

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL NO. 291

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 3, after “of” insert “altering the information that a corporation shall include in an application for a title insurance certificate of qualification;”; in line 6, after “definition;” insert “repealing a certain requirement that a director of a corporation must hold a title insurance certificate of qualification; altering the type of surety bond that an applicant for a title insurance certificate of qualification shall file with the Insurance Commissioner; altering the time period within which a title insurer shall have on file a certain financial statement; construing the satisfaction of a certain filing requirement for certain individuals under certain circumstances; altering the on-site review requirement for a title insurer; altering a certain notification requirement for title insurance agents or brokers under certain circumstances; altering the authority of the Commissioner regarding the status of a certificate of qualification of a corporation or partnership; altering the reasons for which the Commissioner may alter the status of a certificate of qualification under certain circumstances;”; in line 11, after “Section” insert “168(e)(2),”; in the same line, after “168A(a)” insert “, (e)(2), (g)(1), (m)(1) and (2)(i), and (n)(1), and 175(b)”; in line 21, strike “and” and substitute “, 10-112(d), 10-121(c)(2), (e)(1), (k)(1) and (2)(i), and (l)(1),”; and after “10-125(b)” insert “, and 10-126(b)”.

AMENDMENT NO. 2

On page 2, after line 16, insert:

“168.

(e) (2) To obtain a certificate of qualification, a partnership or corporation must:

(i) Be primarily engaged in the insurance business;

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

(Over)

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

(iv) In addition to any other information required on the application, provide the name and address of each insurance agent or broker employed by the corporation or partnership and each owner OR DIRECTOR of the corporation or partnership.”;

and after line 37, insert:

“(e) (2) If an applicant for a certificate of qualification is a corporation, each officer [and director] must hold a certificate of qualification to act as a title insurance agent or title insurance broker and, if applicable, an appointment with a title insurer.

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

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

(ii) 1. A BLANKET surety bond; or

2. A letter of credit.

(m) (1) (I) [For] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, NO LATER THAN DECEMBER 31 OF THE YEAR FOLLOWING THE YEAR COVERED BY THE FINANCIAL STATEMENT, FOR each title insurance agent and agency that has an appointment with a title insurer, the title insurer shall have on file a statement of financial condition of each title insurance agent and agency with an appointment with the title insurer, as of the end of the previous calendar year, setting forth an income statement of business done during the preceding year and a balance sheet showing the condition of its affairs as of December 31st preceding certified by the title insurance agent or agency as being a true and accurate representation of the title insurance agent's or agency's financial condition.

(II) AN INDIVIDUAL WHO IS AN EMPLOYEE, OFFICER, DIRECTOR, PARTNER, OR MEMBER OF A LICENSED TITLE INSURANCE AGENCY SHALL BE CONSIDERED TO HAVE MET THE REQUIREMENTS OF SUBPARAGRAPH (I) OF THIS PARAGRAPH IF A STATEMENT OF FINANCIAL CONDITION OF THE AGENCY WITH

WHICH THE INDIVIDUAL IS ASSOCIATED IS ON FILE WITH THE TITLE INSURER AS PROVIDED UNDER THIS PARAGRAPH.

(2) (i) The title insurer shall, at least annually, conduct an on-site review of the underwriting, claims and escrow practices of [its] EACH title insurance [agents and agencies, which] AGENT APPOINTED BY THE INSURER AS A PRINCIPAL AGENT AS DESIGNATED IN THE TITLE INSURANCE AGENCY CONTRACT BETWEEN THE INSURER AND THE AGENT. THE ON-SITE REVIEW shall include a review of the title insurance agent's or agency's policy blank inventory and processing operations.

(n) (1) A title insurance agent or title insurance broker shall notify the Commissioner, AND ANY INSURER WITH WHOM THE TITLE INSURANCE AGENT OR TITLE INSURANCE BROKER HOLDS AN APPOINTMENT, if an individual licensed under this subtitle leaves the employment of or ends an association with the title insurance agent or title insurance broker.

175.

