

# HOUSE BILL 600

C4

(8lr1865)

## **ENROLLED BILL**

—*Economic Matters / Finance*—

Introduced by **Delegates Taylor, Frush, Haynes, and Proctor**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Commission to Study the Title Insurance Industry in Maryland**

3 FOR the purpose of establishing the Commission to Study the Title Insurance  
4 Industry in Maryland; providing for the membership, staffing, and purposes of  
5 the Commission; prohibiting Commission members from receiving compensation  
6 for serving on the Commission; requiring the Commission to report to certain  
7 persons by a certain date; providing for the termination of this Act; and  
8 generally relating to the Commission to Study the Title Insurance Industry in  
9 Maryland.

10 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
11 MARYLAND, That:

12 (a) There is a Commission to Study the Title Insurance Industry in  
13 Maryland.

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**EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics* indicate opposite chamber / conference committee amendments.



1 (b) The Commission consists of the following members:

2 (1) three members of the Senate, including at least one member each  
3 from the Senate Finance Committee and Senate Judicial Proceedings Committee,  
4 appointed by the President of the Senate;

5 (2) three members of the House, including at least one member each  
6 from the House Economic Matters Committee and House ~~Judiciary~~ Environmental  
7 Matters Committee, appointed by the Speaker of the House; ~~and~~

8 ~~(3) appointed by the Governor:~~

9 ~~(i) a title insurance agent licensed in Maryland;~~

10 ~~(ii) a representative of a title insurance company domiciled in~~  
11 ~~Maryland;~~

12 ~~(iii) a representative of the Home Builders Association of~~  
13 ~~Maryland;~~

14 ~~(iv) a representative of the Maryland Bankers Association;~~

15 ~~(v) a representative of a State chartered bank in Maryland;~~

16 ~~(vi) a Maryland licensed real estate broker;~~

17 ~~(vii) a representative of the Maryland Real Estate Commission;~~

18 ~~(viii) a representative of a land title trade association; and~~

19 ~~(ix) three consumer members.~~

20 (3) the Maryland Insurance Commissioner, or the Commissioner's  
21 designee;

22 (4) the Maryland Attorney General, or the Attorney General's  
23 designee;

24 (5) the Commissioner of Financial Regulation, or the Commissioner's  
25 designee;

26 (6) the Executive Director of the Maryland Real Estate Commission,  
27 or the Executive Director's designee;

28 (7) the chair of the Maryland Affordable Housing Trust, or the chair's  
29 designee;

1           (8) a title insurance producer licensed in Maryland, designated by the  
2 Maryland Land Title Association;

3           (9) a representative of a title insurance company domiciled in  
4 Maryland, designated by the Maryland Land Title Association;

5           (10) a representative of a national title insurance company doing  
6 business in Maryland and other states, designated by the Maryland Coalition of Title  
7 Insurers;

8           (11) a mortgage broker licensed in Maryland, designated by the  
9 Maryland Association of Mortgage Brokers;

10           (12) a mortgage lender affiliated with a bank and doing business in  
11 Maryland, designated by the Maryland Mortgage Bankers Association;

12           ~~(13) a mortgage lender not affiliated with a bank and doing business in~~  
13 ~~Maryland, designated by the Maryland Mortgage Bankers Association;~~

14           ~~(14)~~ (13) a representative of the Maryland Bankers Association,  
15 designated by the Maryland Bankers Association;

16           ~~(15) a representative of a State chartered community bank in~~  
17 ~~Maryland, designated by the Maryland Bankers Association;~~

18           ~~(16) a representative of a bank chartered under federal law and doing~~  
19 ~~business in Maryland and other states, designated by the Maryland Bankers~~  
20 ~~Association;~~

21           ~~(17)~~ (14) a representative of the Maryland State Builders Association,  
22 designated by the Maryland State Builders Association;

23           ~~(18)~~ (15) a representative of the Section of Real Property Planning  
24 and Zoning of the Maryland State Bar Association, designated by the Maryland State  
25 Bar Association;

26           ~~(19)~~ (16) a practicing real estate attorney familiar with title  
27 insurance settlements and not licensed as a title insurance producer, designated by  
28 the Maryland State Bar Association; and

29           ~~(20)~~ (17) ~~two consumer members~~ a consumer member appointed by  
30 the Governor.

