

**IN THE DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION
STATE OF MISSOURI**

In Re:)
)
ENTITLE INSURANCE COMPANY) **Market Conduct Exam No. 1103-01-TGT**
(NAIC # 51632))
)

ORDER OF THE DIRECTOR

NOW, on this 25 day of ~~September~~ 2014, Director John M. Huff, after consideration and review of the market conduct examination report of Entitle Insurance Company (NAIC #51632) (hereafter referred to as "Entitle"), report number 1103-01-TGT, prepared and submitted by the Division of Insurance Market Regulation pursuant to §374.205.3(3) (a)¹ and the Stipulation of Settlement and Voluntary Forfeiture ("Stipulation"), does hereby adopt such report as filed. After consideration and review of the Stipulation, report, relevant work papers, and any written submissions or rebuttals, the findings and conclusions of such report are deemed to be the Director's findings and conclusions accompanying this order pursuant to §374.205.3(4).

This order, issued pursuant to §374.205.3(4), §374.280, and §374.046.15. RSMo (Cum. Supp. 2012), is in the public interest.

IT IS THEREFORE ORDERED that Entitle and the Division of Insurance Market Regulation having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that Entitle shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place Entitle in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri and to maintain those corrective actions at all times.

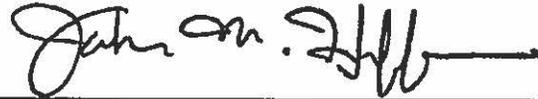
IT IS FURTHER ORDERED that Entitle shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2000 as amended.

Voluntary Forfeiture of \$125,000 payable to the Missouri State School Fund.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 26 day of September, 2014.



John M. Huff
Director



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DEPT OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION

IN THE DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION
STATE OF MISSOURI

In Re:)
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ENTITLE INSURANCE COMPANY) Market Conduct Exam No. 1103-01-TGT
(NAIC # 51632))
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**STIPULATION OF SETTLEMENT
AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter “the Division”) and EnTitle Insurance Company (NAIC #51632) (hereinafter referred to as “EnTitle”), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereinafter, “the Department”), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State in Missouri; and

WHEREAS, EnTitle has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Division conducted a Market Conduct Examination of EnTitle and prepared report number 1103-01-TGT; and

WHEREAS, the report of the Market Conduct Examination revealed that:

1. In 17 instances, EnTitle included a provision in agency contracts requiring preservation of documentation for a period of not less than 10 years in violation of §381.071.3 RSMo¹

2. In 5 instances, EnTitle appointed agents to act for the insurer who were not licensed in violation of §381.018.3;

3. In 11 instances, EnTitle used unlicensed employees to examine title and underwrite risks in violation of §381.115;

¹ All references, unless otherwise noted, are to Missouri Revised Statutes, as amended.

4. EnTitle issued closing protection letters naming a company as its settlement agent when there was no written contract between EnTitle and the Company in violation of §381.018.1;

5. In 4 instances, EnTitle's agent relied upon the acts of unlicensed individuals in selling, soliciting or negotiating insurance in violation of §381.115;

6. In 5 instances, EnTitle failed to send annual reviews to the Department for 5 agencies in violation of §381.023;

7. In 9 instances, EnTitle failed to notify the Director within 7 days of the reasons for the termination of an agency in violation of §381.018.5;

8. EnTitle's web based advertising did not adequately distinguish between the applicable risk rate and associated closing costs relating to the amount of savings available to consumers on premium in violation of §375.144;

9. In 4 instances, EnTitle issued closing protection letters where its issuing agent was not conducting the closing in violation of §381.058.3;

10. In 3 instances, EnTitle's escrow closings were reported as settled by EnTitle but were instead settled by a third party in violation of §381.058.1 and .3;

11. In 6 instances, EnTitle recorded deeds from transactions more than 5 business days after all conditions for policy coverage were satisfied in violation of §381.026.1;

12. In 15 instances, EnTitle issued a policy more than 45 days after conditions of escrow were satisfied in violation of §381.038.3;

13. In 8 instances, EnTitle failed to perform a search of title using a title plant in which the records are indexed geographically in violation of §381.071.1 (1);

14. In 9 instances, EnTitle charged a premium that was less than the filed rate in violation of §381.181.2;

15. In 6 instances; EnTitle failed to make filings with the Director in violation of §381.085.4;

16. In 2 instances, EnTitle's agent issued a policy without showing all outstanding and enforceable recorded liens in violation of §381.071.2;

17. In 2 instances, EnTitle failed to issue a closing protection letter in violation of §381.022.5;

18. In 4 instances, EnTitle issued closing protection letters as to the acts of agencies that were not the Company's issuing agent in violation of §381.058.1 and .3;

19. In 1 instance, EnTitle made a disbursement from an escrow account but did not make a corresponding deposit of funds for 3 business days following the transaction in violation of §381.412.2;

20. In 6 instances, EnTitle's agent charged a premium amount different than that shown on the policy in violation of 20 CSR 500-7.130 (1);

21. In 2 instances, EnTitle's agent did not provide a clear, conspicuous and distinct disclosure of premiums and charges in violation of §381.019.1;

22. In 5 instances, EnTitle's agent charged a premium that was more than the rate filed with the Director in violation of §381.181.2;

23. In 46 instances, EnTitle made errors in the premium charged resulting in overcharges in violation of §381.181.2.

WHEREAS, EnTitle does not admit and specifically denies the findings of the Market Conduct Examination but desires to resolve the issues raised in order to promote regulatory efficiency; and

WHEREAS, the Division and EnTitle have agreed to resolve the issues raised in the Market Conduct Examination Report as follows:

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** EnTitle agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those remedial actions at all times, to reasonably assure that the errors noted in the above-referenced market

conduct examination report do not recur. Such remedial actions shall include, but not be limited to, the following:

1. EnTitle agrees to comply with the terms of a Corrective Action Plan monitored by the Division;

2. EnTitle agrees to provide remediation of all premium overcharges noted in the examination report together with interest at the rate of 9% per annum as required by §408.020;

3. EnTitle agrees to review all policies issued in Missouri during the examination period to determine if there were other premium overcharges. If premium overcharges are discovered, EnTitle will provide remediation together with interest at the rate of 9% per annum as required by §408.020;

4. EnTitle agrees to charge premium in accordance with Missouri law as calculated by the risk rate as filed and approved by the Director pursuant to §381.1 71, 20 CSR 500-7.100 and 20 CSR 500-7.020;

5. EnTitle will report all agent and agency terminations within 7 days as required by §381.018.5.

C. **Compliance.** EnTitle agrees to file documentation with the Division within 90 days of the entry of a final order of all remedial action taken to implement compliance with the terms of this Stipulation. The Division acknowledges and agrees that EnTitle has satisfactorily remediated all premium overcharges as required by this Stipulation.

D. **Voluntary Forfeiture.** EnTitle agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$125,000, such sum payable to the Missouri State School Fund, in accordance with §374.049 and §374.280 RSMo Supp. 2013.

E. **Other Penalties.** The Division agrees that it will not seek penalties against EnTitle, other than those agreed to in this Stipulation, for the conduct found in Market Conduct Examination II 03-01-TGT.

F. **Waivers.** EnTitle, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the above referenced Market Conduct Examination.

G. **Changes.** No changes to this stipulation shall be effective unless made in writing and agreed to by all signatories to the stipulation.

H. **Governing Law.** This Stipulation of Settlement and Voluntary Forfeiture shall be governed and construed in accordance with the laws of the State of Missouri.

I. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation of Settlement and Voluntary Forfeiture.

J. **Effect of Stipulation.** This Stipulation of Settlement and Voluntary Forfeiture shall not become effective until entry of a Final Order by the Director of the Department of Insurance, Financial Institutions and Professional Registration (hereinafter the "Director") approving this Stipulation.

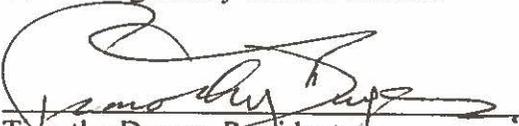
K. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation of Settlement and Voluntary Forfeiture and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: 9/24/14



Stewart Freilich
Senior Regulatory Affairs Counsel

DATE: 9/16/14



Timothy Dwyer, President
EnTitle Insurance Company

EnTitle Insurance Company
Home Office
3 Summit Park Drive, Suite 525
Independence, OH 44131

NAIC Number 51632
Missouri Examination Report Number 11043-01-TGT

Corrective Action Plan

The Company will comply with all Missouri laws and regulations regarding all commitments and policies issued regarding property located in the state of Missouri, including but not limited to Chapter 381, RSMo and Missouri Code of State Regulation Chapter 20 CSR 500-7.

This action plan is based on the understanding that EnTitle is not currently accepting direct orders from consumers for title insurance on real property located in the state of Missouri.

This action plan pertains to the Missouri property transactions. It applies to direct business and agency operations, regardless of the location of the agent or agency. This agreement includes all orders and inquiries regarding title insurance on Missouri property transactions received via internet, personal contact, phone or other means.

1. The Company will provide written notice to the Department if it chooses to re-enter the Missouri market by directly accepting orders from Missouri consumers. Notification will be sent in writing to the Insurance Market Regulation Division, Room 530, 301 W. High Street, Jefferson City, Missouri 65101. This notification will include the date the Company plans to begin receiving orders, and an outline of the marketing business plan, the names of the agents, and office address offering, selling, soliciting, negotiating or issuing title insurance policies for EnTitle and the Missouri license number of employees handling the Missouri transactions.
2. If the Company chooses to sell, solicit or negotiate title insurance in the Missouri market using independent agents or agencies it will notify the DIFP 30 days prior to marketing or accepting orders. Notification will be sent in writing to the Insurance Market Regulation Division, Room 530, 301 W. High Street, Jefferson City, Missouri, 65101. This notification shall include the date the Company plans to begin receiving orders, the names of the agents, and agencies offering, selling, soliciting, negotiating or issuing title insurance policies for EnTitle, the address of each agency or agent, and the Missouri license number.
3. The Company agrees that it will not engage the services of any person, business entity, or organization to sell, solicit, or negotiate a title insurance policy or closing protection letter, to calculate premiums for a title insurance policy, to determine insurability of title, to search or examine title, to execute title insurance documents, or to handle escrow settlements as its employee or as its agent, or through any direct or indirect business relationship, unless the Company has first verified that the individual (including employees of Entitle or its affiliates) or business entity so engaged holds a valid Missouri title agent or title agency license. The Company agrees that it may subcontract for certain services (for example, search of title) but may not do so unless it has first verified that the individual (including employees of Entitle or its affiliates) or business entity so engaged holds a Missouri title insurance agent or agency license. All agreements described herein will be provided to the Department of Insurance upon request. The Company will also provide the licensing documentation of any subcontractors to the DIFP upon request.
4. The Company will conduct annual on site audits of all agents issuing Missouri commitments or policies regardless of the location of the agent pursuant to Section 381.023, RSMo and 20 CSR 500-7.080. A T-6 form will be completed for those audits. The T-6A and B will be filed with the Department within 120 days of the

onsite audit.

