

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON INSURANCE
Lisa Calderon, Chair
AB 2198 (Michelle Rodriguez) – As Amended April 9, 2026

SUBJECT: Title insurance

SUMMARY: This bill makes clarifying and modernizing changes to the rate filing process in the business of title insurance for title insurers, underwritten title companies (UTCs), and controlled escrow companies (CECs). Specifically, **this bill:**

- 1) Clarifies that a title insurer shall file with the Insurance Commissioner (“commissioner”) its schedules of rates for all regularly issued forms of title policies and endorsements to the policy that it proposes to use in this state.
- 2) Clarifies that if the title insurer conducts escrow services, it shall also file with the commissioner its schedule of escrow rates and other services, which may be filed separately from their filing of title policy rate schedules.
- 3) Authorizes a title insurer to issue, without a separate filing, any form of title policy and endorsement already filed with the commissioner by an advisory organization, as specified, of which the title insurer is a member, provided a rate for that policy or endorsement has been filed by the title insurer and has become effective in accordance with existing law.
- 4) Clarifies that a UTC or CEC shall file with the commissioner their schedule of escrow rates and other services, and that a UTC shall not be required to file the title insurance rates or forms established by the title insurer.
- 5) Requires a UTC to only charge for title insurance in compliance with the title insurer’s currently effective rate schedule.
- 6) Requires a filing by a title insurer, UTC, or CEC to specify any new or modified rate or form and include both a redline and clean version of the entire rate schedule that includes the rate.
- 7) Authorizes the commissioner to object to a new or modified rate if it is determined to be excessive, inadequate, or unfairly discriminatory in violation of existing law, and specifies that the rate shall not be effective if the commissioner objects unless the objection is resolved.
- 8) Clarifies that nothing in the bill limits the authority of the commissioner to conduct a review of the existing rates of a title insurer, UTC, or CEC pursuant to existing authorities.
- 9) Requires that schedules of rates that must be filed with the commissioner be made publicly available by means of a clear and conspicuous link posted on the internet website of the title insurer, UTC, or CEC that has filed the rate schedule, rather than in physical copy posted prominently in the office, for so long as those rates remain effective.
- 10) Requires that a UTC also post on its internet website a clear and conspicuous link to the schedule of title insurance rates of each title insurer it uses for the issuance of title policies, for so long as those rates remain effective.

- 11) Requires that a UTC maintain a complete copy of each title insurer's rate schedule that the UTC has used for issuing title policies for a minimum of seven years.
- 12) Requires a rate schedule required to be posted on an internet website to be made readily accessible for public viewing in each office of the title insurer, UTC, or CEC upon request, either in printed form or by displaying an electronic version.
- 13) Requires a title insurer, UTC, or CEC to clearly and conspicuously display in each office, in printed type not smaller than 28 point, a notice indicating that, pursuant to California law, applicable rate schedules will be made immediately available upon request.

EXISTING LAW:

- 1) Prohibits rates pertaining to the business of title insurance from being excessive, inadequate, or unfairly discriminatory. (Insurance (Ins.) Code Section 12401.3(a))
- 2) Provides that a rate in the business of title insurance is excessive if the rate is unreasonably high for the insurance or other services provided and a reasonable degree of competition does not exist in the particular phase of the business of title insurance to which the rate is applicable; and provides that a rate is inadequate if the rate is unreasonably low for the insurance or other services provided and the continued use of the rate endangers the solvency of the person or entity using it, or if the rate is unreasonably low for the insurance or other services provided and the use of the rate by the person or entity using it has, or if continued will have, the effect of destroying competition or creating a monopoly. (Ins. Code Section 12401.3(a))
- 3) Requires every title insurer, UTC, and CEC to file with the commissioner its schedules of rates, all regularly issued forms of the title policies to which the rates apply, and every modification of those rates or forms which it proposes to use in this state. (Ins. Code Section 12401.1)
- 4) Specifies that every schedule of rates filed pursuant to 3), above, shall set forth the entire charge to the public for each type of title policy included within the schedule, and shall include the portion of the charge, if any, that is based upon work performed by a UTC; and specifies that there shall be no separate filing by a UTC for such work. (Ins. Code Section 12401.1)
- 5) Requires every filing pursuant to 3), above, to set forth its effective date, which must be at least 30 days following its receipt by the commissioner, and to include the character and extent of the coverages and services effective that date. (Ins. Code Section 12401.1)
- 6) Prohibits a title insurer, UTC, or CEC from using any rate in the business of title insurance prior to its effective date pursuant to 5), above, or prior to the filing with respect to that rate having been publicly displayed and made readily available to the public for a period of no less than 30 days in each office of the title insurer, UTC, or CEC in the county to which the rate applies; and provides that no rate increase shall apply to title policies or services which have been contracted for prior to the effective date. (Ins. Code Section 12401.7)
- 7) Notwithstanding 6), above, authorizes a title insurer, UTC, or CEC to use a new rate prior to 30 days after the filing if the new rate results in a reduction from the existing rate, the earlier

effective date is set forth in the filing, and the new rate has been publicly displayed and made readily available to the public prior to its effective date. (Ins. Code Sec. 12401.71(a))

