



RICK SCOTT
GOVERNOR

June 24, 2011

Secretary Kurt S. Browning
Secretary of State
Florida Department of State
R.A. Gray Building
500 S. Bronough Street
Tallahassee, FL 32399

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DEPARTMENT OF STATE
TALLAHASSEE, FLORIDA

Dear Secretary Browning:

By the authority vested in me as Governor of Florida, under the provisions of Article III, Section 8, of the Constitution of Florida, I do hereby transmit House Bill 1007, with my signature, enacted during the 113th Session of the Legislature of Florida, since statehood in 1845, during the Regular Session of 2011 and entitled:

An act relating to Insurer Insolvency...

Title insurance protects owners and lenders against discrepancies or defects in the ownership rights to real property. The recent downturn in the economy makes title insurance more important than ever to ensure consumers' investments are protected. Despite strong statutory guidelines to guard against title insurance company insolvency, these companies sometimes face financial challenges and require rehabilitation and/or liquidation of their assets. Under current law, the Department of Financial Services is required to liquidate an insolvent title insurance company and can assess up to 10% of other title insurance companies' surplus annually. Once a title insurer is liquidated and all known claims are paid, the policies that were in force must be canceled. Those consumers will then be forced to purchase new policies that can cost thousands of dollars.

House Bill 1007 provides the mechanism to protect private property rights and ensures homeowners will continue to be covered, even if their policy is with a company that has been liquidated. HB 1007 preserves the policyholder's right to file a claim when a title defect becomes known, which is what a consumer paid for when he/she purchased a policy. In the event there is a defect claim or a title challenge, the policyholder will be covered and have the benefit of indemnification under the title insurance policy.

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June 24, 2011
Page Two

While I support most of the provisions of HB 1007, I am opposed to the provision that allows the Department of Financial Services to pass on a \$25 assessment to future title insurance policies to pay for claims from the insurer that became insolvent. Since the title insurance premiums are promulgated by the Florida Cabinet, I therefore call on the Chief Financial Officer and my fellow Cabinet members to support me in lowering title insurance premiums commensurate with the assessment mechanism established in HB 1007, which will provide for claims coverage on title defects, regardless of future insolvencies.

I also request the Office of Insurance Regulation to conduct a meaningful data call from all title insurers and provide assurance there will be no further insolvencies. It is my hope that such a data call will yield productive information that helps lessen the financial burden on potential homeowners, and generates growth in our troubled housing market.

I hereby sign into law, House Bill 1007.

Sincerely,

A handwritten signature in black ink, appearing to be "Rick Scott", written over a horizontal line.

Rick Scott
Governor