5. The Company agrees that all advance title insurance pricing, and estimates related to closing and escrow services, will be disclosed pursuant to 20 CSR 500-7.050, using form T-1, and that no such estimates will be provided unless prepared and signed by an agent of the Company holding a Missouri title insurance agent license. The Company further agrees that the license number of the agent signing the estimate will appear below the signature of that agent. The Company may duplicate the T-1 form on its own letterhead. The Company agrees to not further amend the form. The Company agrees to provide a quarterly statement to the DIFP listing each such quote provided and the name of each signing agent. The quarterly statement will be provided to the DIFP for three years after entry of this Stipulation of Settlement and Voluntary Forfeiture related to Market Conduct Exam No. 1103-01-TGT (the "Stipulation").
6. Any cost or pricing comparisons made by Entitle to other companies will compare like products, services and risk rates and should provide Missouri consumers with a clear explanation of what is being compared or what is the basis for the Company's comparison. The Company will maintain materials used in the comparison such as, but not limited to, filings, advertisements, or quotes of EnTitle as well as the material used from other companies. The documentation as well as the method of calculations and factors used for the comparison will be available for examiner review for a period of three years from the date the comparison was last used.
7. After one year, and within one year and three months of entry of the Stipulation, the Company will provide a complete list of all Missouri title insurance policies issued by the Company or any of its agents during that one year period and will include the name and Missouri title insurance license number of the individual who examined title for each such title insurance policy. The Company will be prepared to provide a complete copy of any title examination, title insurance, and title escrow files relevant to each such title insurance policy.

The Company will include in all agency contracts for agents that issue commitments or policies on Missouri property that Missouri title insurance files will be maintained for a period of not less than 15 years pursuant to Section 381.071.3, RSMo. For the three years following the Company's re-entry into the Missouri Market using Title Agencies, the Company will verify at least annually that its agents are in fact maintaining Missouri property files for a minimum of 15 years.

8. The Company will not issue closing protection letters unless they have contracted with the agent or agency to issue their policies. Then closing protection letters or closing protection waivers will be issued pursuant to the laws governing closing protection letters in Missouri.
9. At least semiannually for three calendar years following the adoption of the stipulation The company will provide a report of any deeds and security instruments for real estate closings handled by it that were not filed with the recorder of deeds within five business days after completion of all conditions required pursuant to Section 381.026.1, RSMo.
10. At least semiannually for three calendar years following the adoption of the stipulation, the Company will provide a report to the Department of all policies issued more than 45 days after all conditions of escrow are satisfied. The data provided will include the agent and Missouri producer license.
11. At least semiannually for three calendar years following the adoption of the stipulation, all advertisement and marketing materials (including the Company's website) available to Missouri consumers will be reviewed. This review will include lenders, and purchasers of Missouri property, including information and advertising on the internet or by phone will ensure that premium is clearly and accurately reflected as defined, and utilizing the rates filed with Missouri, The review will also ensure the materials are reflective of the disclosures as set out in 20 CSR 500-7.050 and disclosed pursuant to this agreement on a T-1 form as described above. The Company must review and approve the use of any marketing materials or advertising.

The Company will ensure that these advertisements and marketing materials are not misleading or deceiving in any way. The Company will document who conducted the audit. Any comparisons made by the Company must be fair and accurate.

STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND
PROFESSIONAL REGISTRATION



FINAL MARKET CONDUCT EXAMINATION REPORT
of Title Insurance business of

ENTITLE INSURANCE COMPANY

Home Office
4600 Rockside Road, Suite 104
Independence, OH 44131

NAIC NUMBER: 51632

September 24, 2014

REPORT NUMBER: 1103-01-TGT

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FOREWORD

This is a market conduct examination report of EnTitle Insurance Company, NAIC #51632. This examination was conducted at the offices of the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) located in St. Louis and Jefferson City, Missouri

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures, products, or files does not constitute approval thereof by the DIFP.

During this examination, the examiners cited errors made by the Company. Statutory citations were as of the examination period unless otherwise noted.

When used in this report:

- "Company," "EnTitle," "EnTitle Insurance Company," and "EnTitle Direct" all refer to EnTitle Insurance Company;
- "CSR" refers to the Missouri Code of State Regulation;
- "DIFP" refers to the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- "Director" refers to the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- "NAIC" refers to the National Association of Insurance Commissioners;
- "CPL" refers to Closing Protection Letter
- "RSMo" refers to the Revised Statutes of Missouri. All citations are to RSMo (Supp. 2010), unless otherwise specified.

SCOPE OF EXAMINATION

The DIFP has authority to conduct this examination pursuant to, but not limited to, §§374.110, 374.190, 374.205, 375.445, 375.938, 375.1009, and Chapter 381, RSMo.

The purpose of this examination was to determine if the Company complied with Missouri statutes and DIFP regulations and to consider whether the Company's operations are consistent with the public interest. The primary period covered by this review is January 1, 2008, through March 31, 2011, unless otherwise noted. Errors outside of this time period discovered during the course of the examination, however, may also be included in the report.

The examination was a targeted examination involving Title Insurance. The following business functions were reviewed: underwriting, claims, complaints, escrow, trusts and similar accounts, and licensing.

The examination was conducted in accordance with the standards in the NAIC's Market Regulation Handbook.

In performing this examination, the examiners only reviewed a sample of the Company's practices, procedures, products and files. Therefore, some noncompliant practices, procedures, products and files may not have been discovered. As such, this report may not fully reflect all of the practices and procedures of the Company. As indicated previously, failure to identify or criticize improper or noncompliant business practices in this state or other jurisdictions does not constitute acceptance of such practices.

COMPANY PROFILE

The following Company profile was provided to the examiners by the Company.

Founded in 1978 as Guardian National Title Insurance Company, we changed our name in 2008 to better reflect our mission for the next 30 years and beyond. EnTitle Insurance serves both agents and consumers around the country with a focus on delivering the highest level of customer service.

Originally founded as an Ohio title insurance underwriter, EnTitle Insurance has expanded its footprint in order to offer an alternative to the Big 4 underwriters across the nation. The Company is currently in 38 states and counting. The corporate headquarters remain in Independence, Ohio. Our growth, however, has been deliberate and prudent in order to ensure that our partners and customers continue to receive the same unsurpassed level of customer service. Our experienced and friendly team of professionals is always glad to serve you. We are all committed to providing excellent customer service.

EXECUTIVE SUMMARY

The DIFP conducted a targeted market conduct examination of EnTitle Insurance Company. The examiners found the following principal areas of concern:

- The examiner reviewed 17 agency contracts of EnTitle Insurance Company. All of the agency contracts contained provisions likely to permit retention of a title insurance file for a period shorter than the Missouri statutory minimum.
- EnTitle entered into five written agreements appointing altogether seven unlicensed individuals as agents of the Company in Missouri.
- EnTitle entered into one written agreement appointing an unlicensed business entity to act as an agency of the Company in Missouri.
- The Company employed an unlicensed individual to act on its behalf in materially underwriting, examining, negotiating, and rating title insurance products.
- The examiner was not able to identify from information in the file any licensed agent who examined title in any of ten files of EnTitle Direct reviewed for this examination.
- The examiner found four files in which the Company relied upon the acts of one or more companies or individuals acting in the capacity of title insurance agents but who did not hold a title agency or title agent license issued by the Missouri DIFP.
- The Company often failed to report termination of appointed agencies to the Director.
- The Company sometimes performed periodic reviews of appointed agencies without providing a report of those reviews to the Director as required.
- In one instance the Company performed a review of an appointed agency, discovered a defalcation during the review, and terminated the agency because of the defalcation but failed to file a report of the review with the Director and failed to advise the Director of the for-cause agency termination.
- The examiner found 46 instances of premium overcharges resulting by reason of use of a rate filing scheme never accepted for use by the Director and leading to aggregate refunds of more than \$8,000.00.
- The examiners demonstrated that the Company claimed to offer premium discounts to its customers and asserted that the offered discounts resulted in title insurance premiums less than those offered by competitors, even though the claimed discounts were not filed as rates in Missouri and even though the rates offered were not less than those offered by competitors.
- The Company issued a Closing Protection Letter identifying various business entities as its settlement agents in four instances, even though the business entities were not under contract as EnTitle agencies for Missouri.
- EnTitle Insurance Company identified itself as the settlement agent in three files reviewed by the examiners, and EnTitle Insurance Company issued Closing Protection

Letters to lenders identifying itself or its purported employee as the settlement agent, but the actual settlement agent was a third party business entity not licensed in Missouri.

- The examiners found two instances in which EnTitle Insurance Company failed to determine insurability in accordance with sound underwriting practices, in one file because the Company vested title in a trust but had no evidence in the file that title had conveyed to the trust, and in the second file because the Company insured the lien of a mortgage from a married person without the joinder or the consent of the owner's spouse.
- In six files reviewed, EnTitle Insurance Company recorded deeds from the transaction more than five business days after all conditions for policy coverage were satisfied.
- In four files reviewed, agents of the Company recorded deeds from the transaction more than five business days after all conditions for policy coverage were satisfied.
- In eight files reviewed, EnTitle Insurance Company issued the policy more than 45 days after conditions of escrow were satisfied.
- In seven files reviewed, agents of the Company issued the policy more than 45 days after conditions of escrow were satisfied.
- In one instance an agent of the Company made a deposit of funds to an escrow account three days after disbursing the funds.
- In seven files reviewed, the Company charged a policy premium that was less than the rate filed.
- Agents of the Company charged a risk rate premium that was less than the rate filed in seven files reviewed.
- Agents of the Company charged a risk rate premium that was more than the rate filed in five files reviewed.

Examiners requested that the Company make refunds concerning underwriting premium overcharges and claim underpayments found for amounts greater than \$5.00 during the examination if any were found.

Various non-compliant practices were identified, some of which may extend to other jurisdictions. The Company is directed to take immediate corrective action to demonstrate its ability and intention to conduct business according to the Missouri insurance laws and regulations. When applicable, corrective action for other jurisdictions should be addressed.

EXAMINATION FINDINGS

I. SALES AND MARKETING

This section of the report details the examination findings regarding the Company's compliance with the laws that monitor marketing practices. The items reviewed were the Company's Certificate of Authority for Missouri, licensing records pertaining to the Company's sales personnel, and product marketing/advertising materials.

