

ASSEMBLY THIRD READING  
AB 2198 (Michelle Rodriguez)  
As Amended April 9, 2026  
Majority vote

## SUMMARY

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).

### Major Provisions

- 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 filled 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) 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.
- 9) 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.

- 10) 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.
- 11) 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.
- 12) 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.

## COMMENTS

- 1) *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.

- 2) *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.

The California Land Title Association (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.

- 3) *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.

### **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.

### **Arguments in Support**

CLTA, who sponsor the bill, argue:

AB 2198 would resolve [the issues of additional filings, complexity in the rate filing process, and extended timelines for addressing inquiries and bringing new products and services to market] by clarifying the statute to align with longstanding precedent, ensuring each entity files only the rates it controls. The bill also modernizes public posting requirements by requiring that proposed and current rates be made available online, as opposed to only in title company offices, giving consumers significantly greater access to pricing information. Additionally, it expands the Commissioner's authority to review non-compliant rate filings and preserves the efficient practice of allowing advisory organizations like CLTA to file standardized policy forms on behalf of the industry.

By driving efficiency, eliminating duplicative filings, and increasing price transparency through both streamlined filings and direct online access for consumers, AB 2198 benefits the title industry and the public alike.

### **Arguments in Opposition**

None on file.

**FISCAL COMMENTS**

According to the Assembly Appropriations Committee, "The Department of Insurance (CDI) anticipates no fiscal impact from this bill. This bill may result in potential cost savings to CDI by streamlining filing practices."

**VOTES****ASM INSURANCE: 17-0-0**

**YES:** Calderon, Wallis, Addis, Alvarez, Ávila Farías, Berman, Chen, Ellis, Gipson, Hadwick, Harabedian, Krell, Nguyen, Ortega, Petrie-Norris, Michelle Rodriguez, Valencia

**ASM APPROPRIATIONS: 14-0-1**

**YES:** Wicks, Hoover, Aguiar-Curry, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

**ABS, ABST OR NV:** Arambula

**UPDATED**

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