31           (c) The Commission shall ~~elect a chair from among its members~~ be  
32 co-chaired by:

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1           (1) one of the members of the Senate, as designated by the President  
2 of the Senate; and

3           (2) one of the members of the House of Delegates, as designated by the  
4 Speaker of the House.

5           (d) A member of the Commission may not receive compensation for serving  
6 on the Commission, but is entitled to reimbursement for expenses under the Standard  
7 State Travel Regulations, as provided in the State budget.

8           (e) The Commission shall be jointly staffed by the Department of Labor,  
9 Licensing, and Regulation, and the Maryland Insurance Administration.

10          (f) The purpose of the Commission is to ~~study:~~

11           ~~(1) the relevant state laws and regulations regarding title insurance;~~

12           ~~(2) title industry issues that affect consumers in Maryland;~~

13           ~~(3) the rate-setting factors for title insurance premiums;~~

14           ~~(4) commissions paid for referrals from developers, home builders, and~~  
15 ~~realtors;~~

16           ~~(5) the impact on consumers with respect to unregulated~~  
17 ~~home settlement services;~~

18           ~~(6) the impact on consumers for failure to receive presettlement~~  
19 ~~guaranteed closing letters;~~

20           ~~(7) the fiduciary responsibilities of title insurance agents;~~

21           ~~(8) how rates and services in a title plant state compare with those in~~  
22 ~~Maryland;~~

23           ~~(9) the need to audit title agent escrow and operating accounts by the~~  
24 ~~underwriter, the State, or both;~~

25           ~~(10) the impact of decreasing competition in the market and lack of~~  
26 ~~consumer education about the title insurance industry;~~

27           ~~(11) the impact of mechanics' liens on title insurance premium rates~~  
28 ~~and the timeliness of settlement;~~

29           ~~(12) the handling of claims by title insurers in the State;~~

30           ~~(13) title reserve requirements for title agencies;~~

1 ~~(14) subsequent to closing, time limits for the issuance of title~~  
2 ~~insurance policies; and~~

3 ~~(15) any other issue with significant impact on market conduct or~~  
4 ~~solvency. make recommendations for changes to State laws relating to the title~~  
5 ~~insurance industry.~~

6 (g) In order to develop recommendations, the Commission shall:

7 (1) review State laws relating to the title insurance industry;

8 (2) review the mechanisms available to enforce State laws relating to  
9 the title insurance industry and the effectiveness of those mechanisms;

10 (3) identify title insurance industry issues that affect consumers in  
11 Maryland;

12 (4) examine the rate-setting factors for title insurance premiums;

13 (5) examine how rates and services in a title plant state compare to  
14 those in Maryland;

15 (6) identify ways to improve consumer education about the title  
16 insurance industry;

17 (7) study whether mechanics' liens on properties scheduled for  
18 settlement have an impact on the timeliness of settlements or on title insurance  
19 premium rates;

20 (8) review the time limits, subsequent to closing, for the issuance of  
21 title insurance policies;

22 (9) study affiliated business arrangements among title insurance  
23 producers, builders, title insurance companies, realtors, lenders, and other businesses  
24 involved with the settlement of real estate transactions to determine the impact of  
25 these arrangements on title insurance premium rates; and

26 (10) study any other issue with significant impact on the title insurance  
27 industry.

28 ~~(g)~~ (h) The Commission shall report on its findings and recommendations to the  
29 Governor and, in accordance with § 2-1246 of the State Government Article, the  
30 General Assembly on or before December 15, 2009.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 July 1, 2008. It shall remain effective for a period of 2 years, and at the end of June 30,

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1 2010, with no further action required by the General Assembly, this Act shall be  
2 abrogated and of no further force and effect.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.