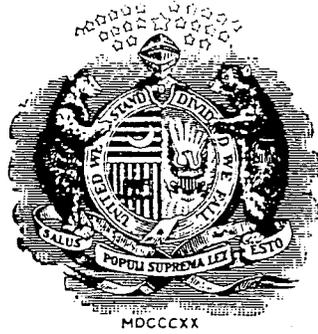


# STATE OF MISSOURI

DEPARTMENT OF



INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

TO: Stewart Title Guaranty Company  
Office of the President  
1980 Post Oak Blvd.  
Suite 800  
Houston, TX 77056

*0224-10 - TLE*

RE: Missouri Market Conduct Examination # ~~0133-12-TLE~~

STIPULATION OF SETTLEMENT  
VOLUNTARY FORFEITURE AND ORDER OF DIRECTOR

It is hereby stipulated and agreed by W. Dale Finke, Director of the Missouri Department of Insurance, hereinafter referred to as "Director," and Stewart Title Guaranty Company, hereinafter referred to as "Stewart Title," as follows:

WHEREAS, W. Dale Finke is the Director of the Department of Insurance, 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, Stewart Title has been granted certificate(s) of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Director conducted a Market Conduct Examination of Stewart Title and prepared report number ~~0133-12-TLE~~; and

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

1. In some instances, Stewart Title failed to properly document that some of its individual title producers and vendors were properly licensed as Missouri title agents or that they were properly appointed by the insurer, thereby violating §§375.014, 375.022, 375.061, and 381.031, RSMo.

2. In some instances, Stewart Title failed to properly document that some of its outside vendors held current and valid Missouri title agency licenses, as required by §§375.022, 375.158, and 381.031, RSMo, and 20 CSR 700-1.020.

3. In some instances, Stewart Title's website contained inaccurate information for some of its producers, in violation of §375.936(4), RSMo.

4. In some instances, Stewart Title failed to file certain statements and policy forms that were being used by its producers for approval with the Department as required by §381.211, RSMo, and 20 CSR 500-7.200(3)(A) – (D).

5. In some instances, Stewart Title's title agencies failed to file their annual registration form for their title plants, as required by 20 CSR 500-7.200(3)(E).

6. In some instances, Stewart Title and its agencies failed to maintain accurate records of its policies, commitments and other policy file documents, as required by §381.171(1)2 and (2), RSMo, and 20 CSR 300-2.200.

7. In some instances, Stewart Title's title agencies failed to maintain proper documentation or records to indicate that all of its policies were, in fact, delivered to the insured lenders, as required by 20 CSR 300-2.200(2).

8. In some instances, Stewart Title and its agencies failed to properly respond to examiner requests for Missouri policy records and, further, failed to timely deliver responses to examiner criticisms of policies, thereby violating §374.205.2, RSMo, and 20 CSR 300-2.200.

9. In some instances, Stewart Title's title agencies failed to prominently display copies of the current premiums which were filed with the Department in the producers' office, as required by §381.201(3), RSMo.

10. In some instances, Stewart Title's title agencies included inaccurate information and documentation related to the payment of real estate taxes, resulting in the unsupported accounting treatment and classification for the covered risk under the policy, thereby violating 20 CSR 100-1.010, 20 CSR 300-2.100, and 20 CSR 300-2.200.

11. In some instances, Stewart Title's title agencies calculated and disclosed incorrect risk rates on some of its policies, and, further, incorrectly calculated and disclosed the total charges on some of its policies, in violation of §§381.181, and 381.221, RSMo, and 20 CSR 500-7.100(1)(D) and (3)(B).

12. In some instances, Stewart Title's title agencies failed to determine insurability in accordance with sound underwriting principles and the guidelines properly promulgated by the underwriter, thereby violating §381.071(1)2, RSMo.

13. In some instances, Stewart Title's title agencies failed to properly determine insurability and underwrite as agreed to with the customer, causing policies to be issued incorrectly, in violation of §381.071(1)2, RSMo.

14. In some instances, Stewart Title's title agencies issued policies with inappropriate, inaccurate, or unfiled exceptions to title as well as inaccurate, improper, or inadequate legal descriptions, thereby violating §381.071(1)2, RSMo.

15. In some instances, Stewart Title and its agencies reported some owner's policies as issued, although they were never actually issued, in violation of §381.071(3), RSMo.

16. In some instances, Stewart Title's title agencies failed to establish and confirm the authority and capacity of certain individuals to act with regard to certain transactions, in violation of §381.071(1)2, RSMo.

17. In some instances, Stewart Title's title agencies disbursed funds that did not consist of certified or exempt funds and that were received less than 10 days prior to the date of disbursement, in violation of §381.412(2), RSMo.

18. In some instances, Stewart Title's title agencies conducted an insufficient examination of title, resulting in the conclusion that the agent failed to determine insurability in accordance with sound underwriting principles, as required by §381.071(1)2, RSMo.

