STATE OF MISSOURI

MDCCCXX

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

In re:	)	
	)	Examination No. 0805-10-TGT
Agents National Title Insurance Co. (NAIC #12522)	)	

ORDER OF THE DIRECTOR

NOW, on this 26th day of October, 2009, Director John M. Huff, after consideration and review of the market conduct examination report of Agents National Title Insurance Company f/k/a Farmers National Title Insurance Company (NAIC #12522), (hereafter referred to as "Agents") report numbered 0805-10-TGT, prepared and submitted by the Division of Insurance Market Regulation pursuant to §374.205.3(3)(a), RSMo, 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 workpapers, and any written submissions or rebuttals, the findings and conclusions of such report is deemed to be the Director's findings and conclusions accompanying this order pursuant to §374.205.3(4), RSMo.

This order, issued pursuant to §§374.205.3(4) and 374.280, RSMo and §374.046.15. RSMo (Cum. Supp. 2006), is in the public interest.

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

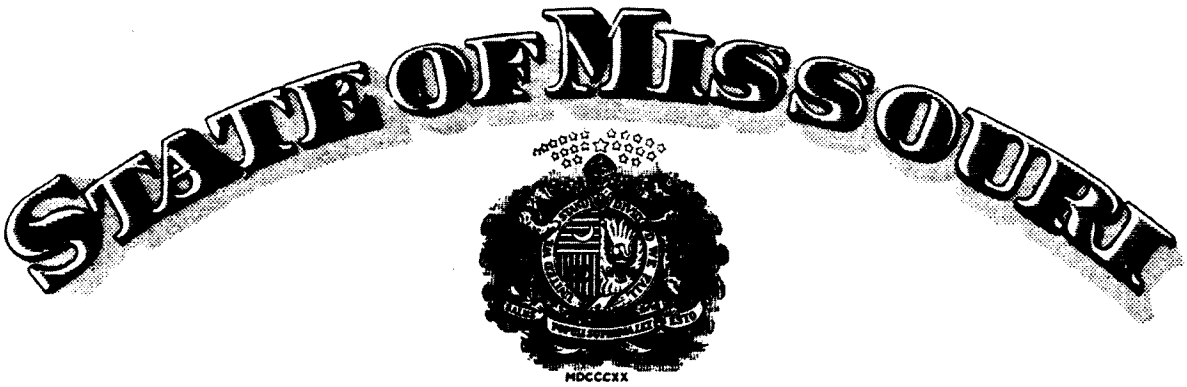
IT IS FURTHER ORDERED that Agents shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place Agents in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri and to maintain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

IT IS FURTHER ORDERED that Agents shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of $27,000, 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 26th day of October, 2009.

John M. Huff
Director



DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

TO: Office of the President
Agents National Title Insurance Company
1207 W. Broadway, Ste. C
Columbia, MO 65203

RE: Missouri Market Conduct Examination #0805-10-TGT
Agents National Title Insurance Company f/k/a Farmers National Title Insurance Co.
(NAIC #12522)

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions, and Professional Registration, hereinafter referred to as "Director," and Agents National Title Insurance Company f/k/a Farmers National Title Insurance Co, hereinafter referred to as "Agents," as follows:

WHEREAS, John M. Huff is the Director of the Department of Insurance, Financial Institutions, and Professional Registration, 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, Agents 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 Agents and prepared report number 0805-10-TGT; and

WHEREAS, the report of the Market Conduct Examination, #0805-10-TGT, alleges the following findings:

1. In some instances, the agent of the Company used schedules, exception language and policy forms that were not previously filed with the DIFP, as required by §381.085, RSMo, and 20 CSR 500-7.130(1)(A).

2. In some instances, the agent of the Company collected premium charges that were in excess of the amount that should have been charged, thereby violating §381.181, RSMo.

3. In some instances, the agent of the Company failed to clearly and conspicuously itemize all charges on the settlement statement to accurately represent the transaction, in violation of 12 U.S.C §2603.

4. In some instances, the agent of the Company disbursed funds held in an escrow account without having written instructions or an agreement allowing a change in the manner of disbursement. §381.022.2 and .3(3) and (4), RSMo.

5. In some instances, agent of the Company failed to conduct an adequate title search and examination to adequately establish marketability of title, show all outstanding, enforceable recorded items, liens, other interests, and exceptions for a known risk to the title to be insured, and failed to include special exceptions that were clear and specific, thus failing to determine insurability in accordance with sound underwriting practices as required by §381.071.1, and .2, RSMo, 20 CSR 500-7.200(1).

6. In some instances, the agent of the Company obtained the chain of title from a source other than a qualified title plant, as required by §381.071.1, and .2, RSMo, 20 CSR 500-7.200(1), and DIFP Bulletin 08-06.

7. In some instance, the agent of the Company failed to issue policies to its insureds within 45 days after closing, in violation of §381.038.3, RSMo, and 20 CSR 500-7.090(2) and (3).

8. In some instances, some of the Company's agencies failed to record the security instrument(s) within five business days after closing the transaction, thereby violating §381.026.1, RSMo.

9. In some instances, Agents failed to acknowledge claims within 10 working days of its notification of the claims, thereby violating §375.1007(2), RSMo, and 20 CSR 100-1.030(1) and (2).

10. In some instances, Agents failed to inform the insured every 45 days after the initial notification of its receipt of the claim that additional time was needed for investigation, as required by §375.1007(3) and (4), RSMo, and 20 CSR 100-1. 050(2)(C).

WHEREAS, Agents hereby agrees to take remedial action so as to maintain compliance with the statutes and regulations of the State of Missouri at all times and to reasonably assure that the alleged errors noted in the above-referenced market conduct examination reports do not recur;

WHEREAS, Agents agrees to file documentation of all remedial actions taken by it to assure compliance with the terms of this Stipulation and to reasonably assure that the alleged errors noted in the examination report do not recur, including explaining the steps taken and the results of such actions, with the Director within 60 days of the entry of a final Order closing this examination;

WHEREAS, Agents, 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 Market Conduct Examination #0805-10-TGT; and

WHEREAS, Agents hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Examination #0805-10-TGT further agrees, voluntarily and knowingly to surrender and forfeit the sum of $27,000; and

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 Agents to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Agents does hereby voluntarily and knowingly waive all rights to any hearing, does consent to an ORDER of the Director and does surrender and forfeit the sum of $27,000, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: 9-21-09

President
Agents National Title Insurance Co.

AGENTS NATIONAL TITLE INSURANCE COMPANY F/K/A FARMERS NATIONAL TITLE INSURANCE COMPANY RESPONSE TO MISSOURI MARKET CONDUCT EXAMINATION #0805-10-TGT

Agents National Title Insurance Company f/k/a Farmers National Title Insurance Company (Agents) is in receipt of the copy of the examiners market conduct report for the above referenced exam.

Agents National Title Insurance Company is Missouri's only domiciled title insurance underwriter at this time. Agents strives to provide the highest level of service to both consumers and our contracted title agents.

The following agents were reviewed for this examination:

Tri-Lakes Metro Title Company, LandChoice
Coffelt Land Title
Guaranty Land Title Insurance/LandChoice
Griffin Title LLC, d/b/a Cave Springs Title
Legacy Land Title

Of these agents, only Coffelt Land Title remains an active agent. Agents National Title Insurance terminated its agency contract with the remaining agents. The reasons for the terminations varied for each company. Any errors or violations found on these companies will not be repeated in regard to Agents National Title Insurance Company policies. Both prior to and following the exam Agents has worked diligently to promote the proper handling of files both internally and by title agents.

In this response, Agents will address each allegation on a per file basis.

Coffelt Land Title

The examiner found an error in regard to the forms used by Coffelt. The agent's software omitted the notation FNTC902 (ALTA92) and the notation ALTA Owner's Policy 6-17-06) at the top of the form. The filed forms used these notations. The omission of these notations did not alter coverage nor did they impair the insured in any way. The policies used were current filed policies with the director. Agents National Title Insurance did not withdraw prior policies based on the 92 ALTA policies when we filed the 06 ALTA forms. These polices were used during the transition to the 06 ALTA forms. Going forward, all agents are now using the ALTA 06 forms. This was an agent software issue and is not a material matter going forward. In the few instances when an 06 form was

needed and a 92 form was used, Agents National Title Insurance will give the benefit of the 06 coverage to the consumer and consider the 92 policy to include 06 coverage. Agents will replace any 92 policy with a proper 06 policy if requested by the insured. This appears to be a software error which has now been remedied.

