

**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

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

TO: Office of the President
First American Title Insurance Company
1600 Brentwood Blvd., Ste. 220
St. Louis, MO 63144

RE: Missouri Market Conduct Examination # 0603-03-TLE
First American Title Insurance Company (NAIC #50814)

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by Douglas M. Ommen, Director of the Missouri Department of Insurance, Financial Institutions, and Professional Registration, hereinafter referred to as "Director," and First American Title Insurance Company, hereinafter referred to as "First American," as follows:

WHEREAS, Douglas M. Ommen 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, First American 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 First American and prepared report number 0603-03-TLE; and

WHEREAS, said Market Conduct Examination report revealed the following findings:

1. In some instances, certain individuals employed by First American failed to obtain a proper license from the Department as required by §381.031.17, RSMo.
2. In some instances, some of First American's direct agencies and some of its independent agencies failed to record the security instrument(s) within three (3) business days after the closing of the transaction, thereby violating §381.412.1, RSMo.
3. In some instances, the Company's files lacked documentation of the examination or chain of title work done by the agency prior to issuing policies insuring the title of certain properties, thereby violating §381.071.1(2) and .3, RSMo, and 20 CSR 300-2.100.
3. In some instances, the Company's file documentation failed to indicate that the Company maintained evidence of the examination of title for at least 15 years, as required by §381.071.3, RSMo.
4. In some instances, First American charged risk rates, charges, and fees that were either incorrect or were not the actual risk rate previously filed with the Department by the Company, thereby violating §381.181, RSMo, and 20 CSR 500-7.100 and MDI Bulletin 93-09.
5. In some instances, First American used exceptions in its title policies that were inappropriate, generic in form, or not specific to the property or the transaction, thereby violating §381.071.1.2 and .2, RSMo.
6. In some instances, First American 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, thus failing to determine insurability in accordance with sound underwriting practices as required by §381.071.1, and .2, RSMo.
7. In some instances, agents of First American failed to promptly report the collection of premiums, in violation of their fiduciary duties to the company, as set forth in §§381.131 and 381.171, RSMo; and 20 CSR 300-2.200(3)(A)(2).
8. In some instances, independent agents of First American failed to disburse funds received in excess of \$10,000 in the proper form and were disbursed less than 10 days after deposit, thereby violating §381.412, RSMo.
9. In some instances, agents of First American used certain forms and language to prepare some of its policies which had not been previously filed with the Department, thereby violating §381.211, RSMo.
10. In some instances, First American incorrectly dated a policy of title insurance, potentially misleading the insured as to matters covered by the policy, in violation of §§375.1007(1), 381.071.2, RSMo, and 20 CSR 100-1.020(1).

11. In some instances, First American failed to promptly acknowledge certain first-party claims within 10 working days after receipt, thereby violating §375.1007(2), RSMo, and 20 CSR 100-1.050(1)(A).

12. In some instances, First American failed to maintain its files in a manner such that the examiners could readily ascertain the Company's claims' handling procedures, as required by §374.205, RSMo, and 20 CSR 300-2.200(3)(B).

13. In some instances, First American failed to send a status letter to the claimant explaining why the claim was still open after 45 days from the date of notice and that another claim had been denied, thereby violating 20 CSR 100-1.050(1)(A) and (C).

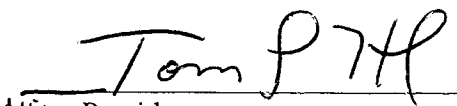
WHEREAS, First American hereby agrees to take remedial action bringing First American into compliance with the statutes and regulations of the State of Missouri and agrees to maintain those corrective actions at all times.

WHEREAS, First American, after being advised by legal counsel, and specifically without any admission of any violation of law with regard to paragraphs 2 and 8 above as they relate to independent agencies, or admission of responsibility for the closing activities of any independent agency, 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 #0603-03-TLE; and

WHEREAS, First American hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Examination #0603-03-TLE further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$150,344.00.

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 First American to transact the business of insurance in the State of Missouri or the imposition of other sanctions, First American 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 \$150,344.00, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: 12-7-07



Vice-President
First American Title Insurance Co.