A. Company Authorization

Missouri law determines which companies may sell insurance and the lines of insurance these companies may sell by requiring that each obtain the appropriate authority to transact the business of insurance. To protect the consumer, Missouri enacted laws and regulations to ensure that companies provide fair and equal treatment in its business dealings with Missouri citizens. An insurance company receives a Certificate of Authority that allows it to operate within the state only after it complies with certain application requirements regulated by the DIFP.

EnTitle Insurance Company, an Ohio corporation, has current authority in Missouri to transact business in the following lines of insurance:

Title Insurance

Regarding the Company's operation in Missouri, the examiners found EnTitle Insurance Company to be operating within the scope of its Certificate of Authority.

B. Corporate Practices

EnTitle agency agreements as used in Missouri contain language requiring the agent to preserve in its possession all supporting documents on which the determination of insurability is made and to provide the insurer with reasonable access to the documents "during the term of this Agreement and for a period of not less than ten (10) years thereafter."

This provision for file maintenance is found in each of the 17 agency contracts listed below. Evidence of the examination of title and determination of insurability is to be preserved and retained for a period of not less than fifteen years after the title insurance policies have been issued.

Tom W. Cardin PC dated 8/17/2010.
TitleServ of New Jersey Inc. dated 12/29/2010.
Sterling Title Services LLC dated 4/12/2010.
Mountain View Land Title Company dated 7/21/2010.
Missouri Title Inc. dated 12/21/2010.
Midwest Title & Escrow LLC dated 9/7/2010.
Liberty Land Title LLC dated 1/14/2010.

Guardian Title Company Inc. dated 9/10/2010.
Exact Title Services LLC dated 9/21/2010.
Docu-File Inc. dated 11/20/2009.
Direct Title Insurance Agency Inc. dated 12/1/2008.
Complete Title Services of Southwest Missouri LLC dated 8/9/2010.
Christian County Land Title Company dated 7/19/2010.
CB Title Inc. dated 4/16/2010.
BMJ Title LLC dated 9/10/2010.
Atlas Title Agency LLC dated 7/15/2010.
Associates Title Inc. dated 11/5/2009.

Reference: §381.071.3, RSMo (Supp. 2010)

C. Licensing of Agents and Agencies

Missouri law requires the Company to sell its insurance products through individuals and entities which the DIFP licenses. The Missouri licensing process intends to protect the public interest by requiring title insurance agents pass examinations in order to qualify for a license. This process seeks to ensure that the prospective producer is competent and trustworthy.

The examiners found the following errors during their review:

In the following five instances, the Company appointed agents to act for the insurer, who had no license.

EnTitle frequently uses an agency agreement format creating both a business entity agency and an individual agent agreement. The individuals who are parties to the agreements sometimes are not licensed as agents by the Missouri Department of Insurance Financial Institutions and Professional Registration.

EnTitle failed to have on file proof that the title agent was licensed at the time that a written contract was entered into or before it became effective.

- The agency agreement with Atlas Title Agency LLC of July 15, 2010 was also an agreement with three individuals who were not licensed agents.
- The agency agreement with Complete Title Services of Southwest Missouri LLC dated August 9, 2010 was also an agreement with one individual who did not have a license.
- The agency agreement with BMJ Title LLC was also an agreement with an individual whose license expired December 3, 2006 and has not been renewed.
- The agency agreement with CB Title Inc. of April 16, 2010 was also an agreement with an individual whose license expired May 4, 2007.

- The agency agreement with Sterling Title Services LLC was also a contract with an individual whose license expired February 3, 2008.

Reference: §381.018.3, RSMo (Supp. 2010)

The agency agreement with Associates Title Inc. dated November 5, 2009 authorizes Associates Title Inc. to write in Missouri beginning in February 2010. Associates Title Inc. did not hold a Missouri license at the date of the contract. (The examiner notes that Associates Title Inc. later obtained license 8152204 dated May 14, 2012.)

The Company entered into an agreement appointing an unlicensed business entity to write its policies in Missouri. The title insurer failed to have on file proof that the title agency was licensed at the time a written contract was entered into or before it became effective.

Reference: §381.018.3, RSMo (Supp. 2010)

Employees of EnTitle examined title, issued a commitment to insure, and issued a loan policy of title insurance in each of the following ten files, but the examiner was not able to identify the individuals who examined title and who analyzed and underwrote the risks in any of these files. The Company explained that its employed licensed agent or agents were called upon only for title issues and questions that required “additional review and corrective action,” and that the licensed agent or agents acted in the capacity of a supervisor but did not review each file.

No person shall sell, solicit or negotiate insurance in this state for any class or classes of insurance unless he or she is licensed for that line of authority as provided by statute.

<u>Direct Title File</u>	<u>Policy No.</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Examination by</u>
2010-7627	10043	LP	258,593.00	8/18/2010	EnTitle Direct
2010-8106	10042	LP	417,000.00	8/11/2010	EnTitle Direct
2010-8167	10045	LP	126,880.00	8/19/2010	EnTitle Direct
2010-9432	10089	LP	66,000.00	10/7/2010	EnTitle Direct
2010-14695	10113	LP	245,487.00	12/21/2010	EnTitle Direct
2010-14855	10116	LP	197,000.00	1/4/2011	EnTitle Direct
2010-8092	10106	LP	78,000.00	12/1/2010	Genesis Title Agency
2011-15319	10155	LP	94,200.00	3/3/2011	EnTitle Direct
2011-15324	10139	LP	146,000.00	2/21/2011	EnTitle Direct
2009-3380	10009	LP	243,500.00	11/25/2009	EnTitle Direct

Reference: §§381.115.1-3, & 375.014.1, RSMo (Supp. 2010)

The Company employed Michael A. Holden as an individual authorized to act on its behalf in materially underwriting, examining, negotiating, and rating title insurance products. Conducting the business of title insurance in Missouri requires a proper license issued by the Missouri Department of Insurance, Financial Institutions and Professional Registration. At the time of his employment with EnTitle Michael A. Holden was not licensed by the DIFP to sell title insurance. Michael A. Holden’s name had never been entered in its register of Missouri agents.

The Company failed to provide information available from a register of appointed insurance producers. The Company register of appointed insurance producers is to be open to inspection and examination by the director during regular business hours of the insurer. Upon request by the director, insurers shall provide documentation that license verification procedures were followed.

Reference: §§381.031(19), 381.115, 375.022, RSMo (Supp. 2010)

EnTitle Insurance Company employed Michael Holden as its agency manager in Missouri. The insurer contracted with an individual who was not licensed to act in the capacity of a title agency or title agent with respect to risks located in this state.

Reference: §381.115.4, RSMo (Supp. 2010).

EnTitle issued closing protection letters dated July 13, 2010 and August 25, 2010 naming Genesis Title as the "settlement agent." Genesis Title issued a commitment to insure on EnTitle paper. EnTitle file notes indicate the commitment to insure issued by Genesis Title was received and approved by EnTitle on July 19, 2010. An executed settlement statement dated August 26, 2010 itemizes payments to Genesis Title Agency of \$150.00 for title examination and \$100.00 for a title insurance binder.

The Company allowed Genesis Title Agency to act as its agent in the file identified below when there was no written contract between the parties.

<u>EnTitle File</u>	<u>Policy No.</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>
2010-8092	10106	LP	78,000.00	12/1/2010

Reference: §§375.014.1, & 381.018.1 RSMo (Supp. 2010) and 20 CSR 100 - 8.040(3)(A)1.B. (effective 1/30/2009).

In each of the following four files, Direct Title Insurance Agency relied upon the acts of one or more companies or individuals acting in the capacity of title insurance agents but who did not hold a title agency or title agent license issued by the Missouri DIFP, Financial Institutions and Professional Registration. No person is permitted to sell, solicit or negotiate insurance in this state for any class or classes of insurance unless he or she is licensed for that line of authority.

In each of the following four files, Direct Title Insurance Agency relied upon the acts of one or more companies or individuals acting in the capacity of title insurance agents but who did not hold a title agency or title agent license issued by the Missouri DIFP. No person is permitted to sell, solicit or negotiate insurance in this state for any class or classes of insurance unless he or she is licensed for that line of authority.

The only licensed agent associated with Direct Title Insurance Agency was Christopher L. Durling, a principal of the agency. The examiner saw no indication that Mr. Durling was directly involved in any of these files. The examiner observed an apparent stamped signature of his name on some documents.

No person may transact the business of title insurance unless authorized as a title insurer, title agency, or title agent. **Reference:** § 381.115, RSMo (Supp. 2010).

No person is permitted to sell, solicit, or negotiate insurance in this state unless properly licensed for that line of authority. **Reference:** § 375.014, RSMo (Supp. 2010).

Handling of escrows, settlements, or closings is a part of the business of title insurance. **Reference:** § 381.031.19, RSMo (Supp. 2010).

The Missouri custom in real estate transactions favors table funding. The title insurance coverage paid for at the time of closing has the effect of activating coverage under the terms of the title insurance policy without regard to whether the deeds evidencing the transaction have or have not been recorded, even in fact without regard to whether the deeds are ever recorded.

<u>Agent File</u>	<u>Policy No.</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Unlicensed Party</u>	<u>Acted as</u>
09-32453	1002	LP			American National Title Insurance Agency	Settlement agent
09-33076	1003	LP	182,500.00	7/23/2009	Jodi Montez and Mandi Wrobel	Settlement, closer
10-42216	5001	OP	80,000.00	7/24/2009	Jodi Hall	Escrow
09-32072	1008	LP	37,250.00	5/11/2010	Mandi Wrobel	Closer
			164,000.00	9/1/2009		

In agent file 09-32453, the settlement statement was prepared by a company identified on the settlement statement as American National Title Insurance Agency. The settlement statement reflected premium for title insurance paid to American National Title Insurance Agency. American Title Insurance Agency was not licensed in Missouri as a title insurance agency. Both the Company's agent and American National Title Insurance Agency conducted business from the same address. The Company received and settled a claim arising from the transaction insured in this agent file. The Company's claim files reflect settlement of the insured transaction by American National Title Insurance Agency. The Company was not unaware that an unlicensed agency was acting on its behalf.

In agent file 09-33076 one Jodi Montez authorized transfer of funds by wire from escrow to effectuate the transaction leading to the title insurance policy. Jodi Montez was not licensed as a title insurance agent in Missouri. One Mandi Wrobel signed the settlement statement on behalf of Direct Title Insurance Agency. Mandi Wrobel was not licensed as a title insurance agent in Missouri.

In agent file 10-42216 one Jodi Hall ordered two wires from escrow to effectuate the transaction leading to the title insurance policy. Jodi Hall was not licensed as a title insurance agent in Missouri.