File 800054732 Owners and Lender Policies: MO 1346126

1. The policy issued was not authorized to receive the reissue rate. Agents National Title Insurance has never authorized any agent to provide the reissue rate to avoid improper use of the rate. Our current rate filing has eliminated the reissue rate. The agent correctly calculated the premium.

2. In regard to the escrow matter, the agent failed to obtain lender approval for a change of $500 that was due to a change in the contract between the buyer and seller. The escrow funds were used properly, contrary to the statement that the funds were used for a purpose other than to fulfill the terms of the written escrow instructions. The escrow instructions are based on the contract between the buyer and the seller. The lender requested notice of any changes. The agent failed to notify the lender of a change in the disbursement of $500 buyer proceeds. The lender was not prejudiced due to this change.

Guaranty Land Title Insurance

Guaranty Land Title Insurance a/k/a LandChoice-Guaranty Land Title (GLT) was an agent during the time of this examination. GLT is no longer an authorized agent of Agents National Title Insurance Company. Any violations alleged will not be repeated in the future in regard to Agents National Title Insurance policies.

The general errors were as follows:

File M0712016 Owner and Lender Policies: MO1339899

1. The examiner took issue to the purported special exception used by GLT:

All general taxes due and payable in the year 2008 and thereafter, and any special assessments becoming a lien after the date thereof, and any and all charges, fees or assessments which may be due from any fire, water, levee, electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated, there are none now due and payable.

This item states that none of the items listed are due and payable at that time. The only exception provided in this statement is for any liens after the effective date of the policy. The agent searched each of these items and found that none were outstanding. This provides coverage and does not limit coverage. Agents disagrees that this is an overly broad exception. This statement covers all these matters.

2. The 1992 ALTA owners policy issued by the agent with the general exception of "Taxes or special assessments which constitute liens or are due or payable including unredeemed tax sales." This exception is substantially similar to our filed exception: "Taxes or special assessments, which are not shown as existing liens by the public records." Going forward, any difference is no longer pertinent due to the termination of the agency contract.

3. Agents National Title Insurance is unable to respond to the statement that the agent failed to disburse funds in accordance with written instructions. No specific funds were specified. We would request that the funds in question be identified.

4. It appears the agent worked forward from a prior policy. All matters affecting the title were reported on the policy. A prudent person would rely on more evidence due to their lack of training in regard to examining title. An experienced title examiner commonly works forward from prior policies. This would result in more limited notes in the file. Please identify the items that were left of the commitment that should have been included.

File L0801046 **Owner and Lender Policies: MO1339899**

1. The forms with the standard exceptions have been filed. The previous filing left out the standard exceptions. This error has been corrected.

2. The examiner took issue to the purported special exception used by GLT:

All general taxes due and payable in the year 2008 and thereafter, and any special assessments becoming a lien after the date thereof, and any and all charges, fees or assessments which may be due from any fire, water, levee, electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated, there are none now due and payable.

This item states that none of the items listed are due and payable at that time. The only exception provided in this statement is for any liens after the effective date of the policy. The agent searched each of these items and found that none were outstanding. This provides coverage and does not limit coverage. Agents disagrees that this is an overly broad exception. This statement covers all these matters.

3. It appears the easement was left off the commitment and policy due to employee error. I would argue that the agency did not knowingly issue a commitment and policy which intentionally omitted the easement.

File C0801029 **Owner Policy: MO1341098**

1. The forms with the standard exceptions have been filed. The previous filing left out the standard exceptions. This error has been corrected.

2. The examiner took issue to the purported special exception used by GLT:

All general taxes due and payable in the year 2008 and thereafter, and any special assessments becoming a lien after the date thereof, and any and all charges, fees or assessments which may be due from any fire, water, levee, electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated, there are none now due and payable.

This item states that none of the items listed are due and payable at that time. The only exception provided in this statement is for any liens after the effective date of the policy. The agent searched each of these items and found that none were outstanding. This provides coverage and does not limit coverage. Agents disagrees that this is an overly broad exception. This statement covers all these matters.

3. The policy issued was not authorized to receive the reissue rate. Agents National Title Insurance has never authorized any agent to provide the reissue rate to avoid improper use of the rate. Our current rate filing has eliminated the reissue rate. The agent correctly calculated the premium.

File E0801009 **Owner Policy: MO1340737**

1. The forms with the standard exceptions have been filed. The previous filing left out the standard exceptions. This error has been corrected.

2. The title agent in question sent notice to the title plants in the county requesting access for a reasonable fee and a reasonable turn time. While documentation was not included in the file, the agent maintained documentation that the request had been made. Due to the closing of this agent we were unable to obtain proof of the request. Agents National Title Insurance has provided several bulletins on the plant law in Missouri and aids in enforcement during our audits. See Exhibit A for Underwriting Bulletins.

3. Agents National Title Insurance is unable to verify whether the agent examined the trust due to the lack of documentation in the file. Our underwriting guidelines are as follows:

Trusts: Underwriting Guidelines

When insuring property being bought, sold, or mortgaged by a trust, the agent must call for and examine the trust agreement in order to establish that the trustee is acting within the authority provided under the trust. If there is any question as to the sufficiency of the power of the trustee to act, then the agent should require deeds from all beneficiaries under the trust agreement. A copy of the trust instrument or memorandum of trust should be retained in the agent's files for future reference.

The agent failed to adhere to Agents National Title Insurance published guidelines.

4. The examiner states that there is existence of one or more rights of way. The examiner does not give evidence that the rights of way potentially affect the property. The agent did not knowingly omit a matter affecting property. To properly respond to this critique we will need to see what the examiner is stating was omitted.

File X0801020 Loan Policy MO1343200

1. The forms with the standard exceptions have been filed. The previous filing left out the standard exceptions. This error has been corrected.

2. The examiner took issue to the purported special exception used by GLT:

All general taxes due and payable in the year 2008 and thereafter, and any special assessments becoming a lien after the date thereof, and any and all charges, fees or assessments which may be due from any fire, water, levee, electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated, there are none now due and payable.

This item states that none of the items listed are due and payable at that time. The only exception provided in this statement is for any liens after the effective date of the policy. The agent searched each of these items and found that none were outstanding. This provides coverage and does not limit coverage. Agents disagrees that this is an overly broad exception. This statement covers all these matters.

3. We are unable to admit or refute this error due to lack of documentation in the file. Agents National Title Insurance will issue an underwriting bulletin to address this issue.

4. The title agent in question sent notice to the title plants in the county requesting access for a reasonable fee and a reasonable turn time. While documentation was not included in the file, the agent maintained documentation that the request had been made. Due to the closing of this agent we were unable to obtain proof of the request. Agents National Title Insurance has provided several bulletins on the plant law in Missouri and aids in enforcement during our audits. See Exhibit A for Underwriting Bulletins.

File M0711004 Owner and Lender Policies: MO1342561

1. The examiner took issue to the purported special exception used by GLT:

All general taxes due and payable in the year 2008 and thereafter, and any special assessments becoming a lien after the date thereof, and any and all charges, fees or assessments which may be due from any fire, water, levee, electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated, there are none now due and payable.

This item states that none of the items listed are due and payable at that time. The only exception provided in this statement is for any liens after the effective date of the policy.

The agent searched each of these items and found that none were outstanding. This provides coverage and does not limit coverage. Agents disagrees that this is an overly broad exception. This statement covers all these matters.

2. The 1992 ALTA owners policy issued by the agent with the general exception of "Taxes or special assessments which constitute liens or are due or payable including unredeemed tax sales." This exception is substantially similar to our filed exception: "Taxes or special assessments, which are not shown as existing liens by the public records." Going forward, any difference is no longer pertinent due to the termination of the agency contract.

3. It appears the agent worked forward from a prior policy. All matters affecting the title were reported on the policy. A prudent person would rely on more evidence due to their lack of training in regard to examining title. An experienced title examiner commonly works forward from prior policies. This would result in more limited notes in the file. Please identify the items that were left of the commitment that should have been included.

4. The agent did not knowingly omit the 50 foot road in question. The road is a part of the plat of the subdivision. Item 7 on Schedule B-1 clearly shows the plat survey recorded in Book 387D, Page 1, Randolph County Missouri Records. The road is shown on this document. This was not omitted from the owners policy. To show an item on the filed plat on the policy would be duplicative.

