

# HOUSE BILL 679

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CF SB 624

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By: **Delegates Barkley, Vitale, Love, and Schuh**

Introduced and read first time: January 31, 2014

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Title Insurers – Title Insurance Commitment and Binders**

3 FOR the purpose of altering the information that a title insurer is required to include  
4 in a certain notice; requiring a title insurer to disclose certain information  
5 relating to the effect of certain documents in a certain manner; providing that a  
6 certain title insurance commitment or sample form constitutes a certain written  
7 statement, is not a representation as to the state of title, and does not constitute  
8 a certain abstract or report of title; providing that certain rights, duties, and  
9 responsibilities applicable to the preparation or issuance of certain documents  
10 do not apply to the issuance of certain other documents; defining certain terms;  
11 making certain conforming changes; providing for the application of this Act;  
12 and generally relating to title insurance and title insurance commitments.

13 BY renumbering

14 Article – Insurance  
15 Section 22–101, 22–102, and 22–103, respectively  
16 to be Section 22–102, 22–103, and 22–105, respectively  
17 Annotated Code of Maryland  
18 (2011 Replacement Volume and 2013 Supplement)

19 BY adding to

20 Article – Insurance  
21 Section 22–101 and 22–104  
22 Annotated Code of Maryland  
23 (2011 Replacement Volume and 2013 Supplement)

24 BY repealing and reenacting, with amendments,

25 Article – Insurance  
26 Section 22–103  
27 Annotated Code of Maryland  
28 (2011 Replacement Volume and 2013 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (As enacted by Section 1 of this Act)

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
3 MARYLAND, That Section(s) 22–101, 22–102, and 22–103, respectively, of Article –  
4 Insurance of the Annotated Code of Maryland be renumbered to be Section(s) 22–102,  
5 22–103, and 22–105, respectively.

6 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
7 read as follows:

8 **Article – Insurance**

9 **22–101.**

10 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
11 INDICATED.

12 (B) (1) “ABSTRACT OF TITLE” MEANS A REPRESENTATION OF THE  
13 STATE OF TITLE TO PROPERTY BASED ON A REVIEW OF THE RECORDS THAT  
14 IMPART CONSTRUCTIVE NOTICE RELATING TO TITLE TO PROPERTY IN THE  
15 STATE.

16 (2) “ABSTRACT OF TITLE” INCLUDES A REPORT OF TITLE AND  
17 ANY OTHER WRITTEN OR ELECTRONICALLY CREATED OR PRESERVED  
18 REPRESENTATION OF THE STATE OF TITLE TO PROPERTY.

19 (C) (1) “TITLE INSURANCE COMMITMENT” MEANS A WRITTEN  
20 STATEMENT OF THE TERMS AND CONDITIONS ON WHICH A TITLE INSURER IS  
21 WILLING TO ISSUE A POLICY OF TITLE INSURANCE IF THE TITLE INSURER  
22 ACCEPTS A PREMIUM FOR THE POLICY.

23 (2) “TITLE INSURANCE COMMITMENT” INCLUDES A BINDER.

24 22–103.

25 (a) Except as provided in subsection (d) of this section, when, in connection  
26 with a real estate transaction that involves a purchase money mortgage or deed of  
27 trust on land in the State, a title insurer accepts a premium for a policy that insures  
28 the title to the property or the title insurer, its agent, or employee accepts a premium  
29 for mortgagee title insurance, the person first accepting the premium:

30 (1) shall insert the name of each insured in the [binder] TITLE  
31 INSURANCE COMMITMENT for the title insurance [or the title report]; and

1           (2) immediately on receipt of the premium, shall deliver to the buyer  
2 or agent or attorney of the buyer written notice:

3                   (i) of the name of each insured under the policy;

4                   (ii) of the face amount of the policy;

5                   (iii) of the buyer's right and opportunity to obtain simultaneous  
6 title insurance in the buyer's favor;

7                   (iv) of the additional premium that will be required for purchase  
8 of simultaneous title insurance in the buyer's favor;