In agent file 09-32072 Mandi Wrobel acted as the escrow officer for Direct Title Insurance Agency. Mandi Wrobel was not licensed as a title insurance agent in Missouri.

Reference: §§375.014.1, 381.031(19) & 381.115, RSMo (Supp. 2010) and 20 CSR 100 - 8.040(3)(A)1.B. (effective 1/30/2009).

The Company failed to send annual reviews of the operations of the following five agencies to the Director for each of the years specified.

<u>Agency</u>	<u>License</u>	<u>Expires</u>	<u>Agency Signed</u>	<u>Years Omitted</u>
Atlas Title Agency LLC	8063107	12/8/2012	7/15/2010	2011
Associates Title Inc.	8046142	4/1/2012	11/15/2009	2010, 2011
Complete Title Services of Southwest Missouri LLC	8018544	8/2/2012	8/9/2010	2011
Direct Title Insurance Agency Inc.	8021538	7/7/2012	12/1/2008	2009, 2010
Docu-File Inc.	8021335	5/4/2012	11/20/2009	2010, 2011

- The Company advised that it did not conduct audits of Atlas Title Agency LLC and Complete Title Services of Southwest Missouri LLC because those agents were terminated prior to the scheduling of the audits.
- As to Atlas Title Agency, the Company has provided a copy of a form filed by the agency with the Ohio Department of Insurance. That form does not appear to comply with the Missouri statutory audit standards.
- As to Complete Title Services of Southwest Missouri LLC, the Company sent the examiner a copy of its “Missouri Action Plan” (marked “Confidential”). The “Missouri Action Plan” included a statement by the Company that “Reports for 2010 and, if necessary, 2011 will be completed for filing once an audit is complete,” making it appear that an audit was in process. The DIFP has no record of receiving a report of audit of Complete Title Services of Southwest Missouri.
- The Company provided the examiner with a copy of its report of audit of Associates Title Inc. for the year 2010, but that report omits some of the data required for the Missouri review of an agency. The Company also provided a copy of a form filed by the agent with the Ohio Department of Insurance for the year 2011. That form does not appear to comply with the reporting standards required in Missouri. Though not then licensed by the DIFP, Associates Title Inc. was a contracted agency for EnTitle Insurance Company in Missouri during the years 2010 and 2011.
- As to Direct Title Insurance Agency Inc., the Company’s “Missouri Action Plan” advised, “an audit was performed in January 2011.” The Director has not received a report of that audit.

Reference: §381.023, RSMo (Supp. 2010).

The Company failed to notify the Director within seven days of the reasons for termination of the following nine agencies.

<u>Agency</u>	<u>License</u>	<u>Expires</u>	<u>Signed</u>	<u>Terminated</u>
BMJ Title LLC	8026482	4/16/2011	9/10/2010	5/10/2011
Christian County Land Title Company dba General Land Title Company	828	5/30/2011	7/19/2010	5/28/2011
Direct Title Insurance Agency Inc.	8021538	7/7/2012	12/1/2008	1/6/2011
Guardian Title Company Inc.	2804	3/3/2012	9/10/2010	5/25/2011
Midwest Title & Escrow LLC	8025971	4/13/2013	9/7/2010	5/25/2011
Missouri Title Inc. dba Louisiana Title Co	7915	6/1/2011	12/21/2010	5/25/2011
Mountain View Land Title Company dba Potosi Abstract Company, Mountain View Land Title Company dba American Heritage Abstract	8011619 and 8052640	11/10/2012 and 8/3/2012	7/21/2010	5/25/2011
Sterling Title Services LLC	8024514	5/21/2012	4/12/2010	5/9/2011
TitleServ of New Jersey Inc.	8014068	3/19/2012	12/29/2010	4/15/2011

Reference: §381.018.5, RSMo (Supp. 2010).

The Company terminated the following agency for a cause for which the Director may suspend, revoke, refuse to issue or refuse to renew an insurance license, but failed to report the termination to the Director within 30 days. The Company terminated its agency relationship with Direct Title Insurance Agency, Inc. by letter dated January 6, 2011. The termination was effective immediately. At the time of the termination, Direct Title Insurance Agency, Inc. was a contracted Missouri title insurance agency for EnTitle Insurance Company.

The Company terminated its agency relationship with Direct Title Insurance Agency, Inc. because of discovery of a substantial shortage of funds in escrow accounts. The Company became aware of the shortage of funds during an audit.

The insurer failed to report termination of its contract with a producer for a cause for which the Director may suspend, revoke, refuse to issue or refuse to renew an insurance producer license.

<u>Agency</u>	<u>License</u>	<u>Expires</u>	<u>Agency signed</u>	<u>Terminated</u>
Direct Title Insurance Agency Inc.	8021538	7/7/2012	12/1/2008	1/6/2011

Reference: §§375.022.5 and 375.141.1, RSMo (Supp. 2010).

D. Marketing Practices.

Missouri law requires that the Company be truthful and provide full disclosure in the sale and promotion of its insurance products. The examiners reviewed the Company’s marketing and advertising materials, including training practices for producers, for the period January 1, 2008, through March 31, 2011, to ensure they were not in violation of Missouri statutes or regulations. The Company markets its products through direct operations, affiliated agents and independent agents.

The examiners found the following concern during this review.

The Company utilizes advertising in which it claims to sell title insurance directly to consumers at 35% savings.

The risk rate filed by EnTitle is not 35% less than the risk rate filed by other Title Insurers in the Missouri. In at least 2 instances the filed risk rate is the same as the risk rate filed by EnTitle with at least 2 other Title Insurers.

The Company website initially indicates "Save 35% Or More On Title Insurance And substantially Reduce Your Closing Costs" It further indicates that "ENTITLE Direct is the ONLY title insurance company that markets and sells title insurance directly to consumers at 35% savings." If a consumer requests a quote for Missouri, the company provides a quote for Missouri properties which in all instances reviewed indicated "Title insurance premium from Major competitors: to be equal to "Your Title Insurance Premium from EnTitle Direct" in addition it shows a savings or "\$0.00" These conflicting statements can be misleading to Missouri Consumers.

By using advertising promising discounts that are not available, the Company has engaged in a pattern or practice of making false statements in connection with the offer, sale, solicitation or negotiation of insurance.

Reference: § 375.144, RSMo (Supp. 2010)

The Company issued Closing Protection Letters to lenders offering assurances as to the acts of agencies that were not the Company's Issuing Agents in the four files listed below.

By its terms, a Closing Protection Letter protects the recipient from losses only when the insurer's Issuing Agent conducts a closing of a real estate transaction. In Missouri, the insurer is permitted to issue a Closing Protection Letter only when its Issuing Agent conducts the closing. None of the Closing Protection Letters in these four files offered assurances in connection with real estate transactions in which the closing was to be conducted by an Issuing Agent of EnTitle Insurance Company.

By issuing Closing Protection Letters in these four files, EnTitle Insurance Company misrepresented one or more material facts, because the named settlement agent was not an Issuing Agent and because EnTitle was not authorized to issue the letters in any Missouri transaction not to be closed by its Issuing Agent.

In addition, by issuing several such Closing Protection Letters, EnTitle Insurance Company has engaged in a practice of making false statements of material facts in connection with the offer, sale, solicitation or negotiation of insurance.

<u>EnTitle File</u>	<u>Policy No.</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Date of CPL</u>	<u>Agency Named in CPL</u>
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<u>EnTitle File</u>	<u>Policy No.</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Date of CPL</u>	<u>Agency Named in CPL</u>
2010-9432	10089	LP	66,000.00	10/7/2010	8/20/2010	Atlas Title Agency
2010-8092	10106	LP	78,000.00	12/1/2010	8/25/2010	Genesis Title Agency
2010-14855	10116	LP	197,000.00	1/4/2011	1/4/2011	Community Title Services
2010-14695	10113	LP	245,487.00	12/21/2010	12/22/2010	Community Title Services

Reference: §§381.058.1 and .3, RSMo (Supp. 2010).

Escrow closings in the following three EnTitle Direct files were reported as settled by EnTitle Insurance Company but were instead settled by a third party.

In response to examiner inquiry, the Company advised that certain escrow activities in these files were handled by National Real Estate Information Services. As an additional part of its response, the Company supplied a copy of a "Vendor Management Agreement" dated August 1, 2008. By that agreement, EnTitle Insurance Company engaged National Real Estate Information Services to provide certain services, including Settlement Services. The "Vendor Management Agreement" defines Settlement Services to include preparation of HUD-1 and HUD-1A settlement statements; management, receipt, distribution, and reconciliation of escrow/trust account funds; payoffs of all mortgages, liens, transfer taxes, outstanding taxes and assessments, and any other items required to be paid off by lender or at the request of the Company.

By the terms of the "Vendor Management Agreement" EnTitle Insurance Company also agreed to cooperate with National Real Estate Information Services in opening escrow accounts in order to facilitate National Real Estate Information Services management of disbursement activities and settlements to be conducted in the name of EnTitle Insurance Company, and to permit certain employees of National Real Estate Information Services to sign on those escrow accounts.

The "Vendor Management Agreement" specified that EnTitle Insurance Company would be identified as the Settlement Agent.

<u>EnTitle File</u>	<u>Policy No.</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>CPL Dated</u>
2009-3380	10009	LP	243,500.00	11/25/2009	10/30/2009
2011-15324	10139	LP	146,000.00	2/21/2011	1/19/2011
2010-8106	10042	LP	417,000.00	8/11/2010	8/19/2010

The specific errors found in the three files listed above are as follows:

- **File 2009-3380.** The file contains a copy of a cancelled check drawn on Citizens Bank Pennsylvania in the amount of \$237,573.53. The check identifies the account holder as "EnTitle Insurance Co., Escrow Trust Account National Real Estate Info Svcs. Admin Agent" located at 100 Beecham Drive, Pittsburgh, PA 15205 and at phone 412-921-7400. That address and business phone are shown on DIFP license 8011064 as issued to National Real Estate Information Services and last renewed August 13, 2012. That is

also the address and business phone shown in the contact information at the web site of National Real Estate Information Services as of August 29, 2012.

The FedEx label for the closing package returned to the lender in file 2009-3380 shows the shipper as Melissa Placek of National Real Estate. The Settlement Agent Certification in the file was signed by Melissa Placek. The settlement statement in the file named the Settlement Agent as EnTitle Insurance Co. and was signed by Melissa Placek for EnTitle Insurance Co. Melissa Placek was not employed by EnTitle Insurance Company.

EnTitle Insurance Company sent the lender in file 2009-3380 a Closing Protection Letter dated 10/30/2009 that named the Issuing Agent as "Glady Cyhannell, EnTitle Insurance Company."

The settlement in file 2009-3380 was not conducted by EnTitle Insurance Company or its employee. National Real Estate Information Services conducted the settlement in this file.

