premium rate filing.

10 "(d) ~~Any~~ Except as to rate filings made by a rating  
11 organization on behalf of its members or subscribers pursuant  
12 to this section, any premium rate filed may be used or charged  
13 after the expiration of 60 days from the date of filing in the  
14 office of the commissioner, unless the commissioner has issued  
15 notice of the commissioner's prior written disapproval thereto  
16 within the time period.

17 "(e) A rate filing made by a rating organization on  
18 behalf of its members or subscribers pursuant to this section  
19 may not become effective, notwithstanding expiration of a  
20 waiting period, unless the commissioner approves the filing.  
21 The commissioner may not approve a filing unless he or she  
22 reviews the substance of the filing and issues a written  
23 decision approving the filing stating that the filing comports  
24 with this chapter.

25 "~~(e)~~ (f) A notice of written disapproval by the  
26 commissioner shall set forth the reasons therefor and shall  
27 state that a hearing will be granted within 30 days after



1 request in writing by the title insurer or rating  
2 organization. The commissioner or his or her designee shall  
3 have the power to administer oaths, to require the appearance  
4 of and examine any person under oath, and to require the  
5 production of books, records, or papers relevant to the  
6 inquiry upon the commissioner's or the designee's own  
7 initiative or upon the request of any interested insurer or  
8 rating organization.

9 "(g) The commissioner may promulgate necessary rules  
10 to implement the act adding this amendatory language and to  
11 establish appropriate limits on the proposed changes to  
12 premiums that may be approved."

13 Section 3. Section 27-25-6.1 is added to the Code of  
14 Alabama 1975, to read as follows:

15 §27-25-6.1.

16 (a) Form filings by title insurers are subject to  
17 the requirements of Section 27-14-8.

18 (b) A rating organization's form filing on behalf of  
19 its members or subscribers satisfies the duty of a title  
20 insurer to file forms if the title insurer is a member or  
21 subscriber of the rating organization.

22 (c) Form filings by a rating organization are also  
23 subject to the requirements of Section 27-14-8, except that  
24 forms may not be deemed approved after expiration of a waiting  
25 period as provided in subsection (b) of Section 27-14-8. A  
26 form filing made by a rating organization does not become  
27 effective unless the commissioner approves the filing. The

1 commissioner shall not approve such a filing unless he or she  
2 reviews the substance of the filing and issues a written  
3 decision approving the filing.

4 Section 4. This act shall become effective on the  
5 first day of the third month following its passage and  
6 approval by the Governor, or its otherwise becoming law.