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Lt. Governor



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BULLETIN 10-18

Date: June 4, 2010

To: Title Insurers and Title Insurance Producers

Re: House Bill 1470 (Chapter 740 of 2010): Changes Effective July 1, 2010

This year, the General Assembly enacted, and the Governor signed, House Bill 1470 (Chapter 740). The bill clarifies the relationship between a title insurance producer and a title insurance producer independent contractor (TIPIC). As a result of this clarification, it modifies the bond requirements for title insurance producers acting *solely* as a TIPIC. *These changes, as described below, are effective July 1, 2010. Please note that to act as a TIPIC you must be licensed as a title insurance producer.*

As is currently the case, a title insurance producer may only use a TIPIC if the TIPIC holds an appointment with the title insurer with which the contract of title insurance may be placed. *Beginning July 1, 2010:*

- The title insurance producer is:
 - The legal principal of the TIPIC; and
 - Liable for all actions of the TIPIC, including unintentional conduct, that occurs within the scope of the TIPIC's employment.
- The TIPIC must be covered under the title insurance producer's blanket fidelity bond and blanket surety bond or letter of credit.
- The recorded mortgage or deed of trust must include the following information on any paper within the settlement package that will be recorded as the Maryland Insurance Administration does not have at this time a specific form to be used for this purpose :
 - The name, address and license number of the title insurance producer; and
 - The name, address and license number of the TIPIC.

A TIPIC, a licensed title insurance producer that acts solely on behalf of another title insurance producer when providing escrow closing or settlement services that may result in the issuance of a title insurance contract and is covered under that title insurance producer's blanket fidelity bond and blanket surety bond or letter of credit, is not required to file a blanket fidelity bond and a blanket surety bond or letter of credit with the Commissioner.

Consequently, beginning July 1, 2010 new and renewing applicants for a title insurance producer license must:

- Submit evidence of a blanket fidelity bond and a blanket surety bond or letter of credit if the applicant *will not be acting as a TIPIC*; or
- Submit an affidavit for a title insurance producer generally or a title insurance producer who *will be acting solely as a TIPIC (a licensed insurance producer acting solely on behalf of another title insurance producer)*. (A copy of the form affidavit is attached to this bulletin and is also available on www.mdinsurance.state.md.us.)

It is the responsibility of the title insurance producer using the TIPIC to be sure that the:

- ***TIPIC has an appointment with the title insurer; and***
- ***Title insurance producer's blanket fidelity bond and blanket surety bond or letter of credit covers the TIPIC.***

Signature on file with original

Beth Sammis

Acting Insurance Commissioner

**AFFIDAVIT OF TITLE INSURANCE PRODUCER APPLICANT:
TITLE INSURANCE PRODUCER INDEPENDENT CONTRACTOR**

I, _____, solemnly affirm under the penalties of perjury and upon personal knowledge that the contents of this affidavit are true.

I am an applicant for or currently hold a title insurance producer license. I hereby affirm that I will be acting *solely* as a title insurance producer independent contractor.

This means, I am:

- Licensed, or am applying, to act as a title insurance producer;
- Providing escrow, closing, or settlement services that may result in the issuance of a title insurance contract as an independent contractor for, or on behalf of, a licensed and appointed title insurance producer;
- Not an employee of the licensed and appointed title insurance producer;
- Covered or will be covered under the licensed and appointed title insurance producer's blanket fidelity bond and blanket surety bond or letter of credit prior to providing the above-described services; and
- Appointed or will be appointed by the title insurer.

Consequently, I acknowledge that, based upon my representations above, I am not required to file a blanket fidelity bond and blanket surety bond or letter or credit with the Commissioner.

I understand that if my status changes and I am no longer acting *solely* as a TIPIC but instead acting in whole or in part as a title insurance producer, I must notify the Commissioner and file the required blanket fidelity bond and blanket surety bond or letter of credit *at least ten (10) working days prior to my change in status*.

I acknowledge that failure to notify the Commissioner and obtain the required bonds or letter of credit within 10 working days may result in sanctions against my title insurance producer license pursuant to the Insurance Article, including, but not limited to, the revocation or suspension of the producer license.

Applicant

AFFIDAVIT OF TITLE INSURANCE PRODUCER APPLICANT

I, _____, solemnly affirm under the penalties of perjury and upon personal knowledge that the contents of this affidavit are true.

I am an applicant for or currently hold a title insurance producer license. I hereby affirm that I will *not be acting* as a title insurance producer independent contractor (TIPIC) or that I will *not be acting solely* as a TIPIC.

Consequently, I acknowledge that I am required to file a blanket fidelity bond and blanket surety bond or letter of credit with the Commissioner.

Furthermore, I understand and acknowledge that if I use the services of a TIPIC that:

- I am the legal principal of the TIPIC and liable for all actions of the TIPIC, including unintentional conduct, that occurs within the scope of the TIPIC's employment;
- My blanket fidelity bond and blanket surety bond or letter of credit must cover the TIPIC(s) I use;
- The TIPIC(s) must hold a title insurance producer license and be appointed by the title insurer(s) I use; and.
- The recorded mortgage or deed of trust must include:
 - My name, address and title insurance producer license number; and
 - The name, address and license number of the TIPIC.

I acknowledge that failure to abide by these requirements may result in sanctions against my title insurance producer license pursuant to the Insurance Article, including, but not limited to, the revocation or suspension of the producer license.

Applicant