National Real Estate Information Services is not an Issuing Agent of EnTitle Insurance Company in Missouri.

- **File 2011-15324.** This file contains a copy of a Ledger Card showing receipt of funds into escrow totaling \$816.31 and disbursements in the same amount. The Ledger Card identifies the related bank account as a Citizen Bank account numbered XXXX1632. (This appears to be the same account as used in file 2010-8106 discussed below.)

The FedEx label for the closing package returned to the lender in file 2011-15324 shows the shipper as Linda Barnes of National Real Estate. The settlement statement in the file identifies the Settlement Agent as EnTitle Insurance Company.

EnTitle Insurance Company sent the lender in file 2011-15324 a Closing Protection Letter dated January 19, 2011 naming the Issuing Agent as "Michelle Murray, EnTitle Insurance Company." Michelle Murray, the named employee of EnTitle Insurance Company, is not licensed as a title insurance agent by the DIFP.

The settlement in file 2011-15324 was not conducted by EnTitle Insurance Company. National Real Estate Information Services conducted the settlement in this file.

National Real Estate Information Services is not an Issuing Agent of EnTitle Insurance Company in Missouri.

- **File 2010-8106.** The file contains a copy of a cancelled check drawn on Citizens Bank in the amount of \$393,448.63. The check identifies the account holder as "EnTitle Insurance Co., Escrow Account NREIS, Admin" located at 100 Beecham Drive, Pittsburgh, PA 15205 and at phone 800-753-3339. That address is shown on DIFP license 8011064 as issued to National Real Estate Information Services as last renewed

August 13, 2012. That is also the address shown in the contact information at the web site of National Real Estate Information Services as of August 29, 2012. The contact information at the web site of National Real Estate Information Services shows that 800-753-3339 is the toll free number of National Real Estate Information Services.

EnTitle Insurance Company sent the lender in file 2010-8106 a Closing Protection Letter dated July 16, 2010 naming the Issuing Agent as "EnTitle Insurance Company."

The settlement in file 2010-8106 was not conducted by EnTitle Insurance Company. National Real Estate Information Services conducted the settlement in this file.

National Real Estate Information Services is not an Issuing Agent of EnTitle Insurance Company in Missouri.

In Missouri the insurer is permitted to issue a Closing Protection Letter only when the closing is conducted by its Issuing Agent.

None of the Closing Protection Letters in these files offered assurances in connection with real estate transactions in which the closing was to be conducted by an Issuing Agent of EnTitle Insurance Company.

By issuing Closing Protection Letters in these three files, EnTitle Insurance Company misrepresented one or more material facts, because the named settlement agent was not the actual settlement agent, and because the actual settlement agent was not an Issuing Agent of EnTitle Insurance Company in Missouri, and because EnTitle was not authorized to issue the letters in any Missouri transaction not closed by its Issuing Agent.

Reference: §381.058.1 and .3, RSMo (Supp. 2010)

II. UNDERWRITING AND RATING PRACTICES

This section of the report is designed to provide a review of the Company's underwriting and rating practices. These practices include the use of policy forms, adherence to underwriting guidelines, assessment of premium, and procedures to decline coverage. Examiners reviewed how the Company handled issuing policies to ensure that the Company underwrote and rated risks according to their own underwriting guidelines, filed rates, and Missouri statutes and regulations.

Because of the time and cost involved in reviewing each policy/underwriting file, the examiners utilize sampling techniques in conducting compliance testing. A policy/underwriting file is reviewed in accordance with 20 CSR 100-8.040 and the *NAIC Market Regulation Handbook*. Error rates are established when testing for compliance with laws that apply a general business practice standard (e.g., §§375.930 – 375.948 and §375.445, RSMo) and compared with the NAIC benchmark error rate of ten percent (10%). Error rates in excess of the NAIC benchmark error rate are presumed to indicate a general business practice contrary to the

law. Errors indicating a failure to comply with laws that do not apply the general business practice standard are separately noted as errors and are not included in the error rates.

The Company utilizes direct operations and independently owned agencies to provide its product to Missouri consumers. Each of these areas of business was reviewed separately.

An error can include, but is not limited to, any miscalculation of the premium based on the information in the file, an improper acceptance or rejection of an application, the misapplication of the Company's underwriting guidelines, incomplete file information preventing the examiners from readily ascertaining the Company's rating and underwriting practices, and any other activity indicating a failure to comply with Missouri statutes and regulations.

The examiners reviewed title and policy files to determine the accuracy of rating and adherence to prescribed and acceptable underwriting criteria. The examiners reviewed the Company's policy and contract forms to determine its compliance with filing, approval, and content requirements, and to ensure that the contract language is not ambiguous or misleading and is adequate to protect those insured.

Direct Operations

Field Size:	195
Sample Size:	20
Type of Sample:	Random
Errors:	10
Percent in Error:	50%

*Indicates the file contains multiple violations but is only counted once in the above error ratio.

The examiners found the following errors in this review.

No policy of title insurance is to be written unless and until the insurer has made a determination of insurability of title in accordance with sound underwriting practices.

In the following file, EnTitle Direct, an operating subsidiary of EnTitle Insurance Company, issued a loan policy of title insurance vesting title to a trust named as grantee in a Beneficiary Deed recorded in 2007. The trust is also the grantor named in the insured mortgage. Information in the file does not demonstrate that the grantor named in the Beneficiary Deed was the owner of the property and does not indicate that the grantor named in the Beneficiary Deed has died.

The file also contains evidence of a judgment entered in a decree of dissolution for \$100,000.00. The judgment was not reported as an exception to title but the file includes no determination that the judgment did not attach as a lien.

The Company failed to determine insurability in accordance with sound underwriting practices.

<u>EnTitle File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Premium</u>	<u>Remitted</u>
2010-7627	10043	LP	258,593.00	8/18/2010	171.90	8/18/2010

Reference: §381.071.1(2), RSMo (Supp. 2010).

EnTitle Direct failed to determine insurability in accordance with sound underwriting practices in the following file.

Both information on the record and information supplied by the lender indicate that the owner of the property is married. The spouse of the borrower is not named as a grantor in the mortgage. The Company made no exception to title for any losses arising by reason of failure of the owner's wife to convey or consent to conveyance of the property of her spouse.

<u>EnTitle File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Premium</u>	<u>Remitted</u>
2010-9432	10089	LP	66,000.00	10/7/2010	122.80	10/7/2010

Reference: §381.071.1(2), RSMo (Supp. 2010).

In the following six files, EnTitle Direct recorded deeds from the transaction more than five business days after all conditions for policy coverage were satisfied.

<u>EnTitle File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Conditions Satisfied</u>	<u>Date of Recording</u>	<u>Business Days</u>
*2010-7627	10043	LP	258,593.00	8/18/2010	8/23/2010	9/9/2010	12
2010-8106	10042	LP	417,000.00	8/11/2010	8/16/2010	3/4/2011	134
2010-8167	10045	LP	126,880.00	8/19/2010	8/24/2010	9/9/2010	11
2010-8092	10106	LP	78,000.00	12/1/2010	8/31/2010	12/28/2010	79
2011-15324	10139	LP	146,000.00	2/21/2011	2/25/2011	3/11/2011	10
2009-3380	10009	LP	243,500.00	11/25/2009	11/25/2009	12/11/2009	10

Reference: §381.026.1, RSMo (Supp. 2010)

In the following eight files EnTitle Direct issued the policy more than 45 days after conditions of escrow were satisfied. (In each instance, the file indicates that the Company or its agent disbursed funds from escrow on or before the date labeled as "conditions satisfied.")

<u>EnTitle File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Conditions Satisfied</u>	<u>Deeds Recorded</u>	<u>Policy Issued</u>	<u>Days to Policy</u>
*2010-7627	10043	LP	258,593.00	8/18/2010	8/23/2010	9/9/2010	11/29/2010	98
*2010-8106	10042	LP	417,000.00	8/11/2010	8/16/2010	11/5/2010	3/15/2011	211

*2010-8167	10045	LP	126,880.00	8/19/2010	8/24/2010	9/9/2010	2/8/2011	168
*2010-8092	10106	LP	78,000.00	12/1/2010	8/31/2010	12/28/2010	1/21/2011	143
*2011-15324	10139	LP	146,000.00	2/21/2011	2/25/2010	3/11/2011	8/23/2011	544
*2009-3380	10009	LP	243,500.00	11/25/2009	11/25/2009	12/11/2009	3/10/2010	105
*2010-9432	10089	LP	66,000.00	10/7/2010	10/13/2010	Unknown	7/15/2011	275
2010-14695	10113	LP	245,487.00	12/21/2010	12/27/2010	12/30/2010	3/11/2011	74

Reference: §381.038.3, RSMo (Supp. 2010)

In most cases, the search of title must be prepared from a current set of records indexed geographically and satisfying specific statutory standards. In the following eight files of EnTitle Direct, the examiner saw no indication that a search of title had been performed using a title plant in which the records are indexed geographically and found no written statement of the title examiner identifying an alternative method of search and permitted reasons for using an alternate method.

The individual who performs the examination of title on behalf of the title insurer shall verify in a written statement where she obtained the evidence used in the examination of title and will state in clear and specific terms the permitted reasons for following any exceptions to the ordinary rule for search of title.

<u>EnTitle File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Title Search From</u>	<u>Examination By</u>
*2010-7627	10043	LP	258,593.00	8/18/2010	Docu-File Tulsa OK	EnTitle Direct
*2010-8106	10042	LP	417,000.00	8/11/2010	Docu-File Tulsa OK	EnTitle Direct
*2010-8167	10045	LP	126,880.00	8/19/2010	JG Information	EnTitle Direct
*2010-14695	10113	LP	245,487.00	12/21/2010	Community Title Services	EnTitle Direct
*2010-8092	10106	LP	78,000.00	12/1/2010	Premier Abstracting	Genesis Title Agency
*2011-15319	10155	LP	94,200.00	3/3/2011	Community Title Services	EnTitle Direct
2011-15324	10139	LP	146,000.00	2/21/2011	JG Information	EnTitle Direct
*2009-3380	10009	LP	243,500.00	11/25/2009	Docu-File Tulsa OK	EnTitle Direct

Reference: §381.071.1(1), RSMo (Supp. 2010) as implemented by 20 CSR 500 – 7.200 (Effective 9/30/2008).

No title insurer or title agent or agency may use or collect any premium after September 28, 1987, except in accordance with the premium schedules filed with the director.

In the following seven files, EnTitle Direct charged a policy premium that was less than the rate filed.

