

Department of Fiscal Services
 Maryland General Assembly

FISCAL NOTE

House Bill 410 (Delegate Poole)
 Economic Matters

Title Insurance Agents and Brokers - Requirements - Exemptions for Attorneys

This bill exempts attorneys and professional corporations of attorneys who act as title insurance agents and brokers from meeting the legal requirements applicable to title insurance agents and brokers if the attorneys pay the required annual fee to the Clients' Security Trust Fund.

Fiscal Summary

State Effect: General fund revenues would decrease \$146,500 in FY 1997 because the Maryland Insurance Administration would collect fewer fees. Out-year revenues reflect the biennial renewal requirements and growth. General fund expenditures would decrease by \$21,500 because one position would be eliminated. Out-year expenditures reflect a full-year's salary and inflation.

(in dollars)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	(\$146,500)	(\$24,000)	(\$176,500)	(\$24,000)	(\$191,500)
GF Expenditures	(21,500)	(29,000)	(30,000)	(31,100)	(32,300)
Net Effect	(\$125,000)	\$5,000	(\$146,500)	\$7,100	(\$159,200)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

Fiscal Analysis

State Revenues: It is estimated that the Maryland Insurance Administration (MIA) will collect \$146,500 in fiscal 1997 in general fund revenues from attorneys who act as title insurance agents or brokers and pay the applicable licensing, appointment, and trade name fees.

300 Attorneys x \$25 License Fee	\$ 7,500
300 Attorneys x \$25 Appointment Fee	7,500
300 Attorneys x \$5 Trade Name Fee	1,500
2600 Attorneys x \$50 Renewal Fee	<u>130,000</u>
 Total General Fund Revenue	 \$146,500

The bill would exempt these attorneys from meeting the licensing requirements for title insurance agents and brokers. Therefore, general fund revenue would decrease by \$146,500 in fiscal 1997.

Future year revenue reductions include the biennial renewal fees and reflect a growth of 300 additional attorneys acting as title agents and brokers annually.

State Expenditures: One MIA Associate I position could be eliminated at the Maryland Insurance Administration, thereby reducing general fund expenditures by \$21,529 in fiscal 1997. This figure includes salaries of \$12,995, fringe benefits, and ongoing operating expenses, and reflects the October 1, 1996 effective date.

Future year expenditure reductions reflect (1) the full salary of the position eliminated with 3.5% increases and 3% employee turnover; and (2) 2% annual increases in ongoing operating expenses.

Additional Comments: This bill reverses action taken by the General Assembly in 1995 by passage of House Bill 1243 (Chapter 635 of the Acts of 1995).

Information Source(s): Maryland Insurance Administration, Department of Fiscal Services

Fiscal Note History: First Reader - February 12, 1996

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