

Department of Fiscal Services  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

House Bill 1108 (Delegate Frank)  
Economic Matters

Referred to Finance

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**Title Insurers - Reserves**

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This amended bill provides for a faster reduction in the unearned premium reserves required for title insurers by changing the formula for calculating the required reserves. The bill requires actuarial certification of the adequacy of reserves of the title insurer. The Insurance Commissioner may require an insurer, including one other than a title insurer, to increase the unearned premium reserves and maintain them at an adequate level if the Commissioner determines that an insurer's unearned premium reserves are inadequate.

The bill also provides that reserves established for contracts issued during the 20 years preceding October 1, 1997 will be recalculated in accordance with the new formula and any excess reserves will be released over a five-year period in equal installments.

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**Fiscal Summary**

**State Effect:** None. The bill would not substantively change the operations or finances of the Maryland Insurance Administration.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful effect on one small business as discussed below.

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**Fiscal Analysis**

**Small Business Effect:** Of the 24 title insurers licensed in Maryland, only one is a domestic insurer active in the title insurance business. Thus, only one company would be directly affected by the requirements of this bill. The bill would allow the insurer, which is a small business, to reduce reserves faster than allowed under current law and to have access to any excess reserves that are released under a recalculation.

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**Information Source(s):** Maryland Insurance Administration, Department of Fiscal Services

**Fiscal Note History:** First Reader - February 21, 1997

nrd Revised - House Third Reader - March 20, 1997

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