<u>EnTitle File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Premium on Policy</u>	<u>Premium Charged</u>	<u>Correct Premium</u>
*2010-7627	10043	LP	258,593.00	8/18/2010	171.90	171.90	286.02
*2010-8106	10042	LP	417,000.00	8/11/2010	143.57	143.57	396.90
*2010-8167	10045	LP	126,880.00	8/19/2010	104.45	104.45	168.83

<u>EnTitle File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Premium on Policy</u>	<u>Premium Charged</u>	<u>Correct Premium</u>
*2010-14695	10113	LP	245,487.00	12/21/2010	227.20	192.20	276.85
2010-14855	10116	LP	197,000.00	1/4/2011	232.90	157.90	232.90
*2011-15324	10139	LP	146,000.00	2/21/2011	158.32	158.32	207.20
*2009-3380	10009	LP	243,500.00	11/25/2009	253.16	253.16	275.45

Reference: §381.181.2, RSMo (Supp. 2010)

Agency Operations

Field Size:	1580
Sample Size:	29
Type of Sample:	Random
Errors:	18
Percent in Error:	62%

*Indicates the file contains multiple violations but is only counted once in the above error ratio.

The following errors were found in this review.

Any term or condition related to an insurance coverage provided by a title insurance policy or any exception to the coverage, except exceptions ascertained from, or affirmative coverages offered as a result of, a search and examination of records relating to a title or inspection or survey of a property to be insured, may only be included in the policy after the term, condition or exception has been filed with the director.

- CB Title Inc., a former agent of EnTitle Insurance Company, included commitment gap language in each of the owner policies issued in the following three files. By its terms, the commitment gap language is inapplicable if an insured has satisfied the requirements for policy coverage. This language has not been filed with the Director for use in a title insurance policy.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>
110184	5477	OP	30,000.00	10/18/2010
110256	5512	OP	159,900.00	12/9/2010
2100072	5634	OP	66,900.00	8/30/2010

Reference: §381.085.4, RSMo (Supp. 2010).

- CB Title Inc. included the following exception to title in the owner and loan policies issued in the file listed below.

Rights of the public, State of Missouri, County of Newton and municipality in and to that part of the premises in question, if any, taken or deeded for road purposes.

The exception is not specific to the property or the transaction leading to the policy. This exception has not been filed with the Director.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>
*110256	5512	OP	159,900.00	12/9/2010
*110256	1445	LP	144,900.00	12/9/2010

Reference: §381.085.4, RSMo (Supp. 2010).

- File 110256 of CB Title Inc. also includes a survey showing a roadway identified as Marten Road located near and possibly within the boundaries of the land described. The file also includes a map of the sort often used by county assessors. The map shows a county road at or near and possibly within the boundaries of the land described. These documents provide specific, relatively detailed information, and relevant references justifying an exception to title.

The agent did not draft a specifically appropriate exception to the title.

The agent may not knowingly issue any owner's title insurance policy or commitment to insure without showing all outstanding, enforceable recorded liens or other interests against the title which is to be insured.

Reference: §381.071.2, RSMo (Supp. 2010).

The Old Republic owner policy copied to Direct Title Insurance Agency file 10-42216 includes an exception to title for a driveway easement recorded in book B-3659 at Page 347. The easement for the driveway is not referenced in the commitment to insure issued by Direct Title Insurance Agency dated April 16, 2010, and is not in the owner policy of title insurance issued by Direct Title Agency dated May 11, 2010. There is no underwriting analysis in this file supporting a conclusion that the referenced driveway easement does not affect the title to the property in question.

The agent may not knowingly issue any owner's title insurance policy or commitment to insure without showing all outstanding, enforceable recorded liens or other interests against the title which is to be insured.

Reference: §381.071.2, RSMo (Supp. 2010).

The owner policy issued by Direct Title Insurance Agency in file 10-42216 includes the following exceptions to title:

- Easements or servitudes appearing in the public record.
- Covenants, Conditions, Restrictions, if any, appearing in the public record.

Any term or condition related to an insurance coverage provided by a title insurance policy or any exception to the coverage, except exceptions ascertained from, or affirmative coverages offered as a result of, a search and examination of records relating to a title or inspection or survey of a property to be insured, may only be included in the policy after the term, condition or exception has been filed with the director.

These exceptions are not specific to the property or the transaction leading to the policy. These exceptions have not been filed with the director.

Reference: §381.085.4, RSMo (Supp. 2010).

The title of the seller in this transaction was insured by Old Republic National Title Insurance Company in an owner policy of title insurance dated April 16, 2010 at 9:34 AM. The Old Republic policy of title insurance is copied to the file.

The commitment to insure issued by Direct Title Insurance Agency was dated April 16, 2010 at 7:45 AM, prior to the time of the Old Republic policy of title insurance. Direct Title Insurance Agency did not conduct or obtain any search or examination of title.

No title insurance policy shall be written unless and until the title insurer, title agent, or agency has caused a search of title to be made and has caused to be made a determination of insurability of title in accordance with sound underwriting practices.

Direct Title Insurance Agency, a former contract agency of EnTitle Insurance Company, insured the title of an owner in the following file without searching and examining the title.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>
10-42216	5001	OP	37,250.00	5/11/2010

Reference: §381.071.1(1) and (2), RSMo (Supp. 2010).

The settlement agent is to present for recording all deeds and security instruments for real estate closings handled by it within five business days after completion of all conditions.

The examiner found the deeds and security instruments for three Direct Title Insurance Agency transactions and one Sterling Title Services transaction were recorded after more than five business days.

Direct Title Insurance Agency recorded deeds from the following files more than five business days after all conditions for policy coverage were satisfied. All conditions for the policy were satisfied on the date identified as “disbursed” in each file.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Disbursed</u>	<u>Deeds Recorded</u>	<u>Business Days</u>
09-32453	1002	LP	182,500.00	7/23/2009	6/15/2009	7/23/2009	30

*10-42216	5001	OP	37,250.00	5/11/2010	4/27/2010	5/11/2010	9
09-32072	1008	LP	164,000.00	9/1/2009	7/23/2009	9/1/2009	28

Reference: §381.026.1, RSMo (Supp. 2010)

Sterling Title Services recorded deeds from the transaction in its file 119419 more than five business days after all conditions for policy coverage were satisfied.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Escrow Date</u>	<u>Recorded Date</u>	<u>Business Days</u>
119419	5157	OP	125,000.00	8/17/2010	8/17/2010	8/27/2010	8

Reference: §381.026.1, RSMo (Supp. 2010)

A title insurer, title agency, or title agent shall promptly issue each title insurance policy within 45 days after compliance with the requirements of the commitment for insurance, unless special circumstances as defined by rule delay the issuance.

In the following three files, Complete Title Services of Southwest Missouri, LLC issued the policy more than 45 days after conditions of escrow were satisfied. In each instance, the file indicates that the agent disbursed funds from escrow on or before the date labeled as “conditions satisfied.”

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Conditions Satisfied</u>	<u>Policy Issued</u>	<u>Days</u>
10-J-0175-JB	5681	OP	40,000.00	10/18/2010	10/8/2010	12/20/2010	73
10-J-0144-JB	3283	LP-SFR	61,350.00	8/20/2010	8/17/2010	12/23/2010	128
10-J-0148-JB	5679	OP	140,000.00	10/1/2010	9/28/2010	12/17/2010	80

Reference: §381.038.3, RSMo (Supp. 2010).

Direct Title Insurance Agency issued the policies in the following files more than 45 days after conditions of escrow were satisfied. In each instance, funds were disbursed from escrow on or before the date labeled as “conditions satisfied.”

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Conditions Satisfied</u>	<u>Policy Issued</u>	<u>Days to Issue</u>
*09-32453	1002	LP	182,500.00	7/23/2009	6/15/2009	9/25/2009	102
*10-42216	5001	OP	37,250.00	5/11/2010	4/27/2010	7/31/2010	95
*09-32072	1008	LP	164,000.00	9/1/2009	7/23/2009	7/31/2010	373
09-33076	1003	LP	80,000.00	7/24/2009	7/17/2009	9/25/2009	70

Reference: §381.038.3, RSMo (Supp. 2010).

A title insurer, title agency, or title agent is not authorized to provide services as an escrow, security, settlement, or closing agent in a residential real estate transaction unless as part of the

same transaction the title insurer, title agency, or title agent issues a commitment, binder, or title insurance policy and closing protection letters have been issued protecting the buyer's and the seller's interests (forms T-8 and T-9), or the title agency or agent has given written notice to the affected person in a title insurance commitment or on a form approved by rule promulgated by the director (form T-3) that the person's interest in the closing or settlement is not protected by the title insurer, title agency, or title agent.

In the following two files, CB Title, Inc. did not provide a CPL or any notice that interests in the closing would not be protected by the title insurer, title agency, or title agent.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>
*110184	5477	OP	30,000.00	10/18/2010
*110184	1413	LP	23,600.00	10/18/2010

Reference: §381.022.5, RSMo (Supp. 2010).

A title insurer is expressly authorized to issue closing or settlement protection letters in all transactions where its title insurance policies are issued and where its Issuing Agent or agency is performing settlement services, but not otherwise. In the following four files, the Company issued Closing Protection Letters in favor of lenders and offering assurances as to the acts of agencies that were not the Company's Issuing Agents.

<u>EnTitle File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Date of CPL</u>	<u>Agency Named in CPL</u>
2010-9432	10089	LP	66,000.00	10/7/2010	8/20/2010	Atlas Title Agency
2010-8092	10106	LP	78,000.00	12/1/2010	8/25/2010	Genesis Title Agency
2010-14855	10116	LP	197,000.00	1/4/2011	1/4/2011	Community Title Services
2010-14695	10113	LP	245,487.00	12/21/2010	12/22/2010	Community Title Services

Reference: §381.058.1 and §381.058.3(1), RSMo (Supp. 2010)

A title insurer, title agency, or title agent may not make any payment, disbursement or withdrawal from an escrow account which it maintains as a depository of funds received from the public for the settlement of real estate transactions unless a corresponding deposit of funds was made to the escrow account for the benefit of the payee or payees at least ten days prior to such payment, disbursement or withdrawal.

In the following file, Complete Title Services of Southwest Missouri, LLC made a deposit of funds in excess of \$37,000.00 to escrow three business days after disbursing the funds.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>
10-J-0143-JB	5685	OP	200,000.00	8/20/2010

Reference: §381.412.2, RSMo (Supp. 2010).

No title insurer or title agent or agency may use or collect any premium, except in accordance with the premium schedules filed with the director.

In the following three files, CB Title, Inc. issued an owner policy and a simultaneous loan policy. CB Title, Inc. did not charge the correct premium for the simultaneous loan policies. The rate filed by EnTitle Insurance Company for a simultaneous loan policy not exceeding the face value of the owner policy was \$25.00.

