

HOUSE BILL 637

C4

2lr2520
CF SB 293

By: **Delegate Carey**

Introduced and read first time: January 31, 2022

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Title Insurance Producers – Annual Review**

3 FOR the purpose of authorizing a title insurer to conduct a required annual review of a title
4 insurance producer in person, remotely by using mail, overnight delivery, or
5 electronic means, or by a combination of in-person and remote methods; and
6 generally relating to title insurance and the annual review of title insurance
7 producers.

8 BY repealing and reenacting, with amendments,
9 Article – Insurance
10 Section 10–121(k)
11 Annotated Code of Maryland
12 (2017 Replacement Volume and 2021 Supplement)

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

15 **Article – Insurance**

16 10–121.

17 (k) (1) (i) Except as provided in paragraph (5) of this subsection, the title
18 insurer shall during each calendar year conduct an [on-site] ANNUAL review of the
19 underwriting, claims, and escrow practices of each title insurance producer appointed by
20 the insurer as a principal agent as designated in the title insurance agency contract
21 between the insurer and the producer.

22 (ii) The [on-site] ANNUAL review shall include a review of the title
23 insurance producer's or agency's policy [blank inventory] ISSUING and processing
24 operations.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(III) THE ANNUAL REVIEW MAY BE CONDUCTED:

1. AT THE PLACE OF BUSINESS OF THE TITLE INSURANCE PRODUCER;

2. REMOTELY BY USING MAIL, OVERNIGHT DELIVERY, OR ELECTRONIC MEANS; OR

3. USING ANY COMBINATION OF ITEMS 1 AND 2 OF THIS SUBPARAGRAPH.

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

[(iv)] (V) Subject to the requirement under paragraph (3) of this subsection to report suspected violations that the title insurer has reasonable cause to believe have occurred, if the title insurance producer or title agency holds an appointment with more than one title insurer, the title insurer may limit its review to files, separately held accounts, and written documentation relating to its title insurance policies.

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

(3) If, as a result of the **[examination] ANNUAL REVIEW**, a title insurer has reasonable cause to believe that a title insurance producer or agency has engaged in any of the prohibited activities set forth in § 10–126 of this subtitle, the title insurer shall report in writing the suspected violation to the Commissioner **[and submit a copy of the examination] IN THE REPORT PREPARED UNDER PARAGRAPH (2) OF THIS SUBSECTION.**

(4) The **[examination] ANNUAL REVIEW** required under this section is in addition to any examination conducted by the Commissioner to determine compliance with the accounts maintained for the benefit of the Maryland Affordable Housing Trust under § 22–105 of this article.

(5) The title insurer is not required to perform the **[on-site] ANNUAL** review of a title insurance producer for the calendar year during which the title insurance producer is initially appointed if the appointment is made on or after June 30 of that calendar year.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2022.