

SENATE JOINT RESOLUTION

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1996 Regular Session  
6r2275

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**By: Senator Astle**

Introduced and read first time: February 2, 1996

Assigned to: Finance

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SENATE JOINT RESOLUTION

1 A Senate Joint Resolution concerning

**2 Title Insurance Rates - Insurers' Solvency - Title Insurance Commissions**

3 FOR the purpose of creating a task force to study title insurance rates, insurers' solvency,  
4 and title insurance commissions paid by title insurers to title insurance agents;  
5 providing for the membership of the task force; requiring the Insurance  
6 Administration to provide staff to the task force; providing for the duties of the task  
7 force; providing for a certain report; providing for certain notice procedures for  
8 meetings of the task force; and generally relating to a task force to study title  
9 insurance rates, insurers' solvency, and title insurance commissions.

10 WHEREAS, The title insurance industry has been subjected to numerous  
11 defalcations by title insurance agents causing large claims to be paid by title insurers; and

12 WHEREAS, Concern has risen as to the abilities of some title insurers to pay  
13 defalcation claims and maintain financial viability; and

14 WHEREAS, Commissions being paid by many title insurers to title insurance  
15 agents appear to be excessive and are being paid without maintaining reasonable margins  
16 for contingencies, operating expenses, reserves for losses, and profits; and

17 WHEREAS, The rates charged by each title insurer are filed with the Insurance  
18 Commissioner but are not identical; and

19 WHEREAS, There is no easy or quick solution to this problem; now, therefore, be  
20 it

21 RESOLVED BY THE GENERAL ASSEMBLY OF MARYLAND, That the  
22 Governor is requested to create a task force to study title insurance rates, insurers'  
23 solvency, and title insurance commissions paid by title insurers to title insurance agents;  
24 and be it further

25 RESOLVED, That the task force be composed of 17 members, including;

26 (1) 2 members from the Senate of Maryland, appointed by the President of  
27 the Senate;

28 (2) 2 members from the House of Delegates of Maryland, appointed by the  
29 Speaker of the House;

30 (3) 4 members from the Maryland Insurance Administration, appointed by  
31 the Maryland Insurance Commissioner;

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1 (4) 4 members who are insurers, as defined in Article 48A, § 242A of the  
2 Code, appointed by the Governor;

3 (5) 2 title insurance agents who are members of the Maryland Land Title  
4 Association, appointed by the Governor;

5 (6) 2 title insurance agents who are not members of the Maryland Land  
6 Title Association, appointed by the Governor;

7 (7) 1 member from the Real Estate Section of the Maryland State Bar  
8 Association, appointed by the Section Chair; and be it further

9 RESOLVED, That the Governor shall designate the chairman of the taskforce;  
10 and be it further

11 RESOLVED, That the Maryland Insurance Administration provide the staff to  
12 the task force; and be it further

13 RESOLVED, That the purpose of the task force is to:

14 (1) Evaluate and determine whether title insurance rates currently filed that  
15 are structured as "risk premium" by title insurers are reasonable and adequate; and

16 (2) Evaluate and determine the viability of adopting title insurance rates  
17 that would be an all inclusive adopted rate (title abstract, title examination, and risk  
18 premium) instead of the risk premium currently being charged; and

19 (3) Evaluate the financial solvency of title insurers and the sufficiency of  
20 current requirements for loss reserves, taking into account loss experience within and  
21 outside of the State, operating expense, and all other relevant monetary factors related to  
22 the solvency of title insurers and make recommendations for ensuring continued financial  
23 solvency of title insurers; and

24 (4) Evaluate the effects of high commissions paid by title insurers to title  
25 insurance agents on the insurers' solvency and make recommendations as to the  
26 imposition of a maximum commission to be paid, either as set by statute or as set by the  
27 Insurance Commissioner; and

28 (5) Determine whether legislation is required to implement the  
29 recommendations of the task force for introduction in the 1997 Session of the General  
30 Assembly; and be it further

31 RESOLVED, That the task force report its findings and recommendations to the  
32 Governor and, in accordance with § 1312 of the State Government Article, to the General  
33 Assembly by December 1, 1996; and be it further

34 RESOLVED, That notice of each meeting of the task force be made public by  
35 delivering a copy of the meeting notice to the Legislative Information Officer, Room B-6,  
36 Department of Legislative Reference, Legislative Services Building, 90 State Circle,  
37 Annapolis, Maryland 21401-1991. The notice should be delivered no later than Tuesday  
38 afternoon at 4:00 p.m. for inclusion in the weekly Hearing Schedule; and be it further

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1           RESOLVED, That a copy of this Resolution be forwarded by the Department of  
2 Legislative Reference to the Honorable Parris N. Glendening, Governor of Maryland; the  
3 Honorable Thomas V. Mike Miller, Jr., President of the Senate of Maryland; and the  
4 Honorable Casper R. Taylor, Jr., Speaker of the House of Delegates.