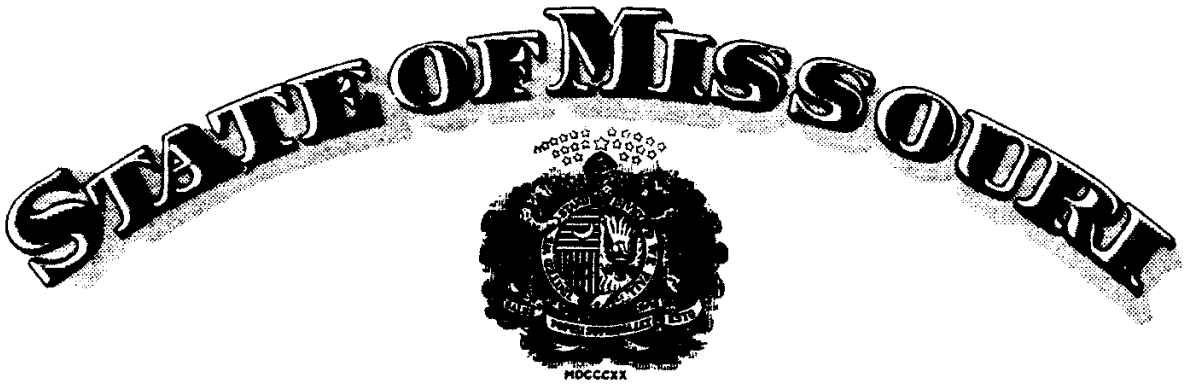


DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

In re:	)	
	)	Examination No. 0407-56-TLE
Ticor Title Insurance Company	)	
(NAIC #50067)	)	

ORDER OF DIRECTOR

NOW, on this 24th day of February, 2009, Acting Director John M. Huff, after consideration and review of the market conduct examination report of Ticor Title Insurance Company. (NAIC #50067), (hereafter referred to as "Ticor Title") report numbered 0407-56-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 (Supp. 2006), is in the public interest.

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

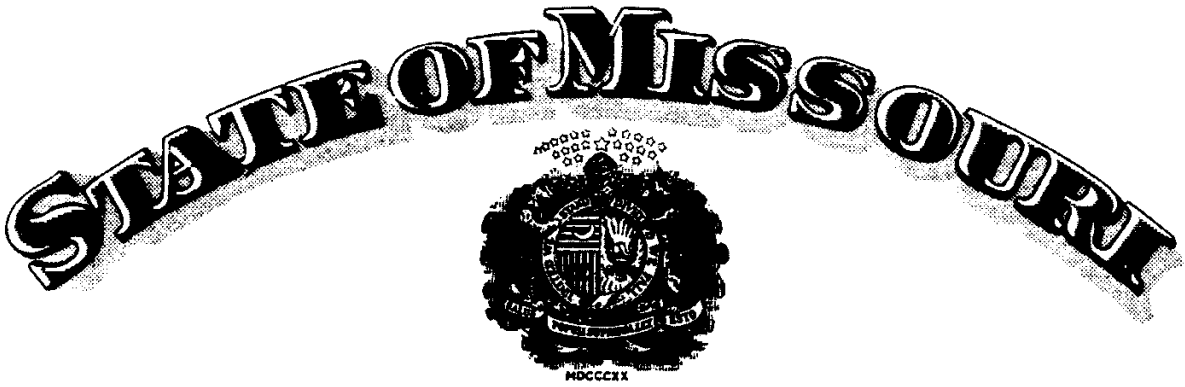
IT IS FURTHER ORDERED that Ticor Title shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place Ticor Title in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri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

IT IS FURTHER ORDERED that Ticor Title shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of $20,725.00, payable to the Missouri State School Fund in accordance with §374.280, RSMo.

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 24th day of February, 2009.

John M. Huff
Acting Director



DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

TO: Office of the President
Ticor Title Insurance Co.
4050 Calle Real
Santa Barbara, CA 93110

RE: Missouri Market Conduct Examination # 0407-56-TLE

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by Kip Stetzler, Acting Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereinafter referred to as "Director," and Ticor Title Insurance Company, (hereafter referred to as "Ticor"), as follows:

WHEREAS, Kip Stetzler is the Acting Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereafter referred to as "the Department"), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State in Missouri; and

WHEREAS, Ticor 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 Ticor and prepared report number 0407-56-TLE; and

WHEREAS, the report of the Market Conduct Examination alleges the following:

1. In some instances, Ticor used policy forms which included language that had not previously been filed with the Department, thereby violating §§381.071.1(2), and 381.211, RSMo, and Missouri Regulation 20 CSR 500-7.100(3)(A).

2. In some instances, agents of Ticor used risk rates and policy charges that did not accurately reflect those previously filed with the Department, thereby violating §381.181, RSMo, 20 CSR 7.100(1)(D), (2), and (3)(B), and DIFP Bulletin 93-09.

3. In some instances, Ticor failed to properly determine insurability by using unsound underwriting practices when issuing certain policies, thereby violating §§381.071.1(2) and .2, RSMo, and the Company's own underwriting policy.

4. In some instances, Ticor failed to properly account for funds handled in an escrow transaction leading to a title policy and correctly account for all of the charges and payments in the settlement statement and list of disbursements, thereby violating §381.131, RSMo.

5. In some instances, Ticor failed to implement reasonable standards for the prompt investigation and reasonable settlement of claims, thereby violating §375.1007 (3), RSMo.

6. In some instances, Ticor failed to timely provide examiners with requested files and respond to criticisms and formal requests of the examiners, thereby violating §374.205.2(2), RSMo, and 20 CSR 300-2.200(6).

WHEREAS, Ticor has, since the time period covered by this examination, taken affirmative steps to address issues raised by this examination. Ticor shall, within 90 days of the entry of a final Order closing this examination, file a letter report with the Director outlining those steps taken, both in the past and prospectively, to avoid recurrence of the errors alleged in the examination report;

WHEREAS, Ticor agrees to file documentation of all remedial actions taken by it to implement compliance with the terms of this Stipulation and to reasonably assure that the errors noted in the examination report do not recur, including explaining the steps taken and the results of such actions, with the Director within 90 days of the entry of a final Order closing this examination;

WHEREAS, Ticor is of the position that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed factual and legal allegations, that the execution of this Stipulation does not constitute an admission as to any alleged fact or violation, and that the payment of a forfeiture is merely to resolve this examination and avoid further administrative hearings or litigation;

WHEREAS, Ticor, 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 Exam #0407-56-TLE; and

WHEREAS, Ticor hereby agrees to the imposition of the ORDER of the Director and as a

result of Market Conduct Examination # 0407-57-TLE further agrees, voluntarily and knowingly to surrender and forfeit the sum of $20,725.00.

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 Ticor to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Ticor 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 $20,725.00, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: January 20, 2009

Vice-President and Regulatory Counsel
Ticor Title Insurance Co.

Response of

Ticor Title Insurance Company

To

Market Conduct Examination Report

By

State of Missouri
Department of Insurance

NAIC Number 50067

Home Office
4050 Calle Real
Santa Barbara, CA 93110

January 30, 2009

Examination Number: 0407-56-TLE

GENERