HOUSE BILL 679

C4 4lr2806
CF SB 624

By: **Delegates Barkley, Vitale, Love, and Schuh**
Introduced and read first time: January 31, 2014
Assigned to: Economic Matters

A BILL ENTITLED

AN ACT concerning

Insurance – Title Insurers – Title Insurance Commitment and Binders

FOR the purpose of altering the information that a title insurer is required to include in a certain notice; requiring a title insurer to disclose certain information relating to the effect of certain documents in a certain manner; providing that a certain title insurance commitment or sample form constitutes a certain written statement, is not a representation as to the state of title, and does not constitute a certain abstract or report of title; providing that certain rights, duties, and responsibilities applicable to the preparation or issuance of certain documents do not apply to the issuance of certain other documents; defining certain terms; making certain conforming changes; providing for the application of this Act; and generally relating to title insurance and title insurance commitments.

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

BY adding to
Article – Insurance
Section 22–101 and 22–104
Annotated Code of Maryland
(2011 Replacement Volume and 2013 Supplement)

BY repealing and reenacting, with amendments,
Article – Insurance
Section 22–103
Annotated Code of Maryland
(2011 Replacement Volume and 2013 Supplement)

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.

(As enacted by Section 1 of this Act)

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

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

Article – Insurance

22–101.

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

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

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

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

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

22–103.

(a) Except as provided in subsection (d) of this section, when, in connection with a real estate transaction that involves a purchase money mortgage or deed of trust on land in the State, a title insurer accepts a premium for a policy that insures the title to the property or the title insurer, its agent, or employee accepts a premium for mortgagee title insurance, the person first accepting the premium:

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

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

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

(ii) of the face amount of the policy;

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

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

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

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

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

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

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

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

3. DOES NOT CONSTITUTE AN ABSTRACT OF TITLE OR A REPORT OF TITLE.

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

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

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

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

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

(2) to any business or commercial organization.

22–104.

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

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

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

(3) DOES NOT CONSTITUTE AN ABSTRACT OF TITLE OR A REPORT OF TITLE.

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

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

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