5. Agents National Title Insurance is unable to respond to the statement that the agent failed to disburse funds in accordance with written instructions. No specific funds were specified. We would request that the funds in question be identified.

C0711038 Owner and lender

1. The examiner took issue to the purported special exception used by GLT:

All general taxes due and payable in the year 2008 and thereafter, and any special assessments becoming a lien after the date thereof, and any and all charges, fees or assessments which may be due from any fire, water, levee, electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated, there are none now due and payable.

This item states that none of the items listed are due and payable at that time. The only exception provided in this statement is for any liens after the effective date of the policy. The agent searched each of these items and found that none were outstanding. This provides coverage and does not limit coverage. Agents disagrees that this is an overly broad exception. This statement covers all these matters.

2. The 1992 ALTA owners policy issued by the agent with the general exception of "Taxes or special assessments which constitute liens or are due or payable including unredeemed tax sales." This exception is substantially similar to our filed exception: "Taxes or special assessments, which are not shown as existing liens by the public records." Going forward, any difference is no longer pertinent due to the termination of the agency contract.

3. The title agent in question sent notice to the title plants in the county requesting access for a reasonable fee and a reasonable turn time. While documentation was not included in the file, the agent maintained documentation that the request had been made. Due to the closing of this agent and the lack of documentation provided we were unable to obtain proof of the request. Agents National Title Insurance has provided several bulletins on the plant law in Missouri and aids in enforcement during our audits. See Exhibit A for Underwriting Bulletins.

4. It appears the agent worked forward from a prior policy. All matters affecting the title were reported on the policy. A prudent person would rely on more evidence due to their lack of training in regard to examining title. An experienced title examiner commonly works forward from prior policies. This would result in more limited notes in the file. Please identify the items that were left of the commitment that should have been included.

5. Please show how the access in regard to the subdivision and the sewer system dedication was not included on the plat for the subdivision. These matters were addressed during the platting of the subdivision and showing items on the plat and prior to the platting of the land would be duplicative. The items were enforceable due to their existence on the plat. It was not necessary for the agent to examine those items. The agent did not knowingly omit matters affecting title.

File C0801070 **Owner Policy: MO1342753**

1. The forms with the standard exceptions have been filed. The previous filing left out the standard exceptions. This error has been corrected.

2. The title agent in question sent notice to the title plants in the county requesting access for a reasonable fee and a reasonable turn time. While documentation was not included in the file, the agent maintained documentation that the request had been made. Due to the closing of this agent and the lack of documentation provided we were unable to obtain proof of the request. Agents National Title Insurance has provided several bulletins on the plant law in Missouri and aids in enforcement during our audits. See Exhibit A for Underwriting Bulletins.

3. It appears the agent worked forward from a prior policy. All matters affecting the title were reported on the policy. A prudent person would rely on more evidence due to their

lack of training in regard to examining title. An experienced title examiner commonly works forward from prior policies. This would result in more limited notes in the file. Please identify the items that were left of the commitment that should have been included.

4. Please provide evidence that the two easements affect the insured property. Without such evidence Agents National Title Insurance can not properly answer this critique. The agent did not omit matters affecting the property if those easements were not recorded on the lot in question.

Griffin Title d/b/a Cave Springs Title

File: 130GR07-19 **Loan Policy: MO1245221**

1. The policy was issued according to our records. There is no evidence that the insured did not receive the policy via fax or email. The "PI" listed was Pam Ingles from Agents National Title Insurance who attempted to send another copy to the insured.

2. The agent failed to record the deed of trust within three business days of closing. No disagreement.

Legacy Land Title

File 1320-08 **Loan Policy: 0062832795**

1. Agents National Title Insurance issued this file after the agent closed. Under 20 CSR 500-7.090(2)(C) a special exception for delay exists when the title insurance underwriter is directly issuing the policy and has not been paid for the policy. Agents National Title Insurance was not paid for this policy and issued it upon a review of the file.

2. The statute requires that the deed must be presented for recording within 5 days of closing. The recording occurred 22 days after the closing, but we are unable to determine when the document was presented to the recorder of deeds. We can not ascertain from the documentation whether the agent presented the documents for recording within 5 days.

File 1408-08 **Loan Policy: Mo1349427-LP**

1. Agents National Title Insurance issued this file after the agent closed. Under 20 CSR 500-7.090(2)(C) a special exception for delay exists when the title insurance underwriter is directly issuing the policy and has not been paid for the policy. Agents National Title Insurance was not paid for this policy and issued it upon a review of the file.

2. The statute requires that the deed must be presented for recording within 5 days of closing. The recording occurred 41 days after the closing, but we are unable to determine when the document was presented to the recorder of deeds. We can not ascertain from the documentation whether the agent presented the documents for recording within 5 days.

File 1356-08 **Loan Policy: MO1349491-LP**

1. Agents National Title Insurance issued this file after the agent closed. Under 20 CSR 500-7.090(2)(C) a special exception for delay exists when the title insurance underwriter is directly issuing the policy and has not been paid for the policy. Agents National Title Insurance was not paid for this policy and issued it upon a review of the file.

2. The statute requires that the deed must be presented for recording within 5 days of closing. The recording occurred 41 days after the closing, but we are unable to determine when the document was presented to the recorder of deeds. We can not ascertain from the documentation whether the agent presented the documents for recording within 5 days.

File 1399-80 **Loan Policy: MO1356550-LP**

1. Agents National Title Insurance issued this file after the agent closed. Under 20 CSR 500-7.090(2)(C) a special exception for delay exists when the title insurance underwriter is directly issuing the policy and has not been paid for the policy. Agents National Title Insurance was not paid for this policy and issued it upon a review of the file.

2. The statute requires that the deed must be presented for recording within 5 days of closing. The recording occurred 41 days after the closing, but we are unable to determine when the document was presented to the recorder of deeds. We can not ascertain from the documentation whether the agent presented the documents for recording within 5 days.

Claims Practices

A. Claims Time Studies

1. Failure to issue an acknowledgement within 10 working days on five files.

Agents National Title Insurance questions the calculation of five files. As provided in the report, four files are identified. Claim numbers: 203, 75, 1, and 51.

Agents National Title Insurance acknowledges that these four claims were not acknowledged within the 10 working day period as prescribed by law. This practice

does not continue in our claims processes. The employees responsible for providing notification and monitoring the 10 day requirement have been terminated. We have implemented a new system with quality personnel designed to insure that all claims are properly acknowledged.

2. Failure to inform the insured every 45 days after the initial notification on seven files.

Agents National Title Insurance acknowledges that these seven claims were not handled pursuant to 20 CSR 100-1.150 (2) (C) and updates to the insured were not provided within the 45 working day period as prescribed by law. This practice does not continue in our claims processes. The employees responsible for providing notification and monitoring the 45 day requirement have been terminated. We have implemented a new system with quality personnel designed to insure that all insured are updated pursuant to Missouri regulations

B. Unfair Settlement and General Handling Practices

We accept with the report of the examiners in regard to unfair settlement and general handling practices.

Exhibit A

1. **Title Plant Law Bulletin on February 25th, 2008**
2. **Search Bulletin on March 24th, 2008.**

Agents National Title Insurance Company

To: All Missouri Agents, **Please distribute to all employees immediately.**

From: David Townsend, President

Re: Title Plant Law

Date: February 25th, 2008

I want to refresh all agents on the title plant law in the State of Missouri. This states that a title plant must be utilized for a title search, unless no plant exists or the owner of the plant refuses to furnish the title evidence at a reasonable charge within a reasonable time. **This is for every county you write in.** Even if it is only one order a year. As an agent, your duty is to request access to the plant in each county you plan to write in. If you write or plan to write in every county in Missouri, you will need to apply for access to every plant in every county, if there is one. The Department of Insurance will be enforcing the plant law. The law reads as follows:

Insurer's duties, policies--examination of title, determination of insurability--showing of liens against title--records kept, duration --exceptions to requirements.

