
By: Delegate Busch

Introduced and read first time: January 31, 1996

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 Insurance - Title Agents or Brokers Acting as Limited Liability Companies

3 FOR the purpose of authorizing procedures for a certificate of qualification to act as title
4 insurance agent or broker to be issued to a limited liability company; requiring the
5 Insurance Commissioner to investigate the character of each controlling owner
6 when an applicant for a certificate of qualification is a corporation; authorizing the
7 Commissioner to deny renewal or refuse to grant an application for a certificate of
8 qualification under certain circumstances; providing for the future codification of
9 certain provisions of this Act; and generally relating to title insurance agents and
10 brokers.

11 BY repealing and reenacting, with amendments,

12 Article 48A - Insurance Code
13 Section 168(e), 168A(e), (f), and (g)(1), 173A(c), and 175(b)
14 Annotated Code of Maryland
15 (1994 Replacement Volume and 1995 Supplement)

16 BY repealing and reenacting, with amendments,

17 Article - Insurance
18 Section 10-103(d), 10-112(d), 10-114, 10-121(c), (d), and (e), 10-125(d), and
19 10-126(b)
20 Annotated Code of Maryland
21 (1995 Volume)
22 (As enacted by Chapters 36 and 635 of the Acts of the General Assembly of 1995)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
24 MARYLAND, That the Laws of Maryland read as follows:

25 **Article 48A - Insurance Code**

26 168.

27 (e) (1) A LIMITED LIABILITY COMPANY, [partnership] PARTNERSHIP, or
28 corporation may not accept in its own name commissions, fees, or other compensation for
29 acting as an agent or broker unless it possesses a certificate of qualification in the kind or
30 subdivision of insurance for which the LIMITED LIABILITY COMPANY,
31 [partnership]PARTNERSHIP, or corporation intends to act as an agent or broker and an

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1 appointment for the kind or subdivision of insurance thereof for which it intends to act as
2 agent.

3 (2) To obtain a certificate of qualification, a LIMITED LIABILITY
4 COMPANY, [partnership] PARTNERSHIP, or corporation must:

5 (i) Be primarily engaged in the insurance business;

6 (ii) File the appropriate form as adopted by the Commissioner;

7 (iii) Pay the fee set forth in § 41 of this article; and

8 (iv) In addition to any other information required on the application,
9 provide the name and address of each insurance agent or broker employed by the
10 LIMITED LIABILITY COMPANY, [corporation or partnership] CORPORATION, OR
11 PARTNERSHIP, and each [owner] OWNER, OR MEMBER of the LIMITED LIABILITY
12 COMPANY, corporation or partnership.

13 (3) Agents or brokers may conduct insurance business affairs as a LIMITED
14 LIABILITY COMPANY, [partnership] PARTNERSHIP, or a corporation provided that
15 every individual who solicits, negotiates, or accepts insurance business from the public
16 shall possess a certificate of qualification in the kind or subdivision of insurance for which
17 the LIMITED LIABILITY COMPANY, [partnership] PARTNERSHIP, or corporation
18 intends to act as an agent or broker and an appointment for the kind or subdivision of
19 insurance for which it intends to act as agent.

20 168A.

21 (e) (1) If an applicant for a certificate of qualification is a partnership, each
22 partner must hold a certificate of qualification to act as a title insurance agent or title
23 insurance broker and, if applicable, an appointment with a title insurer.

24 (2) If an applicant for a certificate of qualification is a corporation, THE
25 CONTROLLING OWNER AS DEFINED IN § 492(C) OF THIS ARTICLE AND each officer and
26 director must hold a certificate of qualification to act as a title insurance agent or title
27 insurance broker and, if applicable, an appointment with a title insurer.

28 (3) IF AN APPLICANT FOR A CERTIFICATE OF QUALIFICATION IS A
29 LIMITED LIABILITY COMPANY, EACH MEMBER, OFFICER, AND DIRECTOR MUST
30 HOLD A CERTIFICATE OF QUALIFICATION TO ACT AS A TITLE INSURANCE AGENT OR
31 TITLE INSURANCE BROKER AND, IF APPLICABLE, AN APPOINTMENT WITH A TITLE
32 INSURER.

