
By: **Senator Bromwell**
Introduced and read first time: February 19, 1998
Assigned to: Rules
Re-referred to: Finance, February 25, 1998

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 31, 1998

CHAPTER _____

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.

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

5 (II) FOR PURPOSES OF THIS SUBPARAGRAPH (I) OF THIS
6 PARAGRAPH, A PERSON IS NOT CONSIDERED A CONTROLLING OWNER OF A
7 CORPORATION IF THE PERSON:

8 1. IS ~~MERELY A PASSIVE~~ STOCKHOLDER OF THE
9 CORPORATION;

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

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

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

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