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Revised Bulletin 15-24

Date: September 11, 2015

To: All Insurers and Insurance Producers

Re: Clarification on Commission Sharing- Title Insurance Producers

Bulletin 15-22, dated July 16, 2015 and entitled "Clarification on Commission Sharing- Insurance Producers," is hereby updated to clarify that Bulletin 15-22 does not apply to title insurance producers in connection with the settlement of real estate transactions. Except as permitted under Section 11-407(c) of the Insurance Article, title insurance producers are expressly prohibited from paying or receiving any consideration to solicit, obtain, retain or arrange real estate settlements. See Section 14-127(c)(1) of the Real Property Article.

The purpose of this Bulletin is to clarify the circumstances under which a licensed and appointed producer may pay a referral fee, split a commission, or offer other valuable consideration to a licensed but non-appointed producer in exchange for a referral of an insurance applicant. This bulletin does not apply to title insurance producers in connection with the settlement of real estate transactions. See Section 11-407 of the Insurance Article and Section 14-127(c)(1) of the Real Property Article.

Section 10-103(c)(2) of the Maryland Insurance Code provides that "before a person acts as an insurance producer in the State, the person must obtain" (1) the relevant license and (2) "if acting for an insurer, an appointment from the insurer." Section 10-130(a) provides, in relevant part, that "a commission, fee, reward, rebate, or other consideration for selling, soliciting, or negotiating insurance may not be paid, directly or indirectly to a person other than a licensed insurance producer."

A licensed insurance producer is not required to be appointed by an insurer in order to receive a referral fee, commission split, or other valuable consideration in exchange for a referral of an applicant to an insurer or its appointed producer, provided the referral fee, commission split or other valuable consideration does not violate Section 11-407 of the Insurance Article or Section 14-127 of the Real Property Article.

Any questions regarding this Bulletin should be addressed to Victoria August, Associate Commissioner, Compliance and Enforcement at: victoria.august@maryland.gov or 410-468-2217.

Alfred W. Redmer, Jr.

Commissioner

signature on original

By:

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