Agent File	Policy	Policy Type	Liability	Effective	Premium Charged	Correct Premium	Undercharge	Shown on Policy
*110184	1413	LP	23,600.00	10/18/2010	4.00	25.00	21.00	4.00
*110256	1445	LP	144,900.00	12/9/2010	4.00	25.00	21.00	0.00
*2100072	1380	LP	66,002.00	8/30/2010	4.00	25.00	21.00	75.00

Reference: §381.181.2, RSMo (Supp. 2010).

No title insurer or title agent or agency may use or collect any premium, except in accordance with the premium schedules filed with the director.

Complete Title Services of Southwest Missouri, LLC did not charge the correct premium for the loan policy in the following file.

The loan policy was issued simultaneously with an owner policy with a face amount of \$200,000.00. The loan policy was issued with ALTA endorsements 8.1 and 9.0. Both the settlement statement dated August 16, 2010 and the face of the loan policy reflect a simultaneous issue loan policy premium of \$4.00.

The EnTitle filed rate for a simultaneous loan policy then in effect was \$25.00, its rate for endorsement 8.1 was \$25.00, and its rate for endorsement 9.0 was \$35.00. The correct premium for the loan policy was $\$25.00 + \$25.00 + \$35.00 = \85.00 .

Agent File	Policy	Policy Type	Liability	Effective	Premium Charged	Correct Premium	Undercharge
*10-J-0143-JB	SFR-LP 3276	LP	160,000.00	8/20/2010	4.00	85.00	81.00

Reference: §381.181.2, RSMo (Supp. 2010).

The rate for issuance of a closing or settlement protection letter is to be filed as a rate with the Director, and the entire rate is to be retained by the title insurer.

Complete Title Services of Southwest Missouri, LLC failed to charge the premium for the Closing Protection Letter in the following file.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>
*10-J-0143-JB	5685	OP	200,000.00	8/20/2010

Reference: §381.058.3(2) and (4), RSMo (Supp. 2010).

No title insurer or title agent or agency may use or collect any premium after September 28, 1987, except in accordance with the premium schedules filed with the Director.

In the following file, Direct Title Insurance Agency charged a premium that was less than the rate filed.

The policy was issued with ALTA endorsements 4, 8.1, 9, and 22, which were respectively priced at \$25.00, \$25.00, \$35.00, and \$25.00 in the Company's rate filing, a total of \$110.00 in endorsement premiums. The policy was issued with a face amount of \$182,500.00.

The base premium for this policy is calculated as follows:
 $(50M * 1.00/M = 50.00) + (50M * 0.80/M = 40.00) + (82.5M * 0.70/M = 57.75) = \$147.75 + \$110.00$ for endorsements, a total of \$257.75, but the agent only charged \$205.00.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Premium Charged</u>	<u>Correct Premium</u>	<u>Undercharge</u>
*09-32453	1002	LP	182,500.00	7/23/2009	205.00	257.75	52.75

Reference: §381.181.2, RSMo (Supp. 2010)

No title insurer or title agent or agency may use or collect any premium after September 28, 1987, except in accordance with the premium schedules filed with the Director.

In the following file, Sterling Title charged a total of \$25.00 for the loan policy. The loan policy was issued with ALTA endorsement 8.1, which was priced at \$25.00 in the Company's rate filing. The base premium for the policy was \$25.00 for a simultaneous issue loan policy plus \$25.00 for the endorsement, a total of \$50.00.

Sterling charged \$107.50 for the owner policy with a face amount of \$125,000.00. The risk rate premium of \$107.50 was correct for a loan policy in the amount of \$125,000.00 but the correct premium for an owner policy was \$150.00, calculated as follows
 $(50M * 1.40/M = 70.00) + (50M * 1.20/M = 60.00) + (25M * 0.80/M = 20.00) = \150.00 .

Sterling Title Services charged a premium less than the rate filed on both the owner and loan policies.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Premium on Register</u>	<u>Premium Charged</u>	<u>Correct Premium</u>
119419	5157	OP	125,000.00	8/17/2010	106.65	107.50	150.00
*119419	3097	LP-SFR	106,250.00	8/17/2010	39.68	25.00	50.00

Reference: §381.181.2, RSMo (Supp. 2010)

No policy, standard form endorsement or simultaneous instrument which provides title insurance coverage shall be issued unless it contains the premium collected for the issuance of the policy.

CB Title, Inc. charged \$90.40 for an owner policy in file 2100072 but issued the policy showing a premium of \$268.00.

CB Title charged \$4.00 for a simultaneous loan policy in file 110256 but issued the policy showing a premium of \$0.00. The agent charged \$4.00 for a simultaneous loan policy in file 2100072 but issued the policy showing a premium of \$75.00.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Premium Charged</u>	<u>Shown on Policy</u>
*110256	1445	LP	144,900.00	12/9/2010	4.00	0.00
*2100072	5634	OP	66,900.00	8/30/2010	90.40	268.00
*2100072	1380	LP	66,002.00	8/30/2010	4.00	75.00

Reference: 20 CSR 500-7.130(1)(A) as issued pursuant to authority derived from §381.085, RSMo (Supp. 2010).

No policy, standard form endorsement or simultaneous instrument which provides title insurance coverage shall be issued unless it contains the premium collected for the issuance of the policy.

Complete Title Services of Southwest Missouri charged \$56.00 for an owner policy in file 10-J-0175-JB but issued the policy showing a premium of \$82.00.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Premium Charged</u>	<u>Correct Premium</u>	<u>Policy Shows</u>
10-J-0175-JB	5681	OP	40,000.00	10/18/2010	56.00	56.00	82.00

Reference: 20 CSR 500-7.130(1)(A) as issued pursuant to authority derived from §381.085, RSMo (Supp. 2010).

No policy, standard form endorsement or simultaneous instrument which provides title insurance coverage shall be issued unless it contains the premium collected for the issuance of the policy.

Direct Title Insurance Agency issued the following policy showing a premium that was not the premium charged for the policy.

The settlement statement in the policy file reflects actual premium charges of \$155.00 for the base premium plus \$50.00 for endorsements, a total premium of \$205.00. The face of the policy reflects a premium charge of only \$155.00.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Premium Charged</u>	<u>Shown on Policy</u>
*09-32453	1002	LP	182,500.00	7/23/2009	205.00	155.00

Reference: 20 CSR 500-7.130(1)(A) as issued pursuant to authority derived from §381.085, RSMo (Supp. 2010).

No policy, standard form endorsement or simultaneous instrument which provides title insurance coverage shall be issued unless it contains the premium collected for the issuance of the policy.

Sterling Title Services issued the following policy without showing the premium charged for the policy.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Remitted</u>	<u>Premium Charged</u>	<u>Shown on Policy</u>
*119419	3097	LP-SFR	106,250.00	8/17/2010	9/24/2010	25.00	0.00

Reference: 20 CSR 500-7.130(1)(A) as issued pursuant to authority derived from §381.085, RSMo (Supp. 2010).

A title insurer, title agency or title agent participating in a settlement or closing of a residential real estate transaction shall provide clear, conspicuous, and distinct disclosure of premiums and charges.

Complete Title Services of Southwest Missouri, LLC prepared a buyer settlement statement in its file 10-J-0148-JB reflecting "title services and lender's title insurance" charges of \$880.00 but did not provide details separating out the individual charges for premium, settlement fees, and other fees and charges.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>
*10-J-0148-JB	5679	OP	140,000.00	9/1/2010
*10-J-0148-JB	3279	LP-SFR	144,897.00	9/1/2010

Reference: §381.019.1, RSMo (Supp. 2010) and 20 CSR 500 - 7.050(2).

No title insurer or title agent or agency may use or collect any premium, except in accordance with the premium schedules filed with the director.

Complete Title Services of Southwest Missouri, LLC did not charge the correct premium for the loan policy in the following file.

The owner of the property was previously insured as owner by Chicago Title Insurance Company in the amount of \$77,000.00, as evidenced by a marked up copy of a commitment to insure copied to this file. The owner was entitled to a discounted base premium for this loan policy. The discounted premium is calculated as 60 percent of base premium as provided by the Company's rate filing in effect at the time of this policy.

The only endorsement requested by the lender in this file was an ALTA 8.1. The filed rate for that endorsement was \$25.00.

The correct calculation of premium for this policy follows:

$(50M@1.00/M=50.00)+(11.4M@0.80/M=9.12)=59.12*0.60=\35.50 plus an endorsement premium of \$25.00=\$60.50.

The owner of the property is due a premium refund of \$27.90. To date the Company has paid a partial refund of \$18.60 but still owes the balance of \$9.30 for this refund. Prompt payment is required.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Premium Charged</u>	<u>Correct Premium</u>	<u>Overcharge</u>
*10-J-0144-JB	3283	LP-SFR	61,350.00	8/20/2010	88.40	60.50	27.90

Reference: §381.181.2, RSMo (Supp. 2010).

No title insurer or title agent or agency may use or collect any premium, except in accordance with the premium schedules filed with the director

Direct Title Insurance Agency did not charge correct policy premiums in the following files. The Company has refunded the overcharges in these three files.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Premium Charged</u>	<u>Correct Premium</u>	<u>Overcharge</u>
*09-33076	1003	LP	80,000.00	7/24/2009	585.00	194.00	391.00

*10-42216	5001	OP	37,250.00	5/11/2010	105.00	40.60	64.40
*09-32072	1008	LP	164,000.00	9/1/2009	739.00	254.80	484.20

Reference: §381.181.2, RSMo (Supp. 2010).

No title insurer or title agent or agency may use or collect any premium, except in accordance with the premium schedules filed with the director. The premium charged by Liberty Land Title in the following file was \$255.00 more than the rate filed with the Director. The Company has refunded the overcharge in this file.

<u>Agent File</u>	<u>Policy</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Effective</u>	<u>Premium on Register</u>	<u>Premium Charged</u>	<u>Correct Premium</u>	<u>Overcharge</u>	<u>Refund Due</u>
100307	5098	OP	150,000.00	5/17/2010	170.00	425.00	170.00	255.00	255.00

Reference: §381.181.2, RSMo (Supp. 2010).

Direct and Agency Operations

Field Size:	1775
Sample Size:	1775
Type of Sample:	Census
Errors:	46
Percent in Error:	2.6%

The following errors were found in a limited review of the premium record for both Direct operations and Agency operations. The examiner identified \$8,580.99 in premium overcharges. There may be additional premium errors.

No title insurer or title agent or agency may use or collect any premium, except in accordance with the premium schedules file with the director.

Most of the rating errors identified resulted by reason of application of the rates withdrawn on September 26, 2008. The withdrawn rates were overall substantially more than the rates effective December 5, 2008. The withdrawn rates provided two distinct rating schemes, one for policies originated by an agency and the other for policies originated by the Company in its direct operations.

