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### **BULLETIN NO. 20-25**

**DATE:** June 4, 2020

**TO:** All Maryland-licensed title insurance producers

**RE:** Premium Accounts

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This purpose of this bulletin is to clarify when title insurance producers are required to maintain a premium account.

Section 31.03.03.02 of the Code of Maryland Regulations (“COMAR”) prohibits any insurance producer from comingling insurance premiums they may collect on behalf of insurers with the operating funds of the agency. This section also requires producers to maintain any premiums that are not promptly remitted to the insurer in a premium account separate from their operating account. COMAR 31.03.03.01.B (7) defines “prompt remittance” as, “not later than the close of the fifth business day following the receipt of the funds.”

Section 22-105 (b) of the Insurance Article, Annotated Code of Maryland, requires that title insurers and producers, “shall pool and comingle trust money received from clients or beneficial owners in connection with escrows, settlements, closings, or title indemnifications if, in the judgment of the title insurer or its agent, a separate deposit of the trust money would generate interest in an amount not greater than \$50 or the cost of administering a separate account.”

Section 22-105 (f) permits a title insurer or its agent to deposit trust money that may earn more than \$50.00 in interest in “any other deposit or investment vehicle...specified by the client or beneficial owner or...as agreed on by the client or beneficial owner and the title insurer or its agent.”

In summary, title insurance producers who collect title insurance premiums are required to either promptly remit those premiums to the appropriate carrier, as required by COMAR

31.03.03.02.A, or to deposit those premiums in a premium account. Premium accounts may be MAHT accounts as defined by § 22-105 of the Insurance Article. This applies to all producers and/or agencies whether or not they conduct settlements.

The Insurance Administration does acknowledge the industry practice of retaining title insurance premium until final policies are issued, which is typically after the documents transferring title and/or securing the loan have been recorded. In these instances, which may take more than five (“5”) business days, agents who retain the premium in accordance with Section 22-105(b) and (f), are deemed to be in compliance with COMAR 31.03.03. Agents who only issue policies and do not maintain trust accounts, must nonetheless fully comply with COMAR 31.03.03 with regard to any title insurance premium received and deposited

Should you have any questions concerning this Bulletin, please contact David A. Zitterbart, Chief Enforcement Officer, Compliance and Enforcement, by e-mail at [david.zitterbart@maryland.gov](mailto:david.zitterbart@maryland.gov) or by telephone at (410) 468-2144.

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