9                   (v) that the buyer's title insurance will be subject only to the  
10 contingencies and conditions contained in the [binder, title report,] **TITLE**  
11 **INSURANCE COMMITMENT** and policy;

12                   (vi) of the buyer's right to review **THE TITLE INSURANCE**  
13 **COMMITMENT OR** a sample of the form of policy in which the contingencies and  
14 conditions will be inserted; [and]

15                   (vii) that contains a clear statement of the contingencies that  
16 must be satisfied to make the buyer's policy effective, if the buyer's policy is not  
17 effective on payment of the premium; **AND**

18                   **(VIII) THAT THE TITLE INSURANCE COMMITMENT OR SAMPLE**  
19 **OF THE FORM OF POLICY INTO WHICH THE CONTINGENCIES AND CONDITIONS**  
20 **FOR INSURING WILL BE INSERTED:**

21                   **1. DOES CONSTITUTE A STATEMENT OF THE TERMS**  
22 **AND CONDITIONS ON WHICH THE TITLE INSURER IS WILLING TO ISSUE ITS**  
23 **POLICY OF TITLE INSURANCE IF THE TITLE INSURER ACCEPTS A PREMIUM FOR**  
24 **THE POLICY;**

25                   **2. IS NOT A REPRESENTATION AS TO THE STATE OF**  
26 **TITLE; AND**

27                   **3. DOES NOT CONSTITUTE AN ABSTRACT OF TITLE**  
28 **OR A REPORT OF TITLE.**

29           (b) Before disbursing any funds, the person required to give notice under  
30 subsection (a) of this section shall obtain from the buyer, at the time the person  
31 delivers the notice, a statement in writing that the buyer has received the notice  
32 described in subsection (a) of this section and that the buyer wants or does not want  
33 owner's title insurance.

1 (c) (1) The person required to give notice under subsection (a) of this  
2 section shall retain the original signed statement of receipt required by subsection (b)  
3 of this section and a copy of the notice required by subsection (a) of this section for 3  
4 years.

5 (2) The statement of receipt and notice shall be available for  
6 inspection by the Commissioner on request.

7 (d) This section does not apply to a real estate transaction involving a  
8 mortgage or deed of trust securing an extension of credit made:

9 (1) solely to acquire an interest in or to carry on a business or  
10 commercial enterprise; or

11 (2) to any business or commercial organization.

12 **22-104.**

13 **(A) A TITLE INSURANCE COMMITMENT OR SAMPLE OF THE FORM OF**  
14 **POLICY INTO WHICH THE CONTINGENCIES AND CONDITIONS FOR INSURING**  
15 **WILL BE INSERTED:**

16 **(1) CONSTITUTES A STATEMENT OF THE TERMS AND CONDITIONS**  
17 **ON WHICH A TITLE INSURER IS WILLING TO ISSUE A POLICY OF TITLE**  
18 **INSURANCE IF THE TITLE INSURER ACCEPTS THE PREMIUM FOR THE POLICY;**

19 **(2) IS NOT A REPRESENTATION AS TO THE STATE OF TITLE; AND**

20 **(3) DOES NOT CONSTITUTE AN ABSTRACT OF TITLE OR A REPORT**  
21 **OF TITLE.**

22 **(B) THE RIGHTS, DUTIES, AND RESPONSIBILITIES APPLICABLE TO THE**  
23 **PREPARATION OR ISSUANCE OF AN ABSTRACT OF TITLE OR A REPORT OF TITLE**  
24 **DO NOT APPLY TO THE ISSUANCE OF A TITLE INSURANCE COMMITMENT OR**  
25 **SAMPLE OF THE FORM OF POLICY INTO WHICH THE CONTINGENCIES AND**  
26 **CONDITIONS FOR INSURING WILL BE INSERTED.**

27 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be  
28 construed to apply only prospectively and may not be applied or interpreted to have  
29 any effect on or application to any abstract of title or title insurance commitment  
30 completed before the effective date of this Act.

31 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 October 1, 2014.