- 8) Requires that the schedule of rates filed with the commissioner pursuant to 3), above, be printed or typed in not smaller than 10-point and that full copies of the rates showing their effective date or dates be kept at all times available to the public and prominently displayed in a public place in each office of a title insurer, UTC, and CEC in the county to which the rates apply, so long as those rates are effective; and further requires that copies of rate schedules or adequate summaries of the pertinent parts thereof be furnished to the public upon request. (Ins. Code Section 12401.9)
- 9) Provides that a UTC may engage in the escrow business and act as escrow agent, provided that it maintains a record of all receipts and disbursements of escrow funds, and it maintains a bond satisfactory to the commissioner, as specified. (Ins. Code Section 12389(c))
- 10) Defines “title insurance” to mean insuring, guaranteeing, or indemnifying owners of real or personal property or the holders of liens or encumbrances thereon, or others interested therein against loss or damage suffered by reason of:
 - Liens or encumbrances on, or defects in the title to said property;
 - Invalidity or unenforceability of any liens or encumbrances thereon; or
 - Incorrectness of searches relating to the title to real or personal property. (Ins. Code Section 12340.1)
- 11) Defines “title insurer” to mean any company issuing title policies as insurer, guarantor, or indemnitor. (Ins. Code Section 12340.4)
- 12) Defines “underwritten title company” to mean any corporation engaged in the business of preparing title searches, title examinations, title reports, certificates or abstracts of title upon the basis of which a title insurer writes title policies. (Ins. Code Section 12340.5)
- 13) Defines “controlled escrow company” to mean any person other than a title insurer or UTC whose principal business is the handling of escrows of real property transactions in connection with which title policies are issued, which is directly or indirectly controlled by, controls, is under common control with, or is employed by a title insurer or a UTC. (Ins. Code Section 12340.6(a))
- 14) Defines “advisory organization” to mean every person or entity other than a title insurer, UTC, or CEC which recommends or prepares policy forms or endorsements, or procedural manuals, or which collects and furnishes to its members or insurance supervisory officials loss and expense statistics or other statistical information and data relating to the business of title insurance and who otherwise acts in an advisory, non-ratemaking capacity. (Ins. Code Section 12340.8)

FISCAL EFFECT: Unknown.

COMMENTS:

1) *Purpose.* According to the author:

AB 2198 clarifies California's title insurance regulatory framework by codifying long standing industry practices regarding rate filings. For decades, title insurers have filed rates associated with issuing title insurance policies, while underwritten title companies (UTCs) have filed rates associated with escrow services. A recent interpretation by the Department of Insurance has required entities to file both their own rates and those of affiliated entities, creating duplicative filings, administrative inefficiencies, and confusion. This bill restores clarity by specifying that title insurers file title rates and UTCs file escrow rates.

The bill also modernizes transparency requirements by requiring title insurers and UTCs to post their rate schedules online, making pricing information easier for consumers to access. Additionally, AB 2198 strengthens oversight by providing the Insurance Commissioner with clearer authority to review non-compliant rates and codifies the long standing practice of allowing advisory organizations to file standardized policy forms on behalf of the industry.

AB 2198 improves clarity, efficiency, and transparency within California's title insurance regulatory system while maintaining strong regulatory oversight.

This bill is sponsored by the California Land Title Association (CLTA).

2) *Title insurance.* Title insurance is a type of indemnity insurance that protects homebuyers and lenders against financial loss due to defects with the title (i.e. ownership rights to the property) when transacting real property. The title, unbeknownst to the buyer, may be subject to liens, easements, encumbrances, ownership disputes, unpaid taxes, or other judgements against the property, that could incur considerable financial cost to litigate and/or resolve, or could jeopardize the buyer's ownership rights entirely. Title insurance serves to identify and address these historical issues proactively to ensure that receipt of the title by the homebuyer does not lead to unforeseen costs, and typically covers litigation expenses such issues entail.

There are two main types of title insurance policies: lender's policies and owner's policies. Lender's policies are often required by mortgage lenders to protect the lender's investment in the property against costs of potential title issues, and are generally included in closing costs for property transactions. Owner's policies are purchased by the homeowner to protect against their liability for claims or defects in the title that existed before purchase, and are entirely optional.