381.071. 1. No title insurance policy shall be written unless and until the title insurer, title agent, or agency has:

(1) Caused a search of title to be made from the evidence prepared from a title plant of the county where the property is located as herein defined, or if no such title plant of the county exists, or the owner of such plant refuses to furnish the title insurer, title agent, or agency desiring to insure, such title evidence at a reasonable charge and within a reasonable period of time, then such policy of title insurance shall be based upon the best title evidence available. An attorney licensed to practice law in this state may upon personal inspection use the best evidence available in any county and is not subject to the provisions of the title plant requirement of sections 381.011 to 381.241. The records on which the title plant is based on shall show all prior matters affecting the title to the property or interest therein for a continuous period of time of at least:

(a) The past ten years, by two years after September 28, 1987;

(b) The past fifteen years, by three years after September 28, 1987;

(c) The past twenty years, by four years after September 28, 1987; and

(d) The past twenty-seven years, by five years after September 28, 1987; and

(2) Caused to be made a determination of insurability of title in accordance with sound underwriting practices.

A reasonable charge and a reasonable time could vary from county to county and plant to plant. You will need to work with the plant owner to establish pricing and a time frame for the search to be completed. I would recommend contacting each title plant owner for their rates and turnaround time via certified mail. You will need to keep a record of who you contact and the response.

Unless you own a plant in the county, subscribe to a plant in the county, or order searches from the plant in that county, you must utilize the plant for searches unless one does not exist, access is denied, or the charges and turnaround time is unreasonable.

Whether or not a search is performed using a plant, a forty five year search is required. You can not avoid this requirement by using a third party vendor for your searches. The agent is ultimately responsible for their vendors and their work.

One way to insure that you are in compliance is to order a search from a plant owner if you need the occasional search in a county. If you need regular searches in a county, it is important that you request access to the plant.

Agents National Title Insurance Company requires all agents to adhere to the Title Code of the State of Missouri. If you have any questions in regard to this aspect of the Code or any others, please do not hesitate to contact us.

Farmers National Title Insurance Company

To: All Missouri Agents, **Please distribute to all employees immediately.**

From: David Townsend, President

Re: Search Requirement and Title Plant Law Update

Date: March 24, 2008

I have received additional information from the Department of Insurance in regard to search requirements in Missouri. The position of the Department is based on the title plant law in Missouri.

The title plant law in Missouri states the following:

Insurer's duties, policies--examination of title, determination of insurability--showing of liens against title--records kept, duration --exceptions to requirements.

381.071. 1. No title insurance policy shall be written unless and until the title insurer, title agent, or agency has:

(1) **Caused a search of title to be made from the evidence prepared from a title plant of the county where the property is located as herein defined, or if no such title plant of the county exists, or the owner of such plant refuses to furnish the title insurer, title agent, or agency desiring to insure, such title evidence at a reasonable charge and within a reasonable period of time, then such policy of title insurance shall be based upon the best title evidence available.** An attorney licensed to practice law in this state may upon personal inspection use the best evidence available in any county and is not subject to the provisions of the title plant requirement of sections 381.011 to 381.241. The records on which the title plant is based on shall show all prior matters affecting the title to the property or interest therein for a continuous period of time of at least:

(a) The past ten years, by two years after September 28, 1987;

(b) The past fifteen years, by three years after September 28, 1987;

(c) The past twenty years, by four years after September 28, 1987; and

(d) The past twenty-seven years, by five years after September 28, 1987; and

(2) Caused to be made a determination of insurability of title in accordance with sound underwriting practices.

2. Except when allowed by regulations promulgated by the director, no title insurer, title agent, or agency shall 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.

3. Evidence of the examination of title and determination of insurability shall be preserved and retained in the files of the title insurer or its title agent or agency for a period of not less than fifteen years after the title insurance policy has been issued. Instead of retaining the original evidence, the title insurer or title agent or agency may in the regular course of business establish a system whereby all or part of the evidence is recorded, copied, or reproduced by any process that accurately and legibly reproduces or forms a durable medium for reproducing the contents of the original.

4. This section shall not apply to:

(1) A title insurer assuming liability through a contract of reinsurance;

(2) A title insurer acting as coinsurer if one of the other coinsuring title insurers has complied with this section; or

(3) Policies of title insurance issued prior to the expiration of one year after September 28, 1987.

The Department of Insurance stated that they expect to see a search done utilizing a title plant, or if a search is not done using a plant, evidence of why a plant was not used. If you write in a county where there is a plant, you must use the plant, or provide evidence of **"the owner of such plant refuses to furnish the title insurer, title agent, or agency desiring to insure, such title evidence at a reasonable charge and within a reasonable period of time."** If a plant is not utilized, proof that access was refused or that the charge or time period were unreasonable is required.

If you do not use a plant, you must do a search using the best evidence available, in accordance with sound underwriting practices. Sound underwriting practices is not defined by the Department of Insurance, but by the underwriter.

The DOI will not be looking for evidence of a 45 search, because in some cases, a 45 year search is not enough. If a 60 year search is necessary to show all matters affecting the title to the property, then evidence of a 60 year search or evidence of a prior search is necessary. What the DOI stated is that it wants to see proof that a search was performed that was adequate to show all matters affecting the property. This includes, but is not limited to, easements, restrictions, liens, and other matters.

As for platted subdivisions, I would recommend doing a back search on the property before the plat and establish a master file for the subdivision. That way, you will not have to search it each and every time.

As for the plant law, reasonable charge and a reasonable time could vary from county to county and plant to plant. You will need to work with the plant owner to establish pricing and a time frame for the search to be completed. I would recommend contacting each title plant owner for their rates and turnaround time via certified mail. You will need to keep a record of who you contact and the response.

Unless you own a plant in the county, subscribe to a plant in the county, or order searches from the plant in that county, you must utilize the plant for searches unless one does not exist, access is denied, or the charges and turnaround time is unreasonable.

One way to insure that you are in compliance is to order a search from a plant owner if you need the occasional search in a county. If you need regular searches in a county, it is important that you request access to the plant.

Farmers National Title Insurance Company requires all agents to adhere to the Title Code of the State of Missouri. If you have any questions in regard to this aspect of the Code or any others, please do not hesitate to contact us.

Farmers National Title Insurance Company underwriting standards are available in the online underwriting manual. If you have questions on specific transactions, please contact us.

STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

Final Market Conduct Examination Report

Agents National Title Insurance Company
f/k/a: Farmers National Title Insurance Company
NAIC # 12522
Examination 0805-10-TGT

August 7, 2009
Home Office
1207 W. Broadway
Columbia, MO 65203

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FOREWORD

This market conduct examination report of the Agents National Title Insurance Company, f/k/a/ Farmers National Title Insurance Company is, overall, a report by exception. Examiners cite errors the Company made; however, failure to comment on specific files, products, or procedures does not constitute approval by the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP).

Examiners use the following in this report:

"Company" or "Farmers" or "Agents National" to refer to Agents National Title Insurance Company, f/k/a Farmers National Title Insurance Company;

"DIFP" or "Department" to refer to the Missouri Department of Insurance, Financial Institutions and Professional Registration;

"NAIC" to refer to the National Association of Insurance Commissioners;

"RSMo" to refer to the Revised Statutes of Missouri;

"CSR" to refer to the Code of State Regulations; and

"DBA" to refer to an agent "doing business as" a fictitious name filed with the Missouri Secretary of State's Office.

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, RSMo, and Chapter 381, RSMo.

The purpose of this examination is to determine if Agents National complied with Missouri statutes and DIFP regulations and to consider whether the Company operations are consistent with the public interest. This examination focuses on the following five agencies:

- Tri-Lakes Metro Title Company, Land Choice
- Coffelt Land Title
- Guaranty Land Title Insurance
- Griffin Title LLC d/b/a Cave Springs Title
- Legacy Land Title

Farmers National Title Insurance Company changed its name to Agents National Title Insurance Company effective January 2009.

The initial warrant was issued on April 25, 2008, and amended on June 5, 2008, to add Legacy Land Title, which was not included in the original warrant. The primary period covered by this review is January 1, 2007, through March 31, 2008; however, examiners included all discovered errors in this report.

This report focuses on general business practices of Agents National and the above listed agents. The DIFP has adopted the NAIC published error tolerance rate guidelines.

COMPANY PROFILE

The Company is licensed by the DIFP under Chapter 381, RSMo, to write title insurance as set forth in its Certificate of Authority.

According to information provided by Agents National, the Company was founded in September 2005 by David Townsend, President and CEO. The Company became licensed in Missouri in 2006, in Indiana in March 2007, and in Arkansas in January 2009. The Company anticipates expanding to Mississippi in the future. The Company focuses on independent title insurance agents and operates solely through local title agents.

EXECUTIVE SUMMARY

Examiners found the following areas of concern.

