

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

**Article - Insurance**

10-121.

(j) (1) [(i) Except as provided in subparagraph (ii) of this paragraph, no later than December 31 of the year following the year covered by the financial statement, for each title insurance producer and agency that has an appointment with a title insurer, the title insurer shall have on file a statement of financial condition of each title insurance producer and agency with an appointment with the title insurer, as of the end of the previous calendar year, setting forth an income statement of business done during the preceding year and a balance sheet showing the condition of its affairs as of December 31st preceding certified by the title insurance producer or agency as being a true and accurate representation of the title insurance producer's or agency's financial condition.

(ii) An individual who is an employee, officer, director, partner, or member of a licensed title insurance agency shall be considered to have met the requirements of subparagraph (i) of this paragraph if a statement of financial condition of the agency with which the individual is associated is on file with the title insurer as provided under this paragraph.

(2) [(i) The title insurer shall, at least annually, conduct an on-site review of the underwriting, claims, and escrow practices of each title insurance producer appointed by the insurer as a principal agent as designated in the title insurance agency contract between the insurer and the producer. The on-site review shall include a review of the title insurance producer's or agency's policy blank inventory and processing operations.

(ii) 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.

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

[(4)] (3) If, as a result of the examination, a title insurer has reasonable cause to believe that a title insurance producer or agency has failed to remit premiums or funds owed or that any other violation of this article has been committed, the title insurer shall report in writing the suspected violation to the Commissioner and submit a copy of the examination.

[(5)] (4) The examination 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 § 22-103 of this article.