

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2018-38
SENATE BILL 140

AN ACT TO MAKE VARIOUS CHANGES RELATED TO REAL ESTATE TITLE INSURANCE COMPANIES AND TO AMEND THE DEPOSIT REQUIRED OF PROFESSIONAL BAILBONDSMEN ACTING AS SURETIES ON BAIL BONDS.

The General Assembly of North Carolina enacts:

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

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

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

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

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

- ~~(1) The amount of the unearned premium reserve held as of December 31, 1998.~~
- ~~(2) The amount of all additions required to be made to such reserve by this section, less the reduction of the aggregate amount required by this section.~~

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

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

- ~~(1) Direct premiums written.~~
- ~~(2) Premiums for reinsurance assumed less premiums for reinsurance ceded during the year.~~



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

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

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

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

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

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

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

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

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

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

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

In the General Assembly read three times and ratified this the 14th day of June, 2018.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 9:23 a.m. this 22nd day of June, 2018