
By: Delegate Fulton

Requested: August 6, 1996

Introduced and read first time: January 8, 1997

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Real Estate Brokers - Errors and Omissions Insurance - Disclosure**

3 FOR the purpose of requiring a real estate broker to provide certain information to an
4 associate real estate broker or real estate salesperson at the time the real estate
5 broker offers coverage under a policy providing errors and omissions insurance;
6 requiring the associate real estate broker or real estate salesperson to sign a
7 statement acknowledging receipt of certain information under certain
8 circumstances; establishing liability, under certain circumstances, for failure of a
9 real estate broker to comply with certain requirements; and generally relating to the
10 disclosure of certain information by a real estate broker in connection with an offer
11 of coverage under a policy providing errors and omission insurance.

12 BY adding to

13 Article - Business Occupations and Professions
14 Section 17-529
15 Annotated Code of Maryland
16 (1995 Replacement Volume and 1996 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
18 MARYLAND, That the Laws of Maryland read as follows:

19 **Article - Business Occupations and Professions**

20 17-529.

21 (A) AT THE TIME A REAL ESTATE BROKER OFFERS AN ASSOCIATE REAL
22 ESTATE BROKER OR REAL ESTATE SALESPERSON COVERAGE UNDER A POLICY
23 PROVIDING ERRORS AND OMISSIONS INSURANCE, THE REAL ESTATE BROKER
24 SHALL PROVIDE THE ASSOCIATE REAL ESTATE BROKER OR REAL ESTATE
25 SALESPERSON WITH:

26 (1) A COPY OF THE POLICY;

27 (2) AN EXPLANATION OF THE EXTENT OF THE POLICY'S COVERAGE OF
28 ERRORS AND OMISSIONS;

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1 (3) AN EXPLANATION OF THE CIRCUMSTANCES UNDER WHICH THE
2 ASSOCIATE REAL ESTATE BROKER OR REAL ESTATE SALESPERSON WILL CEASE TO
3 BE COVERED UNDER THE POLICY;

4 (4) NOTIFICATION AS TO WHETHER THE REAL ESTATE BROKER IS
5 SELF-INSURED OR WHETHER THE REAL ESTATE BROKER OBTAINED THE POLICY
6 FROM A COMMERCIAL INSURER; AND

7 (5) IF THE REAL ESTATE BROKER OBTAINED THE POLICY THROUGH A
8 COMMERCIAL INSURER, THE NAME OF A CONTACT PERSON WITH THE COMMERCIAL
9 INSURER.

10 (B) AFTER THE REAL ESTATE BROKER HAS PRESENTED TO THE ASSOCIATE
11 REAL ESTATE BROKER OR REAL ESTATE SALESPERSON THE INFORMATION
12 DESCRIBED IN SUBSECTION (A) OF THIS SECTION, THE ASSOCIATE REAL ESTATE
13 BROKER OR REAL ESTATE SALESPERSON SHALL SIGN A STATEMENT
14 ACKNOWLEDGING THE RECEIPT OF THE INFORMATION.

15 (C) IF AN ASSOCIATE REAL ESTATE BROKER OR REAL ESTATE SALESPERSON
16 ACCEPTS A REAL ESTATE BROKER'S OFFER OF ERRORS AND OMISSIONS COVERAGE,
17 A REAL ESTATE BROKER WHO FAILS TO COMPLY WITH THE PROVISIONS OF
18 SUBSECTION (A) OF THIS SECTION IS LIABLE FOR:

19 (1) ANY LAPSES IN THE COVERAGE OF THE ASSOCIATE REAL ESTATE
20 BROKER OR REAL ESTATE SALESPERSON UNDER THE OFFERED ERRORS AND
21 OMISSIONS COVERAGE; AND

22 (2) ANY ECONOMIC LOSS INCURRED BY THE ASSOCIATE REAL ESTATE
23 BROKER OR REAL ESTATE SALESPERSON AS A RESULT OF AN ACTION THAT WOULD
24 HAVE BEEN COVERED UNDER THE OFFERED ERRORS AND OMISSIONS COVERAGE.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 1997.