

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

In Re:)
)
OLD REPUBLIC NATIONAL TITLE) **Market Conduct Examination**
INSURANCE COMPANY (NAIC #50520)) **No. 1701-75-TGT**

ORDER OF THE DIRECTOR

NOW, on this 30th day of July, 2019, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (hereinafter "Stipulation") entered into by the Division of Insurance Market Regulation (hereinafter "Division"), and Old Republic National Title Insurance Company (NAIC #50520) (hereinafter "ORNTIC"), relating to the market conduct examination set out in the caption above, does hereby issue the following orders:

This order, issued pursuant to §374.205.2(5), §374.280, and §374.046.15 RSMo 2016, is in the public interest.

IT IS THEREFORE ORDERED that ORNTIC and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

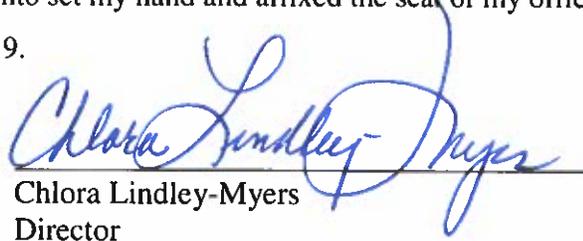
IT IS FURTHER ORDERED that ORNTIC shall not engage in any of the violations of law and regulations set forth in the Stipulation, shall implement procedures to place it in full compliance with the requirements in the Stipulation, shall maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

IT IS FURTHER ORDERED that ORNTIC shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$60,050.00 payable to the Missouri State School Fund in connection with examination no. 1701-75-TGT.

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 30th day of July, 2019.




Chlora Lindley-Myers
Director

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

In Re:)
)
 OLD REPUBLIC NATIONAL TITLE) **Market Conduct Examination**
 INSURANCE COMPANY (NAIC #50520)) **No. 1701-75-TGT**

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter “the Division”) and Old Republic National Title Insurance Company (NAIC #50520) (hereinafter “ORNTIC”), 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 of Missouri;

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

WHEREAS, the Division conducted a Market Conduct Examination of ORNTIC, examination #1701-75-TGT;

WHEREAS, based on the Market Conduct Examination of ORNTIC, the Division alleges that:

1. ORNTIC did not file an Affiliated Business Arrangement Report (Form T-5B) with the Department for the years 2011-2015 and submitted the filings in 2016 and 2017 only after discussions with the Department in violation of §381.029.4¹.
2. ORNTIC contracted with 7 agencies which did not have an individual designated

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2016, as amended.

as a qualified principal, materially aiding in the violation of §381.118.1 and 20 CSR 700-8.150.

3. ORNTIC sold numerous policies to consumers through agencies that were not licensed at the time of the transaction, materially aiding in the violation of §381.115.2.

4. ORNTIC issued 61 policies and commitments at times when the agency did not have a contract with ORNTIC in violation of §381.018.1.

5. ORNTIC, in 12 instances, failed to provide notice of termination or timely notice of termination of an agency contract in violation of §381.018.5.

6. ORNTIC did not maintain certain records in an archival manner by replacing old agency names with new agency names in its electronic systems in violation of 20 CSR 100-8.040 (4) (B).

7. ORNTIC, in 8 instances, used forms prior to their being filed with the Department in violation of §381.085.2.

8. ORNTIC filed forms containing a provision for arbitration contrary to Missouri law and in 114 instances failed to remove the arbitration provision by issuing an endorsement to the policy in violation of §381.085.4.

9. Agents of ORNTIC, including its direct issue agency, used escrow agreements requiring arbitration for insurance related matters in violation of 20 CSR 500-1.600 (1).

10. ORNTIC, in numerous instances, included general exceptions in policies that were not filed with the Department in violation of §381.085.

11. ORNTIC, in 12 instances, included general exceptions in policies that were written differently than the general exceptions filed with the Department in violation of §381.085.

12. ORNTIC, in 45 instances, excluded language in a policy exception that was included in the exception filed with the Department in violation of §381.085.

13. ORNTIC failed to maintain 5 underwriting files in violation of §381.071.3.

14. ORNTIC failed to maintain invoice dates and the dates premium was remitted to the Company in violation of 20 CSR 100-8.040 (2).

15. ORNTIC, in 32 instances, was late in issuing/delivering policies to insureds in violation of §381.038.3.

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

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (hereinafter "Stipulation") 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.** ORNTIC agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain such remedial actions at all times, to reasonably assure that the errors noted in the Market Conduct Examination do not recur. Such remedial actions shall consist of the following:

1. ORNTIC agrees to timely file Affiliated Business Arrangement Reports (Form T-5B) with the Department.

2. ORNTIC agrees that it will not contract with agencies that do not have an individual designated as a qualified principal. ORNTIC further agrees to send a bulletin to agents and agencies regarding the importance of communicating to ORNTIC and the Department any changes to its qualified principal. ORNTIC will report on its T-6 reports filed with the Department the name of the designated qualified principal, if any, and any audit finding that an agent or agency

no longer has a designated qualified principal.

3. ORNTIC agrees that it will verify the license of all agents and agencies before it enters into a contract with the agent or agency, and will not authorize commitments or policies to be issued by new agents or agencies until a written contract is in place or before the written contract becomes effective. ORNTIC will also maintain records adequate to determine whether an agent or agency is licensed during the time it has a contractual agreement with ORNTIC. ORNTIC further agrees that it will not permit the solicitation or negotiation of its title insurance policies by unlicensed agents or agencies.

4. ORNTIC agrees to issue a bulletin to its agents and agencies advising them that in the event that after a title commitment is issued but before the policy is issued, the agency closes and re-opens under a new name and license, the agent or agency will issue the policy under its new name and license.

