
By: **Delegate Busch**

Introduced and read first time: February 9, 1998

Assigned to: Economic Matters

Committee Report: Favorable

House action: Adopted

Read second time: March 3, 1998

CHAPTER _____

1 AN ACT concerning

2 **Title Insurers - Statements of Financial Condition - Exemption from Filing**
3 **Requirement**

4 FOR the purpose of exempting law firms and individual attorneys practicing in law
5 firms from having to file an annual statement of financial condition with the
6 title insurer with which they have an appointment; and providing for the
7 application of this Act.

8 BY repealing and reenacting, without amendments,
9 Article - Insurance
10 Section 10-121(j)(1)
11 Annotated Code of Maryland
12 (1997 Volume)

13 BY repealing and reenacting, with amendments,
14 Article - Insurance
15 Section 10-125
16 Annotated Code of Maryland
17 (1997 Volume)

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

1

Article - Insurance

2 10-121.

3 (j) (1) (i) Except as provided in subparagraph (ii) of this paragraph, no
4 later than December 31 of the year following the year covered by the financial
5 statement, for each title insurance agent and agency that has an appointment with a
6 title insurer, the title insurer shall have on file a statement of financial condition of
7 each title insurance agent and agency with an appointment with the title insurer, as
8 of the end of the previous calendar year, setting forth an income statement of business
9 done during the preceding year and a balance sheet showing the condition of its
10 affairs as of December 31st preceding certified by the title insurance agent or agency
11 as being a true and accurate representation of the title insurance agent's or agency's
12 financial condition.

13 (ii) An individual who is an employee, officer, director, partner, or
14 member of a licensed title insurance agency shall be considered to have met the
15 requirements of subparagraph (i) of this paragraph if a statement of financial
16 condition of the agency with which the individual is associated is on file with the title
17 insurer as provided under this paragraph.

18 10-125.

19 (a) (1) In this section the following words have the meanings indicated.

20 (2) (i) "Law firm" means an association of attorneys who are admitted
21 to practice before the Court of Appeals of the State who:

- 22 1. are primarily engaged in the practice of law; and
23 2. solicit, procure, or negotiate title insurance contracts only
24 as an incident to the practice of law.

25 (ii) "Law firm" includes a sole practitioner.

26 (iii) "Law firm" does not include:

- 27 1. an attorney or an association of attorneys who own,
28 operate, or share an interest in a title agency; or
29 2. an attorney who is employed by a title agency as a title
30 insurance agent or title insurance broker.

31 (3) (i) "Title agency" means a business formed for the primary purpose
32 of soliciting, procuring, or negotiating title insurance contracts and providing
33 settlement services.

34 (ii) "Title agency" includes a sole proprietor, partnership, or
35 corporation.

1 (b) Subject to this section, the Commissioner may issue a special restricted
2 certificate of qualification to an attorney at law of the State to act as a title insurance
3 agent or title insurance broker.

4 (c) All licensing provisions of this subtitle apply to title agencies even if the
5 title agency is established or owned by an attorney or a law firm.

6 (d) Notwithstanding any other provision of this subtitle:

7 (1) the bonding requirements of this subtitle relating to title insurance
8 agents and title insurance brokers do not apply to law firms and individual attorneys
9 practicing law in law firms;

10 (2) the limited liability company, corporate, and partnership
11 requirements of this subtitle relating to title insurance agents and title insurance
12 brokers do not apply to law firms; [and]

13 (3) the education, experience, and examination requirements of this
14 subtitle relating to title insurance agents and title insurance brokers do not apply to
15 individual attorneys; AND

16 (4) THE REQUIREMENT UNDER § 10-121(J)(1) OF THIS SUBTITLE FOR
17 EACH TITLE INSURANCE AGENT AND AGENCY WITH AN APPOINTMENT TO A TITLE
18 INSURER TO FILE AN ANNUAL STATEMENT OF FINANCIAL CONDITION WITH THE
19 TITLE INSURER DOES NOT APPLY TO LAW FIRMS AND INDIVIDUAL ATTORNEYS
20 PRACTICING IN LAW FIRMS.

21 SECTION 2. AND BE IT FURTHER ENACTED, That the amendments to §
22 10-125(d) of the Insurance Article, as provided in this Act, shall be construed
23 retroactively and shall be interpreted to apply as of July 1, 1995.

24 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 October 1, 1998.