A few of the rating errors resulted by reason of an agent applying a minimum charge of \$70.00 to an owner's policy. The withdrawn rates had a provision for a minimum owner policy rate of \$70.00 but the rate filing effective December 5, 2008 provided for a minimum premium of \$4.00.

The Company or its agents calculated premium in some policies based on proposed rates submitted to the DIFP by the Company on August 28, 2008 but withdrawn by the Company on September 26, 2008. The rates withdrawn on September 26, 2008 never became effective.

After withdrawing its rate filing of August 28, 2008, the Company filed a new rate to be effective December 5, 2008. The later rate filing was modified to some extent during the DIFP review and became available for use.

The Company supplied a register of 1,775 Missouri policies issued during the period covered by this examination. In reviewing the data in the policy register, the examiner identified a number of title insurance policies for which the premium charged exceeded the rate available in the rate filing dated as effective December 5, 2008. Those policies are listed below. The Company has refunded the overcharges in these files.

<u>Policy No.</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Closed</u>	<u>Effective</u>	<u>Premium from Register</u>	<u>Correct Rate</u>	<u>Overcharge</u>
10000	LP	162000	6/19/2009	6/19/2009	216.68	133.40	83.28
10001	LP	170000	8/31/2009	8/31/2009	225.80	139.00	86.80
50000	OP	100000	9/22/2009	9/22/2009	211.50	130.00	81.50
5064	OP	250000	3/30/2010	1/21/2010	625.00	250.00	375.00
1102	LP	250000	3/30/2010	1/21/2010	125.00	25.00	100.00
5068	OP	166000	3/30/2010	1/22/2010	457.00	182.80	274.20
5082	OP	89795	3/30/2010	1/29/2010	295.00	117.76	177.24
5067	OP	166700	3/30/2010	2/2/2010	459.00	183.36	275.64
5061	OP	159900	3/30/2010	2/2/2010	445.00	177.92	267.08
5052	OP	15000	5/21/2010	2/3/2010	70.00	21.00	49.00
3010	LP-SFR	86062	3/30/2010	2/4/2010	125.00	25.00	100.00
5062	OP	95000	3/30/2010	2/4/2010	310.00	124.00	186.00
5056	OP	146900	5/21/2010	2/8/2010	419.00	167.52	251.48
3004	LP-SFR	150058	5/21/2010	2/8/2010	132.00	27.24	104.76
5065	OP	193000	3/30/2010	2/8/2010	511.00	204.40	306.60
5063	OP	106000	3/30/2010	2/8/2010	337.00	134.80	202.20
5059	OP	146000	3/30/2010	2/8/2010	417.00	166.80	250.20
5060	OP	85000	3/30/2010	2/8/2010	280.00	112.00	168.00
5057	OP	166100	3/30/2010	2/8/2010	459.00	182.88	276.12
5058	OP	147375	3/30/2010	2/8/2010	421.00	167.92	253.08
5055	OP	165500	5/21/2010	2/10/2010	457.00	182.40	274.60
5054	OP	163000	5/21/2010	2/10/2010	451.00	180.40	270.60
5053	OP	15000	5/21/2010	2/17/2010	70.00	21.00	49.00
5051	OP	134900	5/21/2010	2/17/2010	395.00	157.92	237.08
5253	OP	220000	8/27/2010	2/24/2010	565.00	226.00	339.00
5069	OP	113439	5/21/2010	2/24/2010	353.00	140.80	212.20
5071	OP	175000	5/21/2010	3/2/2010	475.00	190.00	285.00
5072	OP	220000	5/21/2010	3/2/2010	565.00	226.00	339.00
1105	LP	220000	5/21/2010	3/2/2010	125.00	25.00	100.00
5070	OP	147000	5/21/2010	3/3/2010	419.00	167.60	251.40
5073	OP	146500	5/21/2010	3/5/2010	419.00	167.20	251.80
3016	LP-SFR	149649	5/21/2010	3/5/2010	130.25	27.24	103.01
1107	LP	46400	5/21/2010	3/8/2010	125.00	25.00	100.00
5089	OP	58000	5/21/2010	3/8/2010	199.00	79.60	119.40

<u>Policy No.</u>	<u>Policy Type</u>	<u>Liability</u>	<u>Closed</u>	<u>Effective</u>	<u>Premium from Register</u>	<u>Correct Rate</u>	<u>Overcharge</u>
3008	LP-SFR	148015	5/21/2010	3/11/2010	132.00	27.24	104.76
5066	OP	144900	5/21/2010	3/11/2010	415.00	165.92	249.08
3021	LP-SFR	176936	5/21/2010	3/15/2010	125.00	25.00	100.00
5077	OP	180200	5/21/2010	3/15/2010	487.00	194.16	292.84
3017	LP-SFR	119515	5/21/2010	3/16/2010	130.25	26.82	103.43
5074	OP	117000	5/21/2010	3/16/2010	359.00	143.60	215.40
3018	LP-SFR	232500	5/21/2010	3/17/2010	457.75	182.75	275.00
3019	LP-SFR	171478	5/21/2010	3/17/2010	135.50	28.85	106.65
5075	OP	166000	5/21/2010	3/17/2010	457.00	182.80	274.20
5078	OP	42000	5/21/2010	3/24/2010	70.00	58.80	11.20
5002	OP	35675	7/31/2010	5/19/2010	70.00	49.98	20.02
5004	OP	29900	7/31/2010	7/5/2010	70.00	41.86	28.14
TOTAL							8,580.99

Reference: §381.181.2, RSMo (Supp. 2010).

III. CLAIMS PRACTICES

This section of the report is designed to provide a review of the Company's claims handling practices. Examiners reviewed how the Company handled claims to determine the timeliness of handling, accuracy of payment, adherence to contract provisions, and compliance with Missouri statutes and regulations.

To minimize the duration of the examination, while still achieving an accurate evaluation of claim practices, the examiners reviewed a statistical sampling of the claims processed. The examiners requested a listing of claims paid and claims closed without payment during the examination period for the line of business under review. The review consisted of Missouri claims selected from a listing furnished by the Company with an open date of January 1, 2008, through March 31, 2011.

A claim file is reviewed in accordance with 20 CSR 100-8.040 and the NAIC *Market Regulation Handbook*. Error rates are established when testing for compliance with laws that apply a general business practice standard (e.g., §§375.1000 – 375.1018 and §375.445) and compared with the NAIC benchmark error rate of seven percent (7%). Error rates in excess of the NAIC or statutory benchmark error rates are presumed to indicate a general business practice contrary to the law. Errors indicating a failure to comply with laws that do not apply the general business practice standard are separately noted as errors and are not included in the error rates.

A claim error includes, but is not limited to, any of the following:

- An unreasonable delay in the acknowledgement of a claim.
- An unreasonable delay in the investigation of a claim.
- An unreasonable delay in the payment or denial of a claim.
- A failure to calculate claim benefits correctly.
- A failure to comply with Missouri law regarding claim settlement practices.

The examiners reviewed the claim files for timeliness. In determining timeliness, examiners looked at the duration of time the Company used to acknowledge the receipt of the claim, the time for investigation of the claim, and the time to make payment or provide a written denial.

Missouri statutes require the Company to disclose to first-party claimants all pertinent benefits, coverage or other provisions of an insurance policy under which a claim is presented. Claim denials must be given to the claimant in writing, and the Company must maintain a copy in its claim files.

A. Claims Time Studies

To test for compliance with timeliness standards, the examiners reviewed claim records and calculated the amount of time taken by the Company for claims processing. They reviewed the Company's claims processing practices relating to (1) the acknowledgement of receipt of notification of claims; (2) the investigation of claims; and (3) the payment of claims or the providing of an explanation for the denial of claims.

DIFP regulations require companies to abide by the following parameters for claims processing:

- Acknowledgement of the notification of a claim must be made within 10 working days.
- Completion of the investigation of a claim must be made within 30 calendar days after notification of the claim. If more time is needed, the Company must notify the claimant and send follow-up letters every 45 days.
- Payment or denial of a claim must be made within 15 working days after investigation of the claim is complete.

The company had only one claim during the time frame of the examination. The claim was paid and no time study errors were found in the review of the claim.

The examiners noted no errors during their review.

B. Unfair Settlement and General Handling Practices

In addition to the Claim Time Studies, examiners reviewed the Company's claim handling processes to determine compliance with contract provisions and adherence to unfair claims statutes and regulations. Whenever a claim file reflected that the Company failed to meet these standards, the examiners cited the Company for noncompliance.

The company had only one claim during the time frame of the examination. The claim was the result of a title defect. The company cured the title defect by obtaining and recording the appropriate deeds. The examiners found no errors in this review.

IV. CRITICISMS AND FORMAL REQUESTS TIME STUDY

This study is based upon the time required by the Company to provide the examiners with the requested material or to respond to criticisms. Missouri law requires companies to respond to criticisms and formal requests within 10 calendar days. Please note that in the event an extension was requested by the Company and granted by the examiners, the response was deemed timely if it was received within the time frame granted by the examiners. If the response was not received within that time period, the response was not considered timely.

A. Criticism Time Study

<u>Calendar Days</u>	<u>Number of Criticisms</u>	<u>Percentage</u>
Received w/in time-limit, incl. any extensions	42	100%
Received outside time-limit, incl. any extensions	0	0%
<u>No Response</u>	<u>0</u>	<u>0%</u>
Total	42	100 %

Reference: §374.205.2(2), RSMo, and 20 CSR 100-8.040

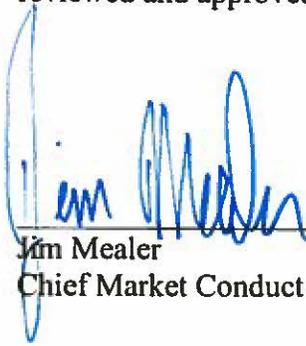
B. Formal Request Time Study

<u>Calendar Days</u>	<u>Number of Requests</u>	<u>Percentage</u>
Received w/in time-limit, incl. any extensions	11	100%
Received outside time-limit, incl. any extensions	0	0%
<u>No Response</u>	<u>0</u>	<u>0 %</u>
Total	11	100%

Reference: §374.205.2(2), RSMo, and 20 CSR 100-8.040

EXAMINATION REPORT SUBMISSION

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of Entitle Insurance Company (NAIC #51632), Examination Number 1103-01-TGT. This examination was conducted by Martha Long, Joseph Ott, Rob Reichart and James Morris. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated December 28, 2012. Any changes from the text of the Market Conduct Examiner's Draft Report reflected in this Final Report were made by the Chief Market Conduct Examiner or with the Chief Market Conduct Examiner's approval. This Final Report has been reviewed and approved by the undersigned.



Jim Mealer
Chief Market Conduct Examiner

9/25/14

Date