

HOUSE BILL 265

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HB 611/98 - ECM

2001 Regular Session
1r1817

By: **Delegates Busch and Gordon**

Introduced and read first time: January 25, 2001

Assigned to: Economic Matters

A BILL ENTITLED

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.

7 BY repealing and reenacting, without amendments,
8 Article - Insurance
9 Section 10-121(j)(1)
10 Annotated Code of Maryland
11 (1997 Volume and 2000 Supplement)

12 BY repealing and reenacting, with amendments,
13 Article - Insurance
14 Section 10-125
15 Annotated Code of Maryland
16 (1997 Volume and 2000 Supplement)

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

19 **Article - Insurance**

20 10-121.

21 (j) (1) (i) Except as provided in subparagraph (ii) of this paragraph, no
22 later than December 31 of the year following the year covered by the financial
23 statement, for each title insurance agent and agency that has an appointment with a
24 title insurer, the title insurer shall have on file a statement of financial condition of
25 each title insurance agent and agency with an appointment with the title insurer, as
26 of the end of the previous calendar year, setting forth an income statement of business
27 done during the preceding year and a balance sheet showing the condition of its
28 affairs as of December 31st preceding certified by the title insurance agent or agency

1 as being a true and accurate representation of the title insurance agent's or agency's
2 financial condition.

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

8 10-125.

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

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

12 1. are primarily engaged in the practice of law; and

13 2. solicit, procure, or negotiate title insurance contracts only
14 as an incident to the practice of law.

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

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

17 1. an attorney or an association of attorneys who own,
18 operate, or share an interest in a title agency; or

19 2. an attorney who is employed by a title agency as a title
20 insurance agent or title insurance broker.

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

24 (ii) "Title agency" includes a sole proprietor, partnership, or
25 corporation.

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

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

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

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

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

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

7 (4) THE REQUIREMENT UNDER § 10-121(J)(1) OF THIS SUBTITLE FOR
8 EACH TITLE INSURANCE AGENT AND AGENCY THAT HAS AN APPOINTMENT WITH A
9 TITLE INSURER TO FILE AN ANNUAL STATEMENT OF FINANCIAL CONDITION WITH
10 THE TITLE INSURER DOES NOT APPLY TO LAW FIRMS AND INDIVIDUAL ATTORNEYS
11 PRACTICING IN LAW FIRMS.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 October 1, 2001.