- In some instances, the Company or its agent failed to use forms filed with the DIFP.
- In some instances, the Company or its agent failed to disburse escrow funds in accordance with written instructions.
- In some instances, the Company or its agent failed to comply with title plant regulations.
- In some instances, the Company or its agent failed to use the filed risk rate.
- In some instances, the Company or its agent failed to issue the policy within 45 days of receipt of all information necessary to do so.
- In some instances, the Company or its agent failed to record the deed within five days of completing the transaction.
- In some instances, the Company failed to use sound underwriting.
- The Company failed to acknowledge the claim in four files within 10 working days.
- In seven files, the Company failed to inform the insured every 45 days of the status of the claim.

EXAMINATION FINDINGS

Tri-Lakes Metro Title Company, LandChoice

The underwriter indicated that during the timeframe of the examination, 01/01/2007 to 03/31/2008, the LandChoice companies were authorized agents of Farmers National Title Insurance Company. The companies of LandChoice included Preferred Land Title (PLT), Guaranty Land Title (GLT), Tri-Lakes Title and Escrow (TLT), Tri-Lakes Metro Title (TLM), and other LandChoice managed agents. It is our understanding that Tri-Lakes Metro Title was jointly owned by Tri-Lakes Title and Escrow and Guaranty Land Title. No Tri-Lakes Metro files were reviewed for this examination. Files for Guaranty Land Title were reviewed and are discussed in this examination report.

Coffelt Land Title, Inc.

Coffelt Land Title, Inc. was formerly known as Cass County Land Title, Inc. They hold an agency license with DIFP. Eight files were reviewed at this agency.

Files	Files	Files
800055444	**800054322**	**800054168**
800055245	**800054732**	**800054702**
800054338	**800054017**	

The examiner found the following error in all eight of the files reviewed.

The policy schedules used by the agent are similar to schedules filed with the Director in December 2006. However, the schedules used by the agent omit the notation "FNTC92O (ALTA92)" appearing at the bottom of the schedules filed with the director for use with an owner's policy and add the notation "ALTA Owner's Policy (6-17-06)" at the top of the form. The schedules used by the agent omit the notation "FNTC92L (ALTA92)" appearing at the bottom of the schedules filed with the director for use with a lender's policy and add the notation "ALTA Loan Policy (6-17-06)" at the top of the form.

The policy schedules used by the agent are not the policy schedules filed by the company with the director. Each of the policies issued by the agent are ALTA 10/17/92 forms and not ALTA 6/17/06 forms.

The ALTA forms dated 6/17/06 provide coverage that is sometimes new, sometimes more broad, and sometimes more specific than coverage provided by ALTA forms dated 10/17/92. The agent's modifications of the schedules issued with these policies may result in some confusion as to which policy form was to be issued and which form of coverage will be applied in the event of a claim.

The company and the agent may not use forms not filed with the director. Company indicates it is willing to replace 1992 form policy jackets with 2006 form policy jackets at

the request of an insured. The Company suggested that it will afford coverage under the terms of the 2006 policy forms in the event of a claim filed under a 1992 policy form in which 2006 form schedules were issued.

Reference: §381.085, RSMo (Supp. 2007)

In addition to the above error, which was found in all eight files, other errors were found as follows:

File: 800054732 **Owner and Lender Policies: MO1346126**

The examiner found two additional errors in this file.

1. The owner's policy in this file was issued with a face amount of $68,617.00. The correct original issue premium for this policy was $92.44. The agent's file includes a copy of an owner's policy of title insurance insuring the seller in this transaction as owner under date of 11/19/2001. The policy was eligible for the reissue rate. The correct premium for this policy was $55.46, calculated as follows: (50 X .84 = 42.00) + (18.7 X .72 = 13.46) = $55.46.

The insurer invoiced $92.44 as premium for the owner's policy. The premium invoiced by the insurer for the policy was $36.98 more than the correct premium.

The seller's settlement statement and the owner's policy for this purchase show title insurance premium of $81.06, the premium charged for the policy. The premium charged to the seller for the policy was $25.50 more than the correct premium.

The insurer and the agent may not use or collect any premium except in accordance with the premium schedules filed with the director.

Reference: §381.181, RSMo (Supp. 2007)

2. The settlement statement in this file shows that the buyer was to receive $500.00 in net proceeds at time of closing. The agent's escrow file contains a handwritten note reading "Make buyers check payable to seller." According to the agent's disbursement record, a check written to the seller on 5/1/2008, included an item for $500.00 identified as "Cash to buyer."

The examiner inquired of the agent (by email dated 10/9/2008) whether payment of the buyer's funds to the seller at settlement might have been replacement funds for an earnest money check not cashed. A representative of the agent phoned the examiner on 10/15/2008, to advise that he was not able to determine the reason for payment of the buyer's funds to the seller from reading the file, so he called the buyer. The buyer explained that the seller's wife had objected that net proceeds being received by the seller at settlement were less than expected. The buyer had offered his net proceeds to the seller to compromise the issue. The contract was effectively modified to a minor extent

at the closing. The settlement statement was not modified to reflect the changes in the transaction. The lender was not advised of the change in the transaction.

The mortgage in this transaction was HUD insured. The transaction did not fall within any of the exceptions for the ordinary requirement that a HUD-1 must be used for the settlement of federally insured loans, as provided in 24 C.F.R. §3500.5. The agent received the lender's written instructions on 4/30/2008. The agent deposited the lender's funds for this transaction to escrow on 5/1/2008. The lender's instructions specifically required that all transaction changes were to be approved by the lender. (Refer to item D.3 of the lender's instructions.) The settlement statement failed to clearly and conspicuously itemize all charges. It failed to accurately represent the transaction in violation of 12 U.S.C. § 2603.

Money or other items delivered to the agent for later delivery upon performance of a condition or the happening of an event constitute an escrow. See §381.022.1(1), RSMo (Supp. 2007). The title agent may act as an escrow agent, provided that funds deposited with the agent pursuant to written instructions are deposited at a qualified depository institution and applied only in accordance with the written instructions. The Company's title agent failed to obtain written instructions. The agent used escrow funds for a purpose other than to fulfill the terms of the written escrow instructions. The agent disbursed funds held in an escrow account without having written instructions or an agreement or under an order of a court of competent jurisdiction.

Reference: §381.022.2, .3(3) and (4) RSMo (Supp. 2007), and 12 U.S.C. §2603

Guaranty Land Title Insurance

LandChoice Company, LLC is a Missouri limited liability company sometimes identified in the agent's documents as "LandChoice-Guaranty Land Title," sometimes as LandChoice Company LLC/ Guaranty Land Title Insurance, Inc., and sometimes as Guaranty Land Title.

All of the policies reviewed show "MDI AG No. AG8020671," the agency license number issued for LandChoice Company LLC.

Relevant history of the agency:

- Guaranty Land Title Insurance of Columbia, Inc. was formed 11/4/1988 by registration with the Missouri Office of the Secretary of State.
- By Secretary of State filing of 5/13/1993, Guaranty Land Title Insurance of Columbia, Inc. changed its name to Guaranty Land Title Insurance, Inc.
- LandChoice Company, LLC was formed by Secretary of State filing of 8/10/2005.
- Advice filed with the office of the Secretary of State on 6/7/2006, shows LandChoice-Guaranty Land Title Ins. as a fictitious name for LandChoice Company LLC.

- The annual registration filed with the Secretary of State on 8/7/2008, for Guaranty Land Title Insurance, Inc., reports principal place of business or corporate headquarters as "NONE – Business Closed."
- Examiner has found no indication of dissolution of Guaranty Land Title Insurance, Inc.
- Guaranty Land Title Insurance, Inc., currently has no license as a title insurance agency.
- The title insurance agency license for LandChoice Company LLC expires 12/5/2009.
- An article published in the Columbia Tribune 7/26/2008, reported that Michael Holden sold his interests in Guaranty Land Title Insurance, Inc., to LandChoice Co. partners Steve Babbit of Tri-Lakes Title & Escrow and Cara Detring of Preferred Land Title Co.

The examiner reviewed eight files in which the agency issued title insurance policies and found errors in all eight files.

File M0712016 **Owner and Lender Policies: MO1339899**

The examiner found four errors in this file.

1. The owner and lender policies both include a special exception reading as follows:

All general taxes due and payable in the year 2008 and thereafter, and any special assessments becoming a lien after the date hereof, and any and all charges, fees or assessments which may be due from any fire, water, levee, electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated, there are none now due and payable.

