

REFERENCE TITLE: **DIFI; title companies; recorded documents**

State of Arizona
House of Representatives
Fifty-sixth Legislature
Second Regular Session
2024

HB 2738

Introduced by
Representative Hendrix

AN ACT

AMENDING SECTIONS 20-1580 AND 20-1591, ARIZONA REVISED STATUTES; RELATING TO TITLE INSURERS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-1580, Arizona Revised Statutes, is amended to
3 read:

4 20-1580. Title insurance agents to be licensed;
5 responsibility; recorded documents

6 A. Title insurance agents shall be licensed by the
7 director. Application for license shall be made on forms approved by the
8 director, and the director shall issue a license ~~upon~~ ON completion and
9 filing the application and payment of the license fee specified in section
10 20-167.

11 B. Licenses of title insurance agents shall expire quadrennially at
12 midnight on the last day of the same month four years after the license
13 was issued or renewed unless sooner terminated by the withdrawal by the
14 insurer of authority in the agent, or unless revoked by the director.

15 C. Title insurance agents' licenses shall be renewed quadrennially
16 on the filing of an application containing such information as the
17 director deems necessary.

18 D. The director may grant a temporary license to a corporation or
19 limited liability company that is qualified for licensing as a title
20 insurance agent. The license shall remain in force and effect for a
21 period of six months. If the applicant fails to qualify for a regular
22 title insurance agent's license as provided in this section, ~~no~~ A renewal
23 or extension may NOT be granted.

24 E. TITLE INSURANCE AGENTS ARE SOLELY RESPONSIBLE FOR ALL RECORDED
25 DOCUMENTS RELATED TO THE TRANSACTION OF PROPERTY.

26 Sec. 2. Section 20-1591, Arizona Revised Statutes, is amended to
27 read:

28 20-1591. Forms of policies and other contracts of title
29 insurance; approval or disapproval; attorney fees

30 A. Every title insurer shall file with the director all forms of
31 title policies and other contracts of title insurance before issuance of
32 any policy or contract. A title insurance rating organization may make
33 filings on behalf of all of its members or subscribers. A title insurer
34 shall not issue any policy or contract until thirty days after the policy
35 or contract has been filed with the director. A policy or contract is
36 approved thirty days after filing unless the director has issued, within
37 the ~~thirty-day~~ THIRTY-DAY period, an order affirmatively approving or
38 disapproving the form. On written notice given within the ~~thirty-day~~
39 THIRTY-DAY period to the person making the filing, the director may extend
40 the period for up to fifteen additional days to enable the director to
41 complete the review of the filing.

42 B. Forms of title policies and other contracts of insurance, as
43 used in this section, shall specifically exclude:

- 44 1. Reinsurance contracts or agreements. ~~;~~

1 2. All specific defects in title that may be ascertained from an
2 examination of the risk and excepted in reports, binders or policies,
3 together with any affirmative assurance of the title insurer with respect
4 to the defects whether given by endorsement or otherwise. ~~, and~~

5 3. Further exceptions from coverage by reason of limitations on the
6 examination of the risk imposed by an applicant for insurance or through
7 failure of an applicant for insurance to provide the data requisite to a
8 judgment of insurability.

9 C. A TITLE INSURER MAY NOT ENTER INTO ANY AGREEMENT WITH AN
10 APPLICANT FOR INSURANCE, OR WITH AN OWNER OR OCCUPANT OF REAL PROPERTY FOR
11 WHICH INSURANCE HAS BEEN OR MAY BE ISSUED, TO DO ANY OF THE FOLLOWING WITH
12 RESPECT TO THAT REAL PROPERTY:

13 1. MAKE ANY WARRANTIES OF REPRESENTATIONS REGARDING THE EXISTENCE,
14 EFFECTIVENESS OR LEGAL VALIDITY OF ANY RECORDED DOCUMENT.

15 2. WARRANT OR CONFIRM THE ACCURACY OF ANY ABSTRACT OF TITLE AS
16 DEFINED IN SECTION 20-1562.

17 3. WARRANT OR CONFIRM THAT A PRELIMINARY REPORT, COMMITMENT OR
18 BINDER IS AN ACCURATE OR COMPLETE LISTING OF RECORDED DOCUMENTS AFFECTING
19 THE REAL PROPERTY. FOR THE PURPOSES OF THIS PARAGRAPH, "PRELIMINARY
20 REPORT", "COMMITMENT" AND "BINDER" HAVE THE SAME MEANINGS PRESCRIBED IN
21 SECTION 20-1562.

22 4. INSURE, GUARANTEE OR INDEMNIFY A TITLE INSURER AGAINST LOSS OR
23 DAMAGE SUFFERED BY REASON OF RECORDED LIENS, ENCUMBRANCES ON, DEFECTS IN
24 OR THE UNMARKETABILITY OF THE TITLE TO THE REAL PROPERTY.

25 5. GUARANTEE, WARRANT OR OTHERWISE INSURE THE CORRECTNESS OF
26 SEARCHES RELATING TO THE TITLE TO THE REAL PROPERTY.

27 D. A TITLE INSURER WHO VIOLATES SUBSECTION C OF THIS SECTION IS
28 LIABLE FOR AN OWNER'S OR OCCUPANT'S REASONABLE ATTORNEY FEES IN ANY ACTION
29 OR ARBITRATION PROCEEDING BROUGHT IN CONNECTION WITH AN AGREEMENT.

30 E. AN AGREEMENT THAT IS OBTAINED IN VIOLATION OF SUBSECTION C OF
31 THIS SECTION IS AGAINST PUBLIC POLICY AND IS VOID AND UNENFORCEABLE.