
By: **Senator Bromwell**

Introduced and read first time: February 19, 1998

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Title Insurance Agents or Brokers - Certificates of Qualification -**
3 **Controlling Owner of Corporation**

4 FOR the purpose of providing that a person is not considered a controlling owner of a
5 corporation under certain circumstances and is not required to hold a certificate
6 of qualification to act as a title insurance agent or broker; and generally relating
7 to requirements for corporate applicants for certificates of qualification as title
8 insurance agents or brokers.

9 BY repealing and reenacting, with amendments,
10 Article - Insurance
11 Section 10-121(b)
12 Annotated Code of Maryland
13 (1997 Volume)

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

16 **Article - Insurance**

17 10-121.

18 (b) (1) If an applicant for a certificate of qualification is a partnership, each
19 partner must hold a certificate of qualification to act as a title insurance agent or title
20 insurance broker and, if applicable, an appointment with a title insurer.

21 (2) (I) If an applicant for a certificate of qualification is a corporation,
22 each controlling owner and each officer must hold a certificate of qualification to act
23 as a title insurance agent or title insurance broker and, if applicable, an appointment
24 with a title insurer.

25 (II) FOR PURPOSES OF THIS SUBPARAGRAPH (I) OF THIS
26 PARAGRAPH, A PERSON IS NOT CONSIDERED A CONTROLLING OWNER OF A
27 CORPORATION IF THE PERSON:

1 1. IS MERELY A PASSIVE STOCKHOLDER OF THE
2 CORPORATION;

3 2. DOES NOT MANAGE OR HAVE DAY-TO-DAY CONTROL
4 OVER THE OPERATION OF THE CORPORATION; AND

5 3. IS NOT AN OFFICER, DIRECTOR, OR EMPLOYEE OF THE
6 CORPORATION WHO IN ANY OTHER WAY RENDERS SERVICES FOR THE CORPORATION
7 FOR WHICH THE PERSON IS COMPENSATED BY THE CORPORATION.

8 (3) If an applicant for a certificate of qualification is a limited liability
9 company, each individual who has direct control over its fiscal management and each
10 manager and officer must hold a certificate of qualification to act as a title insurance
11 agent or title insurance broker and, if applicable, an appointment with a title insurer.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 October 1, 1998.