The language reading "and any special assessments becoming a lien after the date hereof, and any and all charges, fees or assessments which may be due from any fire, water, levee, electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated" is too vague to create a proper special exception.

To be effective, special exceptions to title must be clear and specific and must have a factual basis.

The title insurer, title agent or agency may not write a title insurance policy unless they make a determination of insurability of title in accordance with sound underwriting practices.

References: §381.071.1 and .1(2), RSMo (Supp. 2007)

2. The 1992 ALTA owner's policy issued by the agent under date of 1/8/2008, includes a general exception reading as follows: "Taxes or special assessments which constitute liens or are due or payable including unredeemed tax sales."

The general exception used by the agent is not the general exception in the form filed by the insurer with the director. The effect of the general exception used by the agent is not similar to the effect of the general exception in the filed form.

No title insurer shall issue or agree to issue any standard forms unless the forms have been filed with the director.

References: §381.085, RSMo (Supp. 2007) and 20 CSR 500-7.130(1)(A)

3. The agent disbursed funds to pay expenses in connection with the transaction but had no written instructions indicating the manner and amount of the disbursements to be made. The settlement or closing agent disbursed funds from the escrow account without written instruction or agreement specifying under what conditions and to whom such funds may be disbursed.

References: §381.022.3(4), RSMo (Supp. 2007)

4. The examination of title was not adequate to establish marketability of title and to reasonably assure that all matters of record and affecting the title could be reported in the owner's policy of title insurance. The file contains a copy of a single deed of conveyance and a single deed of trust, both recorded in 2003. The chain of title in the file lists eight additional deeds of conveyance within the chain of title. The file notes are not sufficiently detailed to permit a reasonable conclusion that other deeds of conveyance within the period of the chain of title were examined. A reasonable and prudent person would not rely upon the limited evidence of title found in this file in the conduct of his own affairs.

The title insurer, title agent or agency must make a determination of insurability of title in accordance with sound underwriting practices prior to issuing a policy. No title insurer, title agent or agency shall 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.

The examination of title must be based upon evidence of title that a reasonable and prudent person would rely upon in the conduct of his own affairs.

References: §381.071.1 and .2, RSMo (Supp. 2007), and 20 CSR 500-7.200, and DIFP Bulletin 08-06 (Title Plant Requirements)

File L0801046 **Owner and Lender Policies: MO1342098**

The examiner found three errors in this file.

1. The insurer filed three versions of Schedules A and B for use with its commitments for ALTA 2006 policy forms on 7/6/2007. None of the three versions of Schedules A and B for use with commitments for ALTA 2006 policy forms contained any standard exceptions.

The insurer's commitment to insure represents a contractual agreement to issue a specific form of policy containing specific terms and exceptions to title after completion of a contemplated real estate transaction. Addition of exceptions not anticipated by the terms of the commitment violates the contractual understanding with the insured.

The agent issued a commitment dated 1/17/2008, for an ALTA 2006 owner policy and an ALTA 2006 loan policy. The agent issued an owner's policy dated 2/5/2008. The commitment and the owner's policy issued by the agent both include standard exceptions.

The company and the agent may not use forms not filed with the director.

References: §381.085, RSMo (Supp. 2007) and 20 CSR 500-7.130(1)(A)

2. The owner and lender policies both include a special exception reading as follows:

> All general taxes due and payable in the year 2008 and thereafter, and any special assessments becoming a lien after the date hereof, and any and all charges, fees or assessments which may be due from any fire, water, levee, electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated, there are none now due and payable.

The language reading "and any special assessments becoming a lien after the date hereof, and any and all charges, fees or assessments which may be due from any fire, water, levee, electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated" is too vague to create a proper special exception.

To be effective, special exceptions to title must be clear and specific and must have a factual basis.

The title insurer, title agent or agency may not write a title insurance policy unless they make a determination of insurability of title in accordance with sound underwriting practices.

References: §381.071.1 and .1(2), RSMo (Supp. 2007)

3. The chain of title in this file shows a water line easement affecting the property in question. The item is circled on the chain of title.

The commitment to insure dated 1/17/2008, does not include a reference to the easement. The owner and lender policies dated 2/5/2008, do not reference the easement. The agent omitted a known matter affecting the property when issuing an owner's policy of title insurance.

No title insurer, title agent or agency shall 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. 2007)

File C0801029 **Owner Policy: MO1341098**

The examiner found three errors in this file.

1. The insurer filed three versions of Schedules A and B for use with its commitments for ALTA 2006 policy forms on 7/6/2007. None of the three versions of Schedules A and B for use with commitments for ALTA 2006 policy forms contained any standard exceptions.

The insurer's commitment to insure represents a contractual agreement to issue a specific form of policy containing specific terms and exceptions to title after completion of a contemplated real estate transaction. Addition of exceptions not anticipated by the terms of the commitment violates the contractual understanding with the insured.

The agent issued a commitment dated 1/8/2008, for an ALTA 2006 owner policy. The owner's policy issued by the agent was dated 2/5/2008. The commitment and the owner's policy issued by the agent both include standard exceptions.

The company and the agent may not use forms not filed with the director.

References: §381.085, RSMo (Supp. 2007) and 20 CSR 500-7.130(1)(A)

2. The owner's policy includes a special exception reading as follows:

> All general taxes due and payable in the year 2008 and thereafter, and any special assessments becoming a lien after the date hereof, and any and all charges, fees or assessments which may be due from any fire, water, levee, electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated, there are none now due and payable.

The language reading "and any special assessments becoming a lien after the date hereof, and any and all charges, fees or assessments which may be due from any fire, water,

levee, electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated" is too vague to create a proper special exception.

To be effective, special exceptions to title must be clear and specific and must have a factual basis.

The title insurer, title agent or agency may not write a title insurance policy unless they make a determination of insurability of title in accordance with sound underwriting practices.

References: §381.071.1 and .1(2), RSMo (Supp. 2007).

3. The agent issued the owner's policy in this file under date of 2/5/2008, with a face amount of $150,000.00 and charged a risk rate of $170.00. $170.00 was the correct charge for an original issue policy for that amount. However, the agent had a copy of a Commonwealth Land Title policy of title insurance insuring the seller as owner under date of 9/28/2005.

The risk rates filed by Farmers National Title Insurance Company and in use on 2/5/2008, included a rate for reissued owner policies. The filed reissue rate for this owner policy was $102.00. The correct premium is calculated as (50 X .84 = 42.00) + (50 X .72 = $36.00) + (50 X .48 = $24.00) = $102.00, not $170.00.

The consumer paid more than the rate filed with the director.

Premium schedules must be filed with the director, and no title insurer or agent may use or collect any premium except in accordance with the premium schedules filed with the director.

References: §381.181, RSMo (Supp. 2007)

File E0801009 **Owner Policy: MO1340737**

The examiner found four errors in this file.

1. The insurer filed three versions of Schedules A and B for use with its commitments for ALTA 2006 policy forms on 7/6/2007. None of the three versions of Schedules A and B for use with commitments for ALTA 2006 policy forms contained any standard exceptions.

The insurer's commitment to insure represents a contractual agreement to issue a specific form of policy containing specific terms and exceptions to title after completion of a contemplated real estate transaction. Addition of exceptions not anticipated by the terms of the commitment violates the contractual understanding with the insured.

The agent issued a commitment dated 1/8/2008, for an ALTA 2006 owner policy. The agent issued an owner's policy dated 1/30/2008. The commitment and the owner's policy issued by the agent both include standard exceptions.

The company and the agent may not use forms not filed with the director.

References: §381.085, RSMo (Supp. 2007) and 20 CSR 500-7.130(1)(A)

2. The agent obtained the chain of title in this file from a source other than a qualified title plant. The agent's file contains no information indicating that a search of title prepared from the records of a qualified title plant was not available at reasonable cost. The examination of title was not based upon evidence of title that a reasonable and prudent person would rely upon in the conduct of his own affairs.

The search of title shall be based upon evidence prepared from a qualified title plant unless the preparation of the search is subject to a permitted exception. The person performing the examination shall verify in a written statement where the evidence used in the examination was obtained and shall identify in clear and specific terms the reasons for following any exception.

The file is not documented to show that the agent was exempt from the ordinary necessity of obtaining the search using a title plant.

