SENATE BILL 624

C4
4lr2331
CF HB 679

By: **Senator Feldman**
Introduced and read first time: January 30, 2014
Assigned to: Finance

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: February 28, 2014

CHAPTER _____

1 AN ACT concerning

2 **Insurance – Title Insurers – Title Insurance Commitment and Binders**

3 FOR the purpose of altering the information that a title insurer is required to include
4   in a certain notice; requiring a title insurer to disclose certain information
5   relating to the effect of certain documents in a certain manner; providing that a
6   certain title insurance commitment or sample form constitutes a certain written
7   statement, is not a representation as to the state of title, and does not constitute
8   a certain abstract ~~or report of title~~; providing that certain rights, duties, and
9   responsibilities applicable to the preparation or issuance of certain documents
10   do not apply to the issuance of certain other documents; <u>requiring a certain title</u>
11   <u>insurance commitment or sample form to contain a certain statement;</u> defining
12   certain terms; making certain conforming changes; providing for the application
13   of this Act; and generally relating to title insurance and title insurance
14   commitments.

15 BY renumbering
16   Article – Insurance
17   Section 22–101, 22–102, and 22–103, respectively
18   to be Section 22–102, 22–103, and 22–105, respectively
19   Annotated Code of Maryland
20   (2011 Replacement Volume and 2013 Supplement)

21 BY adding to
22   Article – Insurance
23   Section 22–101 and 22–104

1   Annotated Code of Maryland
2   (2011 Replacement Volume and 2013 Supplement)

3   BY repealing and reenacting, with amendments,
4   Article – Insurance
5   Section 22–103
6   Annotated Code of Maryland
7   (2011 Replacement Volume and 2013 Supplement)
8   (As enacted by Section 1 of this Act)

9   SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
10 MARYLAND, That Section(s) 22–101, 22–102, and 22–103, respectively, of Article –
11 Insurance of the Annotated Code of Maryland be renumbered to be Section(s) 22–102,
12 22–103, and 22–105, respectively.

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

15   **Article – Insurance**

16 **22–101.**

17   **(A)   IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
18 **INDICATED.**

19   **(B)   (1)   "ABSTRACT OF TITLE" MEANS A REPRESENTATION OF THE**
20 **STATE OF TITLE TO PROPERTY BASED ON A REVIEW OF THE RECORDS THAT**
21 **IMPART CONSTRUCTIVE NOTICE RELATING TO TITLE TO PROPERTY IN THE**
22 **STATE.**

23   **(2)   "ABSTRACT OF TITLE" INCLUDES A REPORT OF TITLE AND**
24 **ANY OTHER WRITTEN OR ELECTRONICALLY CREATED OR PRESERVED**
25 **REPRESENTATION OF THE STATE OF TITLE TO PROPERTY.**

26   **(C)   (1)   "TITLE INSURANCE COMMITMENT" MEANS A WRITTEN**
27 **STATEMENT OF THE TERMS AND CONDITIONS ON WHICH A TITLE INSURER IS**
28 **WILLING TO ISSUE A POLICY OF TITLE INSURANCE IF THE TITLE INSURER**
29 **ACCEPTS A PREMIUM FOR THE POLICY.**

30   **(2)   "TITLE INSURANCE COMMITMENT" INCLUDES A BINDER.**

31 22–103.

32   (a)   Except as provided in subsection (d) of this section, when, in connection
33 with a real estate transaction that involves a purchase money mortgage or deed of
34 trust on land in the State, a title insurer accepts a premium for a policy that insures

1   the title to the property or the title insurer, its agent, or employee accepts a premium
2   for mortgagee title insurance, the person first accepting the premium:

3   (1)   shall insert the name of each insured in the **[**binder**]** **TITLE**
4   **INSURANCE COMMITMENT** for the title insurance **[**or the title report**]**; and

5   (2)   immediately on receipt of the premium, shall deliver to the buyer
6   or agent or attorney of the buyer written notice:

7   (i)   of the name of each insured under the policy;

8   (ii)   of the face amount of the policy;

9   (iii)   of the buyer's right and opportunity to obtain simultaneous
10   title insurance in the buyer's favor;

11   (iv)   of the additional premium that will be required for purchase
12   of simultaneous title insurance in the buyer's favor;

13   (v)   that the buyer's title insurance will be subject only to the
14   contingencies and conditions contained in the **[**binder, title report,**]** **TITLE**
15   **INSURANCE COMMITMENT** and policy;

16   (vi)   of the buyer's right to review **THE TITLE INSURANCE**
17   **COMMITMENT OR** a sample of the form of policy in which the contingencies and
18   conditions will be inserted; **[**and**]**

19   (vii)   that contains a clear statement of the contingencies that
20   must be satisfied to make the buyer's policy effective, if the buyer's policy is not
21   effective on payment of the premium**; AND**

22   **(VIII) THAT THE TITLE INSURANCE COMMITMENT OR SAMPLE**
23   **OF THE FORM OF POLICY INTO WHICH THE CONTINGENCIES AND CONDITIONS**
24   **FOR INSURING WILL BE INSERTED:**

25   **1.**   **DOES CONSTITUTE A STATEMENT OF THE TERMS**
26   **AND CONDITIONS ON WHICH THE TITLE INSURER IS WILLING TO ISSUE ITS**
27   **POLICY OF TITLE INSURANCE IF THE TITLE INSURER ACCEPTS A PREMIUM FOR**
28   **THE POLICY;**

29   **2.**   **IS NOT A REPRESENTATION AS TO THE STATE OF**
30   **TITLE; AND**

31   **3.**   **DOES NOT CONSTITUTE AN ABSTRACT OF TITLE**
32   ~~**OR A REPORT OF TITLE**~~.

1   (b)   Before disbursing any funds, the person required to give notice under
2 subsection (a) of this section shall obtain from the buyer, at the time the person
3 delivers the notice, a statement in writing that the buyer has received the notice
4 described in subsection (a) of this section and that the buyer wants or does not want
5 owner's title insurance.

6   (c)   (1)   The person required to give notice under subsection (a) of this
7 section shall retain the original signed statement of receipt required by subsection (b)
8 of this section and a copy of the notice required by subsection (a) of this section for 3
9 years.

10   (2)   The statement of receipt and notice shall be available for
11 inspection by the Commissioner on request.

12   (d)   This section does not apply to a real estate transaction involving a
13 mortgage or deed of trust securing an extension of credit made:

14   (1)   solely to acquire an interest in or to carry on a business or
15 commercial enterprise; or

16   (2)   to any business or commercial organization.

17 **22–104.**

18   **(A)   A TITLE INSURANCE COMMITMENT OR SAMPLE OF THE FORM OF**
19 **POLICY INTO WHICH THE CONTINGENCIES AND CONDITIONS FOR INSURING**
20 **WILL BE INSERTED:**

21   **(1)   CONSTITUTES A STATEMENT OF THE TERMS AND CONDITIONS**
22 **ON WHICH A TITLE INSURER IS WILLING TO ISSUE A POLICY OF TITLE**
23 **INSURANCE IF THE TITLE INSURER ACCEPTS THE PREMIUM FOR THE POLICY;**

24   **(2)   IS NOT A REPRESENTATION AS TO THE STATE OF TITLE; AND**

25   **(3)   DOES NOT CONSTITUTE AN ABSTRACT OF TITLE ~~OR A REPORT~~**
26 **~~OF TITLE~~.**

27   **(B)   THE RIGHTS, DUTIES, AND RESPONSIBILITIES APPLICABLE TO THE**
28 **PREPARATION OR ISSUANCE OF AN ABSTRACT OF TITLE ~~OR A REPORT OF TITLE~~**
29 **DO NOT APPLY TO THE ISSUANCE OF A TITLE INSURANCE COMMITMENT OR**
30 **SAMPLE OF THE FORM OF POLICY INTO WHICH THE CONTINGENCIES AND**
31 **CONDITIONS FOR INSURING WILL BE INSERTED.**

1   **(C)**   **A TITLE INSURANCE COMMITMENT OR SAMPLE OF THE FORM OF**
2 **POLICY INTO WHICH THE CONTINGENCIES AND CONDITIONS FOR INSURING**
3 **WILL BE INSERTED SHALL CONTAIN THE FOLLOWING STATEMENT:**

4   **"THIS DOCUMENT CONSTITUTES A STATEMENT OF THE TERMS AND**
5 **CONDITIONS ON WHICH A TITLE INSURER IS WILLING TO ISSUE A POLICY OF**
6 **TITLE INSURANCE IF THE TITLE INSURER ACCEPTS THE PREMIUM FOR THE**
7 **POLICY. IT IS NOT A REPRESENTATION AS TO THE STATE OF TITLE AND DOES**
8 **NOT CONSTITUTE AN ABSTRACT OF TITLE."**

9   SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be
10 construed to apply only prospectively and may not be applied or interpreted to have
11 any effect on or application to any abstract of title or title insurance commitment
12 completed before the effective date of this Act.

13   SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 October 1, 2014.

Approved:

_____

                                                   Governor.

_____

                                  President of the Senate.

_____

                           Speaker of the House of Delegates.