

SENATE BILL 61

C4

8lr1038

By: **Senators Kelley, Della, Exum, Garagiola, Klausmeier, Middleton, and Pugh**

Introduced and read first time: January 11, 2008

Assigned to: Finance

A BILL ENTITLED

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.

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

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

18 (2) three members of the House, including at least one member each
19 from the House Economic Matters Committee and House Judiciary Committee,
20 appointed by the Speaker of the House; and

21 (3) appointed by the Governor:

22 (i) a title insurance agent licensed in Maryland;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (ii) a representative of a title insurance company domiciled in
2 Maryland;
- 3 (iii) a representative of the Home Builders Association of
4 Maryland;
- 5 (iv) a representative of the Maryland Bankers Association;
- 6 (v) a representative of a State-chartered bank in Maryland;
- 7 (vi) a Maryland licensed real estate broker;
- 8 (vii) a representative of the Maryland Real Estate Commission;
- 9 (viii) a representative of a land title trade association; and
- 10 (ix) three consumer members.

11 (c) The Commission shall elect a chair from among its members.

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

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

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

- 18 (1) the relevant state laws and regulations regarding title insurance;
- 19 (2) title industry issues that affect consumers in Maryland;
- 20 (3) the rate-setting factors for title insurance premiums;
- 21 (4) commissions paid for referrals from developers, home builders, and
22 realtors;
- 23 (5) the impact on consumers with respect to unregulated
24 home-settlement services;
- 25 (6) the impact on consumers for failure to receive presettlement
26 guaranteed closing letters;
- 27 (7) the fiduciary responsibilities of title insurance agents;
- 28 (8) how rates and services in a title plant state compare with those in
29 Maryland;

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

3 (10) the impact of decreasing competition in the market and lack of
4 consumer education about the title insurance industry;

5 (11) the impact of mechanics' liens on title insurance premium rates
6 and the timeliness of settlement;

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

8 (13) title reserve requirements for title agencies;

9 (14) subsequent to closing, time limits for the issuance of title
10 insurance policies; and

11 (15) any other issue with significant impact on market conduct or
12 solvency.

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

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 July 1, 2008. It shall remain effective for a period of 2 years, and at the end of June 30,
18 2010, with no further action required by the General Assembly, this Act shall be
19 abrogated and of no further force and effect.