References: §381.071, RSMo (Supp. 2007), 20 CSR 500-7.200(1)

3. The agent did not perform an examination of title sufficient to establish marketability of title and to reasonably assure that all matters recorded and known to affect title could be reported when issuing the owner's policy of title insurance. The agent ran a chain of title extending to at least 10/30/1987. The last conveyance deed for the property was recorded in 5/12/2005 in Book 15, Page 264, and involves individuals as trustees of a trust. There is no information in this file indicating that the agent verified the trust and its trustees. The deed recorded 5/12/2005, is the only deed within the chain of title for the property in question examined by the agent.

The examination of title was not based upon evidence of title that a reasonable and prudent person would rely upon in the conduct of his own affairs. The search and examination of title in this file did not include enough information to permit insuring title in accordance with sound underwriting practices.

No title insurer, title agent or agency shall issue a title insurance policy unless it has determined insurability of title in accordance with sound underwriting practices.

References: §381.071.1 and .2, RSMo (Supp. 2007), and Bulletin 08-06 (Title Plant Requirements).

4. There is significant indication that existence of one or more rights of way affecting the property can be found in the public record. The agent had notice of the issue but failed to properly research the matter. The standard exception for easements or claims of easements not shown by the public records will not exclude coverage for the matter.

The policy contains no reference to any right of way affecting the property. The agent has knowingly omitted a matter affecting title when issuing an owner's policy of title insurance.

No title insurer, title agent or agency shall 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.

References: §381.071.2, RSMo (Supp. 2007)

File X0801020 **Loan policy: MO1343200**

The examiner found four errors in this file.

1. The insurer filed three versions of Schedules A and B for use with its commitments for ALTA 2006 policy forms on 7/6/2007. None of the three versions of Schedules A and B for use with commitments for ALTA 2006 policy forms contained any standard exceptions.

The agent issued a commitment dated 1/17/2008, for an ALTA 2006 loan policy. The commitment includes standard exceptions.

The company and the agent may not use forms not filed with the director.

References: §381.085, RSMo (Supp. 2007) and 20 CSR 500-7.130(1)(A)

2. The loan policy includes a special exception reading as follows:

> All general taxes due and payable in the year 2008 and thereafter, and any special assessments becoming a lien after the date hereof, and any and all charges, fees or assessments which may be due from any fire, water, levee, electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated, there are none now due and payable.

The language reading "and any special assessments becoming a lien after the date hereof, and any and all charges, fees or assessments which may be due from any fire, water, levee, electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated" is too vague to create a proper special exception.

To be effective, special exceptions to title must be clear and specific and must have a factual basis.

The title insurer, title agent or agency may not write a title insurance policy unless they make a determination of insurability of title in accordance with sound underwriting practices.

References: §381.071.1 and .1(2), RSMo (Supp. 2007)

3. The agent disbursed funds to pay expenses in connection with the transaction but had no written instructions indicating the manner and amount of the disbursements to be made.

The settlement or closing agent disbursed funds from the escrow account without written instruction or agreement specifying under what conditions and to whom such funds may be disbursed.

References: §381.022.3(4), RSMo (Supp. 2007)

4. The agent obtained the chain of title in this file from a source other than a qualified title plant. The agent's file contains no information indicating that a search of title prepared from the records of a qualified title plant was not available at reasonable cost. The examination of title was not based upon evidence of title that a reasonable and prudent person would rely upon in the conduct of his own affairs.

The search of title shall be based upon evidence prepared from a qualified title plant unless the preparation of the search is subject to a permitted exception. The person performing the examination shall verify in a written statement where the evidence used in the examination was obtained and shall identify in clear and specific terms the reasons for following any exception.

The file is not documented to show that the agent was exempt from the ordinary necessity of obtaining the search using a title plant.

References: §381.071, RSMo (Supp. 2007), 20 CSR 500-7.200(1)

File M0711004 **Owner and Lender Policies: MO1342561**

The examiner found four errors in this file.

1. The owner and lender policies both include a special exception reading as follows:

> All general taxes due and payable in the year 2008 and thereafter, and any special assessments becoming a lien after the date hereof, and any and all charges, fees or assessments which may be due from any fire, water, levee,

electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated, there are none now due and payable.

The language reading "and any special assessments becoming a lien after the date hereof, and any and all charges, fees or assessments which may be due from any fire, water, levee, electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated" is too vague to create a proper special exception.

To be effective, special exceptions to title must be clear and specific and must have a factual basis.

The title insurer, title agent or agency may not write a title insurance policy unless they make a determination of insurability of title in accordance with sound underwriting practices.

References: §381.071.1 and .1(2), RSMo (Supp. 2007)

2. The 1992 ALTA owner's policy issued by the agent under date of 2/11/2008, includes a general exception reading as follows: "Taxes or special assessments which constitute liens or are due or payable including unredeemed tax sales." The general exception used by the agent is not the general exception in the form filed by the insurer with the director. The effect of the general exception used by the agent is not similar to the effect of the general exception in the filed form.

No title insurer shall issue or agree to issue any standard forms unless the forms have been filed with the director.

References: §381.085, RSMo (Supp. 2007) and 20 CSR 500-7.130(1)(A)

3. The chain of title lists 10 conveyance deeds, but the agent examined only two of them, one recorded on 3/6/2006, and one recorded on 11/6/2007. The examination of title in this file did not include enough information to permit insuring title in accordance with sound underwriting practices. The examination of title was not sufficient to assure that all known and recorded matters affecting title would be reported in the owner's policy of title insurance.

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

References: §381.071.1 and .2, RSMo (Supp. 2007), and 20 CSR 500-7.200, and DIFP Bulletin 08-06 (Title Plant Requirements)

4. The agent disbursed funds to pay expenses in connection with the transaction but had no written instructions indicating the manner and amount of the disbursements to be made.

The settlement or closing agent disbursed funds from the escrow account without written instruction or agreement specifying under what conditions and to whom such funds may be disbursed.

References: §381.022.3(4), RSMo (Supp. 2007)

File C0711038 **Owner and Lender Policies: MO1342550**

The examiner found five errors in this file.

1. The owner and lender policies both include a special exception reading as follows:

> All general taxes due and payable in the year 2008 and thereafter, and any special assessments becoming a lien after the date hereof, and any and all charges, fees or assessments which may be due from any fire, water, levee, electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated, there are none now due and payable.

The language reading "and any special assessments becoming a lien after the date hereof, and any and all charges, fees or assessments which may be due from any fire, water, levee, electric or sewer district or cooperative and any Home Owners Association in which subject property may be situated" is too vague to create a proper special exception. To be effective, special exceptions to title must be clear and specific and must have a factual basis.

The title insurer, title agent or agency may not write a title insurance policy unless they make a determination of insurability of title in accordance with sound underwriting practices.

References: §381.071.1 and .1(2), RSMo (Supp. 2007)

2. The 1992 ALTA owner's policy issued by the agent under date of 3/6/2008, includes a general exception reading as follows: "Taxes or special assessments which constitute liens or are due or payable including unredeemed tax sales." The general exception used by the agent is not the general exception in the form filed by the insurer with the director. The effect of the general exception used by the agent is not similar to the effect of the general exception in the filed form.

No title insurer shall issue or agree to issue any standard forms unless the forms have been filed with the director.

References: §381.085, RSMo (Supp. 2007) and 20 CSR 500-7.130(1)(A).

3. The agent obtained the chain of title in this file from a source other than a qualified title plant. The agent's file contains no information indicating that a search of title prepared from the records of a qualified title plant was not available at reasonable cost. The examination of title was not based upon evidence of title that a reasonable and prudent person would rely upon in the conduct of his own affairs.

The search of title shall be based upon evidence prepared from a qualified title plant unless the preparation of the search is subject to a permitted exception. The person performing the examination shall verify in a written statement where the evidence used in the examination was obtained and shall identify in clear and specific terms the reasons for following any exception.

The file is not documented to show that the agent was exempt from the ordinary necessity of obtaining the search using a title plant.

References: §381.071.1 and .2, RSMo (Supp. 2007), and 20 CSR 500-7.200, and DIFP Bulletin 08-06 (Title Plant Requirements)

4. The examination of title in this file did not include enough information to permit insuring title in accordance with sound underwriting practices. At the time of the initial examination of title in this file, the agent found title vested in Breakthrough Construction, Inc., by deed recorded 8/27/2004, in Book 2579, Page 128. There is no indication in this file that the agent examined any deed recorded prior to that deed. The examination of title was not sufficient to assure that all known and recorded matters affecting title would be reported in the owner's policy of title insurance.

