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**INSURANCE CODE - INS**

**DIVISION 2. CLASSES OF INSURANCE [1880 - 12880.8]** ( *Division 2 enacted by Stats. 1935, Ch. 145.*  )

**PART 6. INSURANCE COVERING LAND [12340 - 12661]** ( *Part 6 enacted by Stats. 1935, Ch. 145.*  )

**CHAPTER 1. Title Insurance [12340 - 12418.4]** ( *Chapter 1 enacted by Stats. 1935, Ch. 145.*  )

**ARTICLE 6.9. Examinations, Penalties and Miscellaneous [12414.20 - 12414.31]** ( *Article 6.9 added by Stats. 1973, Ch. 1130.*  )

[12414.20.](#) The commissioner may, as often as may be reasonable and necessary, make or cause to be made an examination of any advisory organization for the business of title insurance in this state.

(*Added by Stats. 1973, Ch. 1130.*)

[12414.21.](#) The commissioner may, pursuant to reasonable rules and regulations which he shall prescribe, make or cause to be made an examination of every title insurer, underwritten title company or controlled escrow company engaged in the business of title insurance to ascertain whether such person or entity and every rate and rating system used in the business of title insurance complies with the requirements and standards of Article 5.5 (commencing with Section 12401) of this chapter. Such examination shall not be a part of a periodic general examination participated in by a representative of more than one state.

(*Added by Stats. 1973, Ch. 1130.*)

[12414.22.](#) The officers, managers, agents, and employees of any advisory organization, title insurer, underwritten title company, or controlled escrow company may be examined at any time under oath and shall exhibit all books, records, accounts, documents, or agreements governing their method of operation, together with all data, statistics, and information of every kind and character collected or considered by such persons or entities in the conduct of the operations to which such examination relates.

(*Added by Stats. 1973, Ch. 1130.*)

[12414.23.](#) The reasonable cost of any examination authorized by this article shall be paid by the advisory organization, title insurer, underwritten title company, or controlled escrow company to be examined. A copy of any written report which is prepared as a result of a full balance sheet financial examination conducted pursuant to Section 12389, shall be provided to the entity examined within 30 days following the production of the report.

In the event any examination or review of financial statements has resulted in a requirement of, or directive to, the entity to make changes in its conduct or the business of title insurance, those requirements or directives shall be in writing, and provided to the entity.

(*Amended by Stats. 1990, Ch. 370, Sec. 1.*)

[12414.24.](#) No person, title insurer, underwritten title company, controlled escrow company, or advisory organization shall willfully withhold information from, or knowingly give false or misleading information to, the commissioner or to any advisory organization which will affect rates for the business of title insurance to which the provisions of this chapter are applicable.

(*Added by Stats. 1973, Ch. 1130.*)

[12414.25.](#) (a) Any person, title insurer, underwritten title company, or controlled escrow company who fails to comply with a final order of the commissioner under this chapter shall be liable to the state in an amount not exceeding one hundred dollars (\$100), but if that failure is willful he, she, or it shall be liable to the state in an amount not exceeding five thousand dollars (\$5,000) for that failure. The commissioner shall collect the amount so payable and may bring an action in the name of the people of the State of California to enforce collection. Those penalties may be in addition to any other penalties provided by law.

(b) (1) A willful violation of the provisions of this chapter is a misdemeanor.

(2) This subdivision is not applicable to Section 12389.7.

**12414.26.** No act done, action taken, or agreement made pursuant to the authority conferred by Article 5.5 (commencing with Section 12401) or Article 5.7 (commencing with Section 12402) of this chapter shall constitute a violation of or grounds for prosecution or civil proceedings under any other law of this state heretofore or hereafter enacted which does not specifically refer to insurance.

*(Added by Stats. 1973, Ch. 1130.)*

**12414.27.** Commencing 120 days following January 1, 1974, no title insurer, underwritten title company or controlled escrow company shall charge for any title policy or service in connection with the business of title insurance, except in accordance with rate filings which have become effective pursuant to Article 5.5 (commencing with Section 12401) of this chapter or as otherwise authorized by such article; provided, however, where a rate is on file with the commissioner and in effect immediately prior to such date, such rate shall continue in effect until a new rate filing is thereafter made and becomes effective in the manner provided in Article 5.5 (commencing with Section 12401) of this chapter.