(b) Subject to the hearing provisions of §§ 35 through 39 of this article, the Commissioner may [suspend] DENY, REFUSE TO RENEW, SUSPEND, or revoke the certificate of qualification of a corporation or partnership [for any violation of this subtitle by] IF an agent, broker, director, officer, [or] partner, OWNER, OR EMPLOYEE of a partnership or a corporation HAS:

(1) VIOLATED ANY PROVISION OF THIS SUBTITLE;

(2) BEEN CONVICTED OF A FELONY, A CRIME OF MORAL TURPITUDE, OR ANY CRIMINAL OFFENSE INVOLVING DISHONESTY OR BREACH OF TRUST; OR

(3) HAD ANY PROFESSIONAL LICENSE SUSPENDED OR REVOKED FOR A FRAUDULENT OR DISHONEST PRACTICE.”.

AMENDMENT NO. 3

On page 3, after line 18, insert:

“10-112.

(Over)

(d) In addition to any other information required on the application, an applicant that is a partnership or corporation must provide the name and address of each agent or broker employed by the partnership or corporation and each owner of the partnership or corporation AND EACH DIRECTOR OF THE CORPORATION.”;

after line 24, insert:

“10-121.

(c) (2) If an applicant for a certificate of qualification is a corporation, each officer [and director] must hold a certificate of qualification to act as a title insurance agent or title insurance broker and, if applicable, an appointment with a title insurer.

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

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

(ii) 1. a BLANKET surety bond; or

2. a letter of credit.

(k) (1) (I) [For] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, NO LATER THAN DECEMBER 31 OF THE YEAR FOLLOWING THE YEAR COVERED BY THE FINANCIAL STATEMENT, FOR each title insurance agent and agency that has an appointment with a title insurer, the title insurer shall have on file a statement of financial condition of each title insurance agent and agency with an appointment with the title insurer, as of the end of the previous calendar year, setting forth an income statement of business done during the preceding year and a balance sheet showing the condition of its affairs as of December 31st preceding certified by the title insurance agent or agency as being a true and accurate representation of the title insurance agent's or agency's financial condition.

(II) AN INDIVIDUAL WHO IS AN EMPLOYEE, OFFICER, DIRECTOR, PARTNER, OR MEMBER OF A LICENSED TITLE INSURANCE AGENCY SHALL BE CONSIDERED TO HAVE MET THE REQUIREMENTS OF SUBPARAGRAPH (I) OF THIS PARAGRAPH IF A STATEMENT OF FINANCIAL CONDITION OF THE AGENCY WITH WHICH THE INDIVIDUAL IS ASSOCIATED IS ON FILE WITH THE TITLE INSURER AS PROVIDED UNDER THIS PARAGRAPH.

(2) (i) The title insurer shall, at least annually, conduct an on-site review of the underwriting, claims, and escrow practices of [its] EACH title insurance [agents and agencies, which] AGENT APPOINTED BY THE INSURER AS A PRINCIPAL AGENT AS DESIGNATED IN THE TITLE INSURANCE AGENCY CONTRACT BETWEEN THE INSURER AND THE AGENT. THE ON-SITE REVIEW shall include a review of the title insurance agent's or agency's policy blank inventory and processing operations.

(1) (1) A title insurance agent or title insurance broker shall notify the Commissioner, AND ANY INSURER WITH WHOM THE TITLE INSURANCE AGENT OR TITLE INSURANCE BROKER HOLDS AN APPOINTMENT, if an individual licensed under this subtitle leaves the employment of or ends an association with the title insurance agent or title insurance broker.”;

and after line 28, insert:

“10-126.

(b) Subject to the hearing provisions of Title 2 of this article, the Commissioner may [suspend] DENY, REFUSE TO RENEW, SUSPEND, or revoke the certificate of qualification of a partnership or corporation [for any violation of this subtitle by] IF an agent, broker, director, officer, [or] partner, OWNER, OR EMPLOYEE of the partnership or corporation HAS:

(1) VIOLATED ANY PROVISION OF THIS SUBTITLE;

(2) BEEN CONVICTED OF A FELONY, A CRIME OF MORAL TURPITUDE, OR ANY CRIMINAL OFFENSE INVOLVING DISHONESTY OR BREACH OF TRUST; OR

(Over)

(3) HAD ANY PROFESSIONAL LICENSE SUSPENDED OR REVOKED FOR A FRAUDULENT OR DISHONEST PRACTICE.”.