5. ORNTIC agrees to issue a bulletin to its agents and agencies advising them that, in the event that after a title commitment is issued but before the policy is issued, the agency ceases its contractual relationship with ORNTIC, the agency may either issue a new title commitment and policy utilizing a different underwriter or ORNTIC will directly issue the policy.

6. ORNTIC agrees that in the event ORNTIC is notified that a policyholder, whose policy was issued by an agent or agency that is no longer in business, requests a copy of their ORNTIC title insurance policy, ORNTIC will provide the policyholder with a copy of the policy at no charge.

7. ORNTIC agrees that it will provide timely notice to the Department of the termination of agency contracts pursuant to §381.018.5.

8. ORNTIC agrees that it will maintain records of agency names in an archival manner

in that it will maintain paper or other files documenting name changes made by agents while they are agents of ORNTIC to produce to the Department when requested, but in no event shall ORNTIC be required to maintain documentation of name changes for longer than 15 years.

9. ORNTIC agrees that it will not provide forms to agents for use in Missouri prior to their being filed with the Department for use in Missouri. ORNTIC will send a bulletin to agents reminding them not to use forms before they are filed in Missouri.

10. ORNTIC agrees that, if its policies contain an arbitration provision, it will continue to require the deletion of arbitration endorsement to be added to such policies. Old Republic of St. Louis changed its escrow agreements to remove arbitration provisions.

11. ORNTIC agrees to issue a bulletin to its agents and agencies advising them that references to title insurance issues or premium must be removed from arbitration clauses in escrow agreements. For a period of three years from the date of the Order approving this Stipulation, ORNTIC further agrees to note on T-6 forms, from the files sampled, if an agent's escrow agreement includes an arbitration provision.

12. ORNTIC agrees to file with the Department all general exceptions (also referred to as "standard exceptions" in ORNTIC policies) that are delineated in the policy in a general manner by reference to general categories and which are not specific to the policy at issue (the specifics being such that they would be ascertained through a search and examination of the records).

13. ORNTIC agrees that it will not authorize the release of general exceptions to policies to agents for use in Missouri prior to those exceptions being filed with the Department for use in Missouri. ORNTIC will send a bulletin to agents reminding them not to use general exceptions before they are filed in Missouri.

14. ORNTIC agrees to send a bulletin to agents reminding them not to use general

(standard) exceptions in policies that are written differently than the language of exceptions filed with the Department by ORNTIC.

15. ORNTIC agrees to maintain its own underwriting records on direct issue transactions in accordance with Missouri law. ORNTIC agrees to send a bulletin to agents reminding them to maintain underwriting records in accordance with Missouri law and to make those records available to the Department during future examinations or investigations. ORNTIC further agrees to maintain as part of its records the following underwriting details for each direct issue policy: a) Insured name; b) Property address; c) Type of policy form issued.

16. For a period of three years from the date of the Order approving this Stipulation, ORNTIC agrees to remind agents or agencies of the record retention requirements contained in §381.015.2, §381.038.2, §381.071.3, and 20 CSR 500-7.200 (3) during the annual T-6 audit and to report any areas of non-compliance with these statutory or regulatory requirements on the T-6 form if identified during the audit from the files sampled.

17. ORNTIC agrees to maintain a copy of invoices, and to date stamp or otherwise record the date premiums are received from the agent.

18. ORNTIC agrees that it will send a bulletin to agents reminding them to timely issue/deliver policies to its insured within 45 days as required by §381.038.3 and to maintain the documentation required by 20 CSR 500-7.090. For a period of three years from the date of the Order approving this Stipulation, ORNTIC further agrees that as part of its annual T-6 review, it will note, from the files sampled, those instances where policies were not issued within 45 days as required by §381.038.3.

C. **Compliance.** ORNTIC agrees to file documentation with the Division, in a format acceptable to the Division, within 90 days of the entry of a final order of any remedial action taken

pursuant to Paragraph B to implement compliance with the terms of this Stipulation. Such documentation is provided pursuant to §374.205.

D. **Ongoing Examination.** ORNTIC agrees to pay any reasonable examination fees expended by the Division in conducting its review of the documentation provided by ORNTIC pursuant to Paragraph C of this Stipulation.

E. **Voluntary Forfeiture.** ORNTIC agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$60,050 (sixty thousand and fifty dollars) such sum payable to the Missouri State School Fund, in accordance with §374.049.11 and §374.280.2.

F. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by ORNTIC, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced Market Conduct Examination.

G. **Waivers.** ORNTIC, 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.

H. **Changes.** No changes to this Stipulation shall be effective unless made in writing and agreed to by representatives of the Division and ORNTIC.

I. **Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.

J. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation, on behalf of the Division and ORNTIC respectively.

K. **Counterparts.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single

document.

L. **Effect of Stipulation.** This Stipulation shall become effective only upon entry of a Final Order by the Director approving this Stipulation.

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

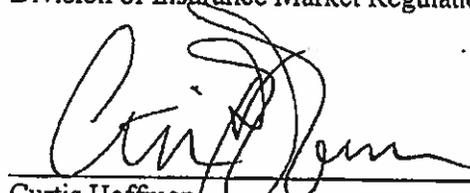
DATED: 7/19/2019


Angela Nelson
Director, Division of Insurance
Market Regulation

DATED: 7/9/2019


Stewart Freilich
Chief Market Conduct Examiner and
Senior Counsel
Division of Insurance Market Regulation

DATED: July 11, 2019


Curtis Hoffman
Executive Vice President
President, Central Title Division
Old Republic National Title Insurance Company