*(Added by Stats. 1973, Ch. 1130.)*

**12414.28.** All title policies issued by title insurers shall be subscribed by the president or a vice president and by the secretary or an assistant secretary of the corporation. All such title policies are as binding and obligatory upon the corporation as if executed over the corporate seal. The signatures of such officers, or any one of them, may be in their own handwriting or engraved, lithographed, printed, stamped, or otherwise affixed to such title policies. Any title policy so signed shall be presumed to be duly subscribed, and if the title policy provides for an additional signature and such signature appears thereon a like presumption shall apply.

*(Added by Stats. 1973, Ch. 1130.)*

**12414.29.** The administration and enforcement of Article 5.5 (commencing with Section 12401) and Article 5.7 (commencing with Section 12402) of this chapter shall be governed solely by the provisions of this chapter. Except as provided in this chapter, no other law relating to insurance and no other provisions in this code heretofore or hereafter enacted shall apply to or be construed as supplementing or modifying the provisions of such articles unless such other law or other provision expressly so provides and specifically refers to the sections of such articles which it intends to supplement or modify. The provisions of this chapter and regulations adopted pursuant thereto shall constitute the exclusive regulation of the conduct of escrow and title transactions by entities engaged in the business of title insurance as defined in Section 12340.3, notwithstanding any local regulation or ordinance.

*(Amended by Stats. 1981, Ch. 479, Sec. 5.)*

**12414.30.** (a) When constituting an offer to issue an owner's policy of title insurance, a preliminary report shall incorporate the following statement, in bold print on front of the preliminary report:

"Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land."

(b) Upon request, a title insurance company may provide coverage against loss or damage under the terms, conditions, and stipulations of the title insurance policy for any monetary lien set forth in the preliminary report.

(c) This section does not modify any of the provisions of Section 12340.11.

*(Added by Stats. 1994, Ch. 1125, Sec. 1. Effective January 1, 1995.)*

**12414.31.** (a) (1) Whenever the commissioner takes any formal enforcement or disciplinary action directly against an employee of a title insurer, underwritten title company, or controlled escrow company, for malfeasance or misconduct committed by the employee in their performance of escrow-related services, upon the action becoming final the commissioner shall notify the Real Estate Commissioner and the Commissioner of Financial Protection and Innovation of the action or actions taken. The purpose of this notification is to alert the departments that enforcement or disciplinary action has been taken, if the employee seeks or obtains employment with entities regulated by the departments.

(2) The commissioner shall provide the Real Estate Commissioner and the Commissioner of Financial Protection and Innovation, in addition to the notification of the action taken, with a copy of the written accusation, statement of issues, or order issued or filed in the matter and, at the request of the Real Estate Commissioner or Commissioner of Financial Protection and Innovation, with any underlying factual material relevant to the enforcement or disciplinary action. Any confidential information provided by the commissioner to the Commissioner of Financial Protection and Innovation or the Real Estate Commissioner shall not be made

public pursuant to this section. Notwithstanding any other law, the disclosure of any underlying factual material to the Commissioner of Financial Protection and Innovation or the Real Estate Commissioner shall not operate as a waiver of confidentiality or any privilege that the commissioner may assert.

(b) The commissioner shall establish and maintain, on the internet website maintained by the Department of Insurance, a separate and readily identifiable database of all persons who have been subject to any enforcement or disciplinary action that triggers the notification requirements of this section. The database shall also contain a direct link to the databases, described in Section 10176.1 of the Business and Professions Code and Section 17423.1 of the Financial Code and required to be maintained on the internet websites of the Bureau of Real Estate and the Department of Financial Protection and Innovation, respectively, of persons who have been subject to enforcement or disciplinary action for malfeasance or misconduct related to the escrow industry by the Commissioner of Financial Protection and Innovation and the Real Estate Commissioner.

(c) There shall be no liability on the part of, and no cause of action of any nature shall arise against, the State of California, the Department of Insurance, the Insurance Commissioner, any other state agency, or any officer, agent, employee, consultant, or contractor of the state, for the release of any false or unauthorized information pursuant to this section, unless the release of that information was done with knowledge and malice, or for the failure to release any information pursuant to this section.

*(Amended by Stats. 2022, Ch. 452, Sec. 198. (SB 1498) Effective January 1, 2023.)*