19. In some instances, Stewart Title's title agencies failed to show all outstanding, enforceable, and recorded liens or other interest against title when issuing owner's policies, thereby violating §381.071(1)2.

20. In some instances, Stewart Title's title agencies included inaccurate information and documentation related to the payment of real estate taxes, resulting in the unsupported accounting treatment and classification for the covered risk under the policy, thereby violating 20 CSR 100-1.010, 20 CSR 300-2.100, and 20 CSR 300-2.200.

21. In some instances, Stewart Title's title agencies failed to satisfy all of the requirements listed in the commitment prior to issuing a policy and, further, failed to complete the title transfer and to properly update the public record, as required by §381.071(1)2, RSMo, and 20 CSR 300-2.200(2).

22. In some instances, Stewart Title's title agencies failed to promptly record certain documents, as required by §381.412.1, RSMo.

23. In some instances, Stewart Title's title agencies closed, but did not insure, a second, related transaction, which did not result in a policy of title insurance being issued, such that the closing of the second transaction, or "sub-escrow" transaction, may not have been within the bounds of the definition of the business of title insurance, in violation of §381.031.19, RSMo.

24. In some instances, Stewart Title and its agencies failed or was unable to produce the necessary documentation to the examiners so that they could readily ascertain the Company's compliance with Missouri law, thereby violating §374.205.2(2), RSMo, and 20 CSR 300-2.100 and 20 CSR 300-2.200(2) and (6).

25. In some instances, Stewart Title's title agencies failed to properly document their files in a manner that the examiners could readily ascertain the claims' handling and payment of

the agencies, as required by §§374.205, and 375.1007(3) and (4), RSMo, and RSMo, and 20 CSR 300-2.100 and 20 CSR 300-2.200(2).

26. In some instances, Stewart Title and its agencies failed to make a good faith effort to effectuate prompt, fair and equitable settlement of its claims, as required by §375.1007(3) and (4), RSMo.

27. In some instances, Stewart Title and its agencies either completely failed to acknowledge claims or failed to acknowledge claims within 10 working days of receipt, in violation of 20 CSR 100-1.030(1).

28. In some instances, Stewart Title and its agencies failed to respond to correspondence within 10 working days of receipt, in violation of §375.1007(2), RSMo, and 20 CSR 100-1.030(2).

29. In some instances, Stewart Title and its agencies either completely failed to investigate certain claims, inadequately investigated claims, or failed to investigate them in a timely manner, as required by §375.1007(3), RSMo, 20 CSR 100-1.040.

30. In some instances, Stewart Title and its agencies failed to accept or deny certain claims, even though they were received and acknowledged by the Company in a timely manner and a reasonable estimate of the amount required to settle the claim was readily available, in a timely manner as required by §375.1007(3), RSMo, and 20 CSR 100-1.050(1)(A).

31. In some instances, Stewart Title and its agencies failed to provide the insured periodic updates every 45 days of the status of its reviewed claims, as required by 20 CSR 100-1.050(1)(C).

32. In some instances, Stewart Title and its agencies failed to fully disclose to first party claimants all pertinent benefits, coverages or other provisions of the applicable policies under which claims were presented, in violation of §375.1007(1), RSMo, and 20 CSR 100-1.020(1) and (2).

33. In some instances, Stewart Title failed to list all complaints it received on its complaint log, as required by §375.936(3), RSMo, and 20 CSR 300-2.200(3)(D).

34. In some instances, Stewart Title failed to promptly establish the proper amount of reserves for certain claims within a reasonable amount of time, although the Company knew the approximate cost of settlement, thereby violating §381.101.2, RSMo.

35. In some instances, Stewart Title relied on others to provide the funds to settle certain claims, thereby violating 20 CSR 100-1.050(1)(D).

36. In some instances, Stewart Title failed to provide the examiners documentation that it submitted an unclaimed property report to the State as required by §447.577, RSMo.

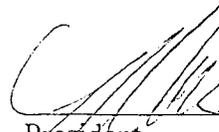
WHEREAS, Stewart Title hereby agrees to take remedial action bringing Stewart Title into compliance with the statutes and regulations of the State of Missouri and agrees to maintain those corrective actions at all times; and

WHEREAS, Stewart Title, 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, which may have otherwise applied to the above referenced Market Conduct Examination; and

WHEREAS, Stewart Title hereby agrees to the imposition of the ORDER of the Director set forth below and as a result of Market Conduct Examination #0311-12-TLE further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$75,087.43. *0224-10 - TLE* *YDS*

NOW, THEREFORE, in lieu of the institution by the Director of any action for the SUSPENSION or REVOCATION of the Certificate(s) of Authority of Stewart Title to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Stewart Title does hereby voluntarily and knowingly waive all rights to any hearing, does consent to the ORDER of the Director and does surrender and forfeit the sum of \$75,087.43, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: \_\_\_\_\_

  
\_\_\_\_\_  
President  
Stewart Title Guaranty Company