

# HOUSE BILL 1425

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By: **Chair, Economic Matters Committee (By Request – Departmental – Insurance Administration, Maryland)**

Rules suspended

Introduced and read first time: March 7, 2007

Assigned to: Rules and Executive Nominations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Insurance Producers – Use of Trade Name**

3 FOR the purpose of defining the term “trade name” for purposes of the licensing laws  
4 for insurance producers; prohibiting an insurance producer from using any  
5 name other than the name in which a license is issued or a trade name when  
6 engaging in certain activities, including the execution of certain documents;  
7 requiring insurance producers to notify the Maryland Insurance Commissioner  
8 of a change in trade name within a certain period of time; providing that failure  
9 to notify the Commissioner of the change in trade name is a violation of certain  
10 law; and generally relating to insurance producers.

11 BY repealing and reenacting, with amendments,  
12 Article – Insurance  
13 Section 10–101, 10–113, and 10–117  
14 Annotated Code of Maryland  
15 (2003 Replacement Volume and 2006 Supplement)

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

18 **Article – Insurance**

19 10–101.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(a) In this subtitle the following words have the meanings indicated.

(b) “Business entity” means a corporation, professional association, partnership, limited liability company, limited liability partnership, or other legal entity.

(c) “Home state” means any state in which an insurance producer:

(1) maintains the insurance producer’s principal place of residence or principal place of business; and

(2) is licensed to act as a resident insurance producer.

(d) (1) “License” means a document issued by the Commissioner to act as an insurance producer for the kind or subdivision of insurance or combination of kinds or subdivisions of insurance specified in the document.

(2) “License” includes a limited lines license.

(e) “Limited line credit insurance” includes:

(1) credit life insurance;

(2) credit health insurance;

(3) credit property insurance;

(4) credit unemployment insurance;

(5) credit involuntary unemployment benefit insurance;

(6) mortgage life insurance;

(7) mortgage guaranty insurance;

(8) mortgage disability insurance;

(9) guaranteed automobile protection (GAP) insurance; and

(10) any other form of insurance that:

(i) is offered in connection with an extension of credit;

1 (ii) is limited to partially or wholly extinguishing that credit  
2 obligation; and

3 (iii) the Commissioner determines should be designated a form  
4 of limited line credit insurance.

5 (f) “Limited line credit insurance producer” means a person who sells,  
6 solicits, or negotiates one or more forms of limited line credit insurance coverage to  
7 individuals through a master, corporate, group, or individual policy.

8 (g) “Limited lines insurance” means:

9 (1) limited line credit insurance;

10 (2) the lines of insurance described in §§ 10–122 through 10–125 of  
11 this subtitle;

12 (3) insurance sold in connection with, and incidental to, the rental of a  
13 motor vehicle under Subtitle 6 of this title; or

14 (4) any other line of insurance that the Commissioner considers  
15 necessary to recognize for the purpose of complying with § 10–119(d) of this subtitle.

16 (h) “Limited lines insurance producer” means a person authorized by the  
17 Commissioner to sell, solicit, or negotiate limited lines insurance.

18 (i) (1) “Title insurance producer” means a person that, for compensation,  
19 solicits, procures, or negotiates title insurance contracts.

20 (2) “Title insurance producer” includes a person that provides escrow,  
21 closing, or settlement services that may result in the issuance of a title insurance  
22 contract.

23 (3) “Title insurance producer” does not include:

24 (i) individuals employed and used by title insurance producers  
25 for the performance of clerical and similar office duties;

26 (ii) a financial institution as defined in § 1–101(i) of the  
27 Financial Institutions Article that does not solicit, procure, or negotiate title insurance  
28 contracts for compensation; or

29 (iii) a title insurance insurer that is licensed under this article.

(j) “Title insurance producer independent contractor” means a person that:

(1) is licensed to act as a title insurance producer;

(2) provides escrow, closing, or settlement services that may result in the issuance of a title insurance contract as an independent contractor for, or on behalf of, a licensed and appointed title insurance producer; and

(3) is not an employee of, or associated with, the licensed and appointed title insurance producer.

**(K) “TRADE NAME” MEANS A NAME, SYMBOL, OR WORD, OR COMBINATION OF TWO OR MORE OF THESE THAT A PERSON USES TO:**

**(1) IDENTIFY ITS BUSINESS, OCCUPATION, OR SELF IN A BUSINESS CAPACITY; AND**

**(2) BE DISTINGUISHED FROM ANOTHER BUSINESS, OCCUPATION, OR PERSON.**

~~[(k)]~~ (L) “Uniform application” means the current version of the NAIC uniform application for resident and nonresident insurance producer licensing.

~~[(l)]~~ (M) “Uniform business entity application” means the current version of the NAIC uniform business entity application for resident and nonresident business entities.

10–113.

(a) A license authorizes the holder of the license to act as an insurance producer for the kind or subdivision of insurance or combination of kinds or subdivisions of insurance specified in the license.

**(B) THE HOLDER OF A LICENSE MAY NOT USE ANY NAME OTHER THAN THE NAME IN WHICH THE LICENSE IS ISSUED OR A TRADE NAME FILED WITH THE COMMISSIONER UNDER THIS SUBTITLE TO ENGAGE IN ANY ACTIVITY FOR WHICH A LICENSE IS REQUIRED, INCLUDING THE EXECUTION OF ANY DOCUMENT RELATED TO MARKETING, NEGOTIATION, SELLING, OR ISSUANCE OF INSURANCE.**

1        [(b)] (C)     A license does not create any actual, apparent, or inherent  
2 authority in the holder to represent or commit an insurer.

3     10–117.

4        (a)     To change, add to, or delete from a license, the insurance producer shall  
5 file with the Commissioner in the form that the Commissioner requires the change or  
6 addition to or deletion from the license.

7        (b)     (1)     A licensee shall [inform] **FILE WITH** the Commissioner by any  
8 means acceptable to the Commissioner [of] a change in legal name, **TRADE NAME**, or  
9 address within 30 days of the change.

10                (2)     If a licensee fails to timely [inform] **FILE WITH** the Commissioner  
11 [of] a change in legal name, **TRADE NAME**, or address, the licensee is in violation of §  
12 10–126(a)(1) of this subtitle.

13                SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
14 October 1, 2007.