
By: **Delegates Gordon, Busch, Donoghue, Mitchell, and McClenahan**
Introduced and read first time: January 30, 2002
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Title Insurance Producers and Agencies - Statements of Financial**
3 **Condition - Repeal of Filing Requirement**

4 FOR the purpose of repealing the requirement that a title insurer have on file by a
5 certain date a certain statement of financial condition of each title insurance
6 producer and agency with an appointment with the title insurer; repealing the
7 exception to the financial statement requirement for certain employees, officers,
8 directors, partners, or members; repealing the exception to the financial
9 statement requirement for law firms and individual attorneys practicing in law
10 firms; and generally relating to statements of financial condition of title
11 insurance producers and agencies required to be filed with title insurers.

12 BY repealing and reenacting, with amendments,
13 Article - Insurance
14 Section 10-121(j) and 10-125
15 Annotated Code of Maryland
16 (1997 Volume and 2001 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 producer and agency that has an appointment
24 with a title insurer, the title insurer shall have on file a statement of financial
25 condition of each title insurance producer and agency with an appointment with the
26 title insurer, as of the end of the previous calendar year, setting forth an income
27 statement of business done during the preceding year and a balance sheet showing
28 the condition of its affairs as of December 31st preceding certified by the title
29 insurance producer or agency as being a true and accurate representation of the title
30 insurance producer's or agency's financial condition.

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

6 (2) (i) The title insurer shall, at least annually, conduct an on-site
7 review of the underwriting, claims, and escrow practices of each title insurance
8 producer appointed by the insurer as a principal agent as designated in the title
9 insurance agency contract between the insurer and the producer. The on-site review
10 shall include a review of the title insurance producer's or agency's policy blank
11 inventory and processing operations.

12 (ii) If the title insurance producer or agency does not maintain
13 separate bank or trust accounts for each title insurer it represents, the title insurer
14 shall verify that the funds held on its behalf are reasonably ascertainable from the
15 books of account and records of the title insurance producer or agency.

16 [(3)] (2) A written report setting forth the results of the on-site review
17 shall be prepared by the title insurer and is subject to financial examination under §
18 2-205 of this article.

19 [(4)] (3) If, as a result of the examination, a title insurer has reasonable
20 cause to believe that a title insurance producer or agency has failed to remit
21 premiums or funds owed or that any other violation of this article has been
22 committed, the title insurer shall report in writing the suspected violation to the
23 Commissioner and submit a copy of the examination.

24 [(5)] (4) The examination required under this section is in addition to
25 any examination conducted by the Commissioner to determine compliance with the
26 accounts maintained for the benefit of the Maryland Affordable Housing Trust under
27 § 22-103 of this article.

28 10-125.

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

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

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

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

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