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

References: §381.071.1 and .2, RSMo (Supp. 2007), and 20 CSR 500-7.200, and DIFP Bulletin 08-06 (Title Plant Requirements)

5. Title to the underlying land in the subdivision was acquired by deed describing land having a frontage of more than 700 feet along a highway. It is likely that access to the highway is limited by grant or by condemnation and that the limitations on access apply to all of the land described in the deed. There is no indication the agent researched the question. The policies of title insurance do not include any reference to the matter.

The chain of title also reflects conveyance of a sewer system and a dedication. The sewer system conveyance and the dedication instrument were not examined by the agent and are not referenced in the policies. The agent has knowingly omitted matters affecting title when issuing an owner's policy of title insurance.

No title insurer, title agent or agency shall 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.

References: §381.071.2, RSMo (Supp. 2007)

File C0801070 **Owner Policy: MO1342753**

The examiner found two errors in this file.

1. The insurer filed three versions of Schedules A and B for use with its commitments for ALTA 2006 policy forms on 7/6/2007. None of the three versions of Schedules A and B for use with commitments for ALTA 2006 policy forms contained any standard exceptions.

The insurer's commitment to insure represents a contractual agreement to issue a specific form of policy containing specific terms and exceptions to title after completion of a contemplated real estate transaction. Addition of exceptions not anticipated by the terms of the commitment violates the contractual understanding with the insured.

The agent issued a commitment dated 1/18/2008, for an ALTA 2006 owner policy. The owner's policy is dated 3/7/2008. The commitment and the owner's policy both include standard exceptions.

The company and the agent may not use forms not filed with the director.

References: §381.085, RSMo (Supp. 2007) and 20 CSR 500-7.130(1)(A)

2. The agent obtained the chain of title in this file from a source other than a qualified title plant. The agent's file contains no information indicating that a search of title prepared from the records of a qualified title plant was not available at reasonable cost. The examination of title was not based upon evidence of title that a reasonable and prudent person would rely upon in the conduct of her own affairs.

The search of title shall be based upon evidence prepared from a qualified title plant unless the preparation of the search is subject to a permitted exception. The person performing the examination shall verify in a written statement where the evidence used in the examination was obtained and shall identify in clear and specific terms the reasons for following any exception.

The file is not documented to show that the agent was exempt from the ordinary necessity of obtaining the search using a title plant.

References: §381.071, RSMo Supp. 2007, 20 CSR 500-7.200(1), (2), and (3)

Griffin Title LLC d/b/a Cave Springs Title (Griffin)

Farmers terminated their agent contract and underwriting relationship with Griffin Effective 12/13/2007. Griffin ceased operation in September/October 2007. At that time, Farmers was its only underwriter. The examiners reviewed two complaint files and the policy files associated with those complaints.

The examiners found the following errors in their review of both Griffith Title d/b/a Cave Springs Title, St. Peters, MO files.

File: 130GR07-19 **Loan Policy: MO1345221-LP**

The examiners found one violation in this file.

The transaction was funded on 08/27/2007, and funds were disbursed on 08/27/2007. However, no notation the policy was issued to the insured was documented in this file. The only document ascertainable to document that the agent issued the policy was a returned envelope supposedly containing the policy marked "returned" and dated 07/01/2008 by U.S. Post Office and manually initially by an agency employee as "PI."

Reference: §381.038.3, RSMo (Supp. 2007) and 20 CSR 500-7.090(2) & (3)

Legacy Land Title

The examiners reviewed five complaint files and the policy files associated with them.

The examiners found the following errors four of the files reviewed at Legacy Land Title, Kansas City, MO. files.

File: 1320-08 **Loan Policy: 0062832795**

The examiners found two violations in this file.

1. The transaction was funded on 1/28/2008, and funds were disbursed on 01/28/2008. However, the policy was not issued to the insured until 10/15/2008, which was 261 calendar days after disbursement of funds.

Reference: §381.038.3, RSMo (Supp. 2007) and 20 CSR 500-7.090(2) & (3)

2. The transaction was funded on 1/28/2008, and funds were disbursed on 1/28/2008. The agent recorded the deed on 2/27/2008, 22 business days after disbursing. The agent failed to record the deed within five business days of closing.
Reference: §381.026.1 RSMo (Supp. 2007)

File: 1408-08 **Loan Policy: MO1349427-LP**

The examiners found two violations in this file.

1. The transaction was funded on 05/05/2008, and funds were disbursed on 05/05/2008. However, the policy was not issued to the insured until 11/03/2008, which was 182 calendar days after disbursement of funds.

Reference: §381.038.3, RSMo (Supp. 2007) and 20 CSR 500-7.090(2) & (3)

2. The transaction was funded on 5/05/2008, and funds were disbursed on 5/05/2008. The agent recorded the deed on 5/20/2008, 10 business days after disbursing. The agent failed to record the deed within five business days of closing.

Reference: §381.026.1, RSMo (Supp. 2007)

File: 1356-08 **Loan Policy: MO1349491-LP**

The examiners found two violations in this file.

1. The transaction was funded on 3/26/2008, and funds were disbursed on 3/26/2008. However, the policy was not issued to the insured until 11/03/2008, which was 222 calendar days after disbursement of funds.

Reference: §381.038.3, RSMo (Supp. 2007) and 20 CSR 500-7.090(2) & (3)

2. The transaction was funded on 3/26/2008, and funds were disbursed on 3/26/2008. The agent recorded the deed on 5/26/2008, 41 business days after disbursing. The agent failed to record the deed within five business days of closing.

Reference: §381.026.1 RSMo (Supp. 2007)

File: 1399-08 **Loan Policy: MO1356550-LP**

The examiners found two violations in this file.

1. The transaction was funded on 4/25/2008, and funds were disbursed on 4/25/2008. However, the policy was not issued to the insured until 11/03/2008, which was 192 calendar days after disbursement of funds.

Reference: §381.038.3, RSMo (Supp. 2007) and 20 CSR 500-7.090(2) & (3)

2. The transaction was funded on 4/25/2008, and funds were disbursed on 4/25/2008. The agent recorded the deed on 6/09/200830 business days after disbursing. The agent failed to record the deed within five business days of closing.

Reference: §381.026.1 RSMo (Supp. 2007)

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 claims 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 a date of closing from February, 26, 2006, through January 29, 2009.

A claim file is determined 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 rate(s) 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 the claim must be within 10 working days.
- Completion of the investigation of the 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 examiners noted the following exception during their review:

1. The examiners found that the Company failed to issue an acknowledgement to an original demand letter on four of 25 files reviewed within 10 working days.

Claim Number	File Number	Date Claim Received	Date Claim Acknowledged	Number of Days to Acknowledge
203	Not Provided	11-10-2008	1-26-2009	48
75	STO013746	6-18-2008	8-18-2008	42
1	AB-06-2232	9-16-2006	11-27-2006	61
51	1321-07	6-28-2008	7-23-2008	17

Reference:§375.1007(2), RSMo, and 20 CSR 100-1.030(1), and (2)

2. The examiners found that the Company failed to inform the insured every 45 days after initial notification by not sending the claimant a letter setting forth the reasons additional time was needed for investigation on seven of 25 files reviewed.

Claim Number	File Number	Date Claim Received	Date of 45 day Letter	Number of Days
75	STO013746	8-18-2008	12-08-2008	73
1	AB-06-2232	9-16-2006	11-27-2006	61
163	AB-06-2814	11-28-2008	2-17-2009	51
131	1709063	10-28-2008	2-18-2009	73
99	1721-07	9-29-2008	12-23-2008	57
43	34144	6-30-2008	12-15-2008	99
35	07GT00024	4-28-2008	12-18-2008	151

Reference: §375.1007(3) and (4), RSMo, and 20 CSR 100-1.050 (2)(C)

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 examiners discovered no issues or concerns.

SUBMISSION

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of Agents National Title Insurance Company f/k/a Farmers National Title Insurance Company (NAIC #12522), Examination Number 0805-10-TGT. This examination was conducted by Martha B. Long, Joseph Ott, and Ted Greenhouse. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated May 5, 2009. 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.

Michael W. Woolbright 9/25/09

Michael W. Woolbright Date
Chief Market Conduct Examiner