

# SENATE BILL 900

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By: **Senator Astle**

Introduced and read first time: February 15, 2010

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Title Insurers – Required Reserves**

3 FOR the purpose of altering a certain percentage of certain premiums for certain title  
4 insurance that certain title insurers must originally assign to certain reserves;  
5 altering the dates as of which certain reserves shall be calculated in a certain  
6 manner; altering the portions and timing of release of certain excess reserves;  
7 and generally relating to title insurance and required reserves.

8 BY repealing and reenacting, with amendments,  
9 Article – Insurance  
10 Section 5–206  
11 Annotated Code of Maryland  
12 (2003 Replacement Volume and 2009 Supplement)

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

15 **Article – Insurance**

16 5–206.

17 (a) (1) In addition to adequate reserves required by § 5–103 of this title  
18 for outstanding losses, a title insurer shall maintain a statutory reserve or unearned  
19 premium reserve of at least an amount computed as follows:

20 (i) [10%] **8%** of the total amount of the risk premiums written  
21 in the calendar year for title insurance contracts shall be as assigned originally to the  
22 reserves; and

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (ii) during each of the 20 years that follow the year in which the  
2 contract is issued, the reserves applicable to the contract shall be reduced in  
3 accordance with the following formula:

- 4 1. 35% of the aggregate sum on July 1 of the year next  
5 succeeding the year of addition;
- 6 2. 15% of the aggregate sum on July 1 of each of the  
7 succeeding 2 years;
- 8 3. 10% of the aggregate sum on July 1 of the succeeding  
9 year;
- 10 4. 3% of the aggregate sum on July 1 of each of the  
11 succeeding 3 years;
- 12 5. 2% of the aggregate sum on July 1 of each of the  
13 succeeding 3 years; and
- 14 6. 1% of the aggregate sum on July 1 of each of the  
15 succeeding 10 years.

16 (2) (i) The title insurer shall calculate retroactive adjusted  
17 statutory reserve or unearned premium reserve on an aggregate basis on January 1,  
18 **[2001] 2010**.

19 (ii) The adjusted aggregate reserve shall be recalculated as if  
20 paragraph (1)(ii) of this subsection had been in effect during the 20 years preceding  
21 January 1, **[2001] 2010**.

22 (3) The aggregate sum of any excess reserves resulting from a  
23 recalculation under this subsection shall be released over a **[6-year] 3-YEAR** period in  
24 equal installments of **[one-sixth per] ONE-THIRD EACH** year, beginning with the  
25 **[2001] 2010** calendar year.

26 (b) (1) Each title insurer shall file with its annual statement required  
27 under § 4-116 of this article a certification by a member in good standing of the  
28 American Academy of Actuaries as to the adequacy of its reserves required under this  
29 section and § 5-103 of this title.

30 (2) The actuarial certification required of a title insurer must conform  
31 to the National Association of Insurance Commissioners' annual statement  
32 instructions for title insurers.

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
34 July 1, 2010.