

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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SENATE BILL 140  
Second Edition Engrossed 4/4/17  
House Committee Substitute Favorable 6/12/18

Short Title: Title Ins. Rev/Bailbondsmen Deposits.

(Public)

Sponsors:

Referred to:

March 1, 2017

1 A BILL TO BE ENTITLED  
2 AN ACT TO MAKE VARIOUS CHANGES RELATED TO REAL ESTATE TITLE  
3 INSURANCE COMPANIES AND TO AMEND THE DEPOSIT REQUIRED OF  
4 PROFESSIONAL BAILBONDSMEN ACTING AS SURETIES ON BAIL BONDS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 2.1** G.S. 58-26-1(b1) reads as rewritten:

7 "(b1) Domestic and foreign title insurance companies are subject to the same  
8 capital, surplus, deposit, and investment requirements that govern the formation and operation of  
9 ~~domestic~~-stock casualty companies. ~~Domestic title insurance companies are subject to the same~~  
10 ~~deposit requirements that govern the operation of other domestic casualty companies in this State.~~  
11 ~~Foreign or alien title insurance companies are subject to an initial deposit pursuant to G.S.~~  
12 ~~58-26-31(b), based on the forecasted statutory premium reserve and the supplemental reserve for~~  
13 ~~the first full year of operation in this State, but not less than two hundred thousand dollars~~  
14 ~~(\$200,000)."~~

15 **SECTION 2.2** G.S. 58-26-25 reads as rewritten:

16 "**§ 58-26-25. Amount of unearned statutory premium reserve.**

17 (a) ~~The statutory premium reserve of every domestic title insurance company shall~~  
18 ~~consist of the aggregate of:~~

19 (1) ~~The amount of the unearned premium reserve held as of December 31, 1998.~~

20 (2) ~~The amount of all additions required to be made to such reserve by this~~  
21 ~~section, less the reduction of the aggregate amount required by this section.~~

22 (a1) A domestic title insurance company shall establish and maintain a statutory premium  
23 reserve in an amount equal to \$0.17 per \$1,000 of net retained liability for each title insurance  
24 policy which is defined as the total liability retained by a title insurer for a single risk after taking  
25 into account any ceded liability. The net retained liability of a simultaneous issue of an owner's  
26 policy and a loan policy shall be calculated on the greater coverage amount of the two policies.  
27 The amount set aside in the statutory premium reserve shall be released over a period of 20 years,  
28 pursuant to the following formula: 30% of the aggregate sum in the year next succeeding the year  
29 of addition; 15% of the aggregate sum in the next succeeding year; 10% of the aggregate sum in  
30 each of the next succeeding two years; 5% of the aggregate sum in each of the next succeeding  
31 two years; 3% of the aggregate sum in each of the next succeeding two years; 2% of the aggregate  
32 sum in each of next succeeding seven years; and 1% of the aggregate sum in each of the next  
33 succeeding five years. The title insurer shall make authorized releases under this section in equal  
34 quarterly amounts on March 31, June 30, September 30 and December 31 annually.



1       ~~(b) A domestic title insurance company on and after January 1, 1999, shall reserve~~  
2 ~~initially as a statutory premium reserve a sum equal to ten percent (10%) of the following items~~  
3 ~~set forth in the title insurer's most recent annual statement on file with the Commissioner:~~

4           ~~(1) Direct premiums written.~~

5           ~~(2) Premiums for reinsurance assumed less premiums for reinsurance ceded~~  
6 ~~during the year.~~

7       **(b1) All amounts held as of December 31, 2018, which are in excess of the requirements**  
8 **of subsection (a1) of this section, shall be released on December 31, 2018, to net profits.**

9       ~~(c) The aggregate of the amounts set aside in statutory premium reserves in any calendar~~  
10 ~~year, under subsection (b) of this section, shall be reduced annually at the end of each calendar~~  
11 ~~year following the year in which the policy is issued, over a period of 20 years, pursuant to the~~  
12 ~~following: twenty percent (20%) the first year; ten percent (10%) for years two and three; five~~  
13 ~~percent (5%) for years four through 10; three percent (3%) for years 11 through 15; and two~~  
14 ~~percent (2%) for years 16 through 20.~~

15       ~~(d) The entire amount of the unearned premium reserve held as of December 31, 1998,~~  
16 ~~shall be accorded a fresh start and shall be released from said reserve and restored to net profits~~  
17 ~~in accordance with the percentages set forth in subsection (c) of this section.~~

18       (e) A supplemental reserve shall be established in accordance with the instructions of the  
19 annual statement required by G.S. 58-2-165 and G.S. 58-26-10 consisting of the reserves  
20 necessary, when taken in combination with the ~~reserves~~ reserve required by ~~subsections~~  
21 subsection (a1) (a) through (d) of this section to cover the company's liabilities with respect to  
22 all losses, claims, and loss adjustment expenses.

23       (f) Each title insurer subject to the provisions of this Article shall file with its annual  
24 statement required by G.S. 58-2-165 and G.S. 58-26-10 a certification of a member in good  
25 standing of the American Academy of Actuaries. The actuarial certification required of a title  
26 insurer must conform to the annual statement instructions for title insurers of the National  
27 Association of Insurance Commissioners."

28           **SECTION 2.3** G.S. 58-26-31 is repealed.

29           **SECTION 2.4** G.S. 58-26-35 is repealed.

30           **SECTION 3.** G.S. 58-71-145. reads as rewritten:

31 **"§ 58-71-145. Financial responsibility of professional bondsmen.**

32 Each professional bondsman acting as surety on bail bonds in this State shall maintain a  
33 deposit of securities with and satisfactory to the Commissioner of a fair market value of at least  
34 ~~one-eighth~~ one-twelfth the amount of all bonds or undertakings written in this State on which he  
35 is absolutely or conditionally liable as of the first day of the current month. The amount of this  
36 deposit must be reconciled with the bondsman's liabilities as of the first day of the month on or  
37 before the fifteenth day of said month and the value of said deposit shall in no event be less than  
38 fifteen thousand dollars (\$15,000)."

39           **SECTION 4.** Sections 2.1, 2.2, 2.3, and 2.4 of this act become effective October 1,  
40 2018. The remainder of this act is effective when it becomes law.