Title insurance is underwritten by a title insurer, who sets the standards for evaluating title risks and assumes responsibility for the costs of any issues arising due to title defects subject to the policy. In many cases, the title insurer works with a so-called underwritten title company (UTC), which essentially acts as an agent for the title insurer. The UTC will typically transact the policies, perform the title search (i.e. review of historical and public records) to identify title defects and assess risk, prepare preliminary reports to support the title insurer's production of policies, and handle claims to resolve title defects.

Title insurers and UTCs also often work closely with, or act as escrow companies, which hold assets during the transaction until conditions are met by both parties, and oversee the

safe transfer of the title along with funds and other documents. There are two types of escrow companies in California: licensed and controlled. Licensed escrow companies are independent businesses that are licensed to provide escrow services by the California Department of Financial Protection and Innovation. Controlled escrow companies (CECs) are not independently licensed, but are instead owned/controlled by another entity such as a real estate broker, attorney, or, pertinent to this bill, a title insurer or UTC. CECs are subject to a variety of different licensing and regulatory authorities depending on the jurisdiction of the entity controlling them. In the case of CECs controlled by UTCs or title insurers, the California Department of Insurance (CDI) is vested with oversight and regulatory authority.

- 3) *Title insurance rate filings and CDI reinterpretation.* In 1973, the Legislature passed SB 1293 (Zenovich, Ch. 1130, Stats. 1973), which clarified the respective roles and responsibilities of title insurers and UTCs, and established a “file-and-use” rate regulation system for the title insurance industry. This means, pursuant to Section 12401, *et seq.*, of the Insurance Code, every title insurer, UTC, and CEC must file its schedule of rates with the commissioner, who has the authority to reject those rates should they be deemed inappropriate.

According to the author, the statute has historically been interpreted by the title insurance industry to mean that title insurers must file the rate schedule for their title insurance policies and UTCs that provide escrow services must file the rate schedule for their escrow services. Though the statute has remained unchanged since its enactment, in 2025, CDI identified an alternative interpretation of the statute that differed from the typical industry practice.

Specifically, CDI interpreted the provision requiring every title insurer, UTC, and CEC to file its schedule of rates to mean that the title insurer must file both its own title rates and the escrow rates of any UTC acting as its licensed agent, and a UTC must file both its escrow rates and the title rates of the title insurer by which it is underwritten, rather than each entity filing its own rates respectively.

CLTA explain the issue as follows:

Since 1973, California law has required each title insurer, underwritten title company (“UTC”), and controlled escrow company to file with the Insurance Commissioner “its” schedule of rates. Historically, this requirement has been understood to mean that title insurers file the rates associated with the issuance of title policies (“title rates”), while UTCs file the rates associated with escrow services (“escrow rates”), reflecting the distinct services performed by each entity.

Beginning last year, the California Department of Insurance (“CDI”) indicated that the statute may also be interpreted to require UTCs to also file the title rates of their underwriters, and vice versa. This interpretation has resulted in additional filings, introduced complexity into the rate filing process, and extended the timeline for addressing inquiries and bringing new products and services to market.

This bill seeks to clarify rate filing procedures in the title insurance industry to restore longstanding industry practice, requiring title insurers to file rate schedules for their title rates, and UTCs/CECs to file rate schedules for their escrow rates, rather than each entity filing both. To ensure transparency with respect to the title rates UTCs use for the issuance

of title policies, this bill also requires a UTC to post the title rates it uses clearly and conspicuously on its internet website, along with the contents of its own escrow rate filing.

- 4) *Advisory organizations.* This bill is sponsored by CLTA, a non-profit trade organization representing the title industry. In addition to advocating on behalf of title industry players, CLTA also serves as an “advisory organization,” meaning, among other things, they recommend or prepare standardized policy forms and endorsements, which are the legal documents that define the coverage offered by a given policy and any special protections or exceptions that apply. The overwhelming majority of California title insurers use these standardized policy forms.

Existing law requires each title insurer to file, along with its schedule of rates, “all regularly issued forms of title policies to which such rates apply, and every modification thereof which it proposes to use in this state.” As a result, by the letter of the law, the commissioner could receive hundreds of duplicative form filings, all of which reflect the standardized forms produced by CLTA. To avoid this, CDI has long permitted advisory organizations to file standardized policy forms that title insurers and UTCs can then adopt. This bill would codify this longstanding practice, authorizing title insurers to adopt standardized policy forms submitted by advisory organizations of which they are a member, so long as the title insurer has filed rates for those policy forms.

REGISTERED SUPPORT / OPPOSITION:

Support

California Land Title Association

Opposition

None on file.

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