33 (f) (1) When the application of a partnership for a certificate of qualification is
34 submitted, the Commissioner shall investigate the character of each partner of the
35 partnership applicant.

36 (2) When the application of a corporation for a certificate of qualification is
37 submitted, the Commissioner shall investigate the character of each CONTROLLING
38 OWNER AS DEFINED IN § 429(C) OF THIS ARTICLE AND officer and director of the
39 corporate applicant.

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1 (3) WHEN THE APPLICATION OF A LIMITED LIABILITY COMPANY FOR A
2 CERTIFICATE OF QUALIFICATION IS SUBMITTED, THE COMMISSIONER SHALL
3 INVESTIGATE THE CHARACTER OF EACH MEMBER AND EACH OFFICER AND
4 DIRECTOR OF THE LIMITED LIABILITY COMPANY APPLICANT.

5 (g) (1) In addition to meeting any of the applicable requirements for obtaining
6 a certificate of qualification under § 168(e) of this article, a sole proprietor, A LIMITED
7 LIABILITY COMPANY, a corporate, or partnership applicant for a certificate of
8 qualification as a title insurance agent or a title insurance broker shall file with the
9 Commissioner:

10 (i) A blanket fidelity bond covering appropriate employees; and

11 (ii) 1. A surety bond; or

12 2. A letter of credit.

13 173A.

14 (c) Notwithstanding any other provision of this subtitle:

15 (1) The bonding requirements of this subtitle relating to title insurance
16 agents and title insurance brokers do not apply to law firms and individual attorneys
17 practicing law in law firms;

18 (2) The [corporate] LIMITED LIABILITY COMPANY, CORPORATE, and
19 partnership requirements of this subtitle relating to title insurance agents and title
20 insurance brokers do not apply to law firms; and

21 (3) The education, experience, and examination requirements of this
22 subtitle relating to title insurance agents and title insurance brokers do not apply to
23 individual attorneys or law firms.

24 175.

25 (b) Subject to the hearing provisions of §§ 35 through 39 of this article, the
26 Commissioner may [suspend or revoke] DENY, REFUSE TO RENEW, SUSPEND, OR
27 REVOKE the certificate of qualification of a LIMITED LIABILITY COMPANY,
28 [corporation] CORPORATION, or partnership for any violation of this subtitle by an
29 agent, broker, director, officer, [or partner] PARTNER, MEMBER, OWNER, OR
30 EMPLOYEE of a LIMITED LIABILITY COMPANY, A [partnership] PARTNERSHIP, or a
31 corporation.

32 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
33 read as follows:

34 **Article - Insurance**

35 10-103.

36 (d) Before a [partnership] LIMITED LIABILITY COMPANY, PARTNERSHIP, or
37 corporation may accept in its own name compensation for acting as an agent or broker in
38 the State, the [partnership] LIMITED LIABILITY COMPANY, PARTNERSHIP, or
39 corporation must obtain:

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1 (1) a certificate of qualification in the kind or subdivision of insurance for
2 which the [partnership] LIMITED LIABILITY COMPANY, PARTNERSHIP, or corporation
3 intends to act as an agent or broker; and

4 (2) an appointment for the kind or subdivision of insurance for which it
5 intends to act as agent.

6 10-112.

7 (d) In addition to any other information required on the application, an applicant
8 that is a [partnership] LIMITED LIABILITY COMPANY, PARTNERSHIP, or corporation
9 must provide the name and address of each agent or broker employed by the LIMITED
10 LIABILITY COMPANY, [partnership or corporation] PARTNERSHIP, OR CORPORATION,
11 and each owner of the LIMITED LIABILITY COMPANY, [partnership] PARTNERSHIP, or
12 corporation.

13 10-114.

14 Agents or brokers may conduct insurance business as a LIMITED LIABILITY
15 COMPANY, [partnership]PARTNERSHIP, or corporation if each individual who solicits,
16 negotiates, or accepts insurance business from the public holds a certificate of
17 qualification in the kind or subdivision of insurance for which the individual acts as agent
18 or broker and, if applicable, an appointment from an insurer.

19 10-121.

20 (c) (1) If an applicant for a certificate of qualification is a partnership, each
21 partner must hold a certificate of qualification to act as a title insurance agent or title
22 insurance broker and, if applicable, an appointment with a title insurer.

23 (2) If an applicant for a certificate of qualification is a corporation, THE
24 CONTROLLING OWNER AND each officer and director must hold a certificate of
25 qualification to act as a title insurance agent or title insurance broker and, if applicable,
26 an appointment with a title insurer.

27 (3) IF AN APPLICANT FOR A CERTIFICATE OF QUALIFICATION IS A
28 LIMITED LIABILITY COMPANY, EACH MEMBER, OFFICER, AND DIRECTOR MUST
29 HOLD A CERTIFICATE OF QUALIFICATION TO ACT AS A TITLE INSURANCE AGENT OR
30 TITLE INSURANCE BROKER AND, IF APPLICABLE, AN APPOINTMENT WITH A TITLE
31 INSURER.

32 (d) (1) When the application of a partnership for a certificate of qualification as
33 a title insurance agent or title insurance broker is submitted, the Commissioner shall
34 investigate the character of each partner of the partnership applicant.

35 (2) When the application of a corporation for a certificate of qualification as
36 a title insurance agent or title insurance broker is submitted, the Commissioner shall
37 investigate the character of each officer and director of the corporate applicant.

38 (3) WHEN THE APPLICATION OF A LIMITED LIABILITY COMPANY FOR A
39 CERTIFICATE OF QUALIFICATION IS SUBMITTED, THE COMMISSIONER SHALL
40 INVESTIGATE THE CHARACTER OF EACH MEMBER AND EACH OFFICER AND
41 DIRECTOR OF THE LIMITED LIABILITY COMPANY APPLICANT.

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1 (e) (1) In addition to meeting any of the applicable requirements for a
2 certificate of qualification to act as an agent or broker under this subtitle, a sole
3 proprietor, A LIMITED LIABILITY COMPANY, a partnership, or a corporate applicant for
4 a certificate of qualification as a title insurance agent or title insurance broker shall file
5 with the Commissioner:

6 (i) a blanket fidelity bond covering appropriate employees; and

7 (ii) 1. a surety bond; or

8 2. a letter of credit.

9 (2) Unless the Commissioner approves a lesser amount, each bond or letter
10 of credit shall be for \$100,000.

11 (3) The Commissioner may adopt regulations that specify when it is
12 appropriate for a bond or letter of credit to be less than \$100,000.

13 (4) Notwithstanding paragraph (2) of this subsection, the Commissioner
14 may waive the requirement for a bond or letter of credit if the Commissioner finds that
15 bonds are not generally available or reasonably affordable.

16 (5) The Commissioner shall make a specific finding that states the reason
17 for accepting a bond or letter of credit for less than \$100,000.

18 10-125.

19 (d) Notwithstanding any other provision of this subtitle:

20 (1) the bonding requirements of this subtitle relating to title insurance
21 agents and title insurance brokers do not apply to law firms and individual attorneys
22 practicing law in law firms;

23 (2) the [corporate] LIMITED LIABILITY COMPANY, CORPORATE, and
24 partnership requirements of this subtitle relating to title insurance agents and title
25 insurance brokers do not apply to law firms; and

26 (3) the education, experience, and examination requirements of this subtitle
27 relating to title insurance agents and title insurance brokers do not apply to individual
28 attorneys or law firms.

29 10-126.

30 (b) Subject to the hearing provisions of Title 2 of this article, the Commissioner
31 may [suspend or revoke] SUSPEND, REVOKE, DENY RENEWAL, OR REFUSE TO GRANT
32 AN APPLICATION FOR the certificate of qualification of a LIMITED LIABILITY
33 COMPANY, [partnership] PARTNERSHIP, or corporation for any violation of this subtitle
34 by an agent, broker, director, officer, or partner of the partnership or corporation.

35 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
36 take effect October 1, 1996.

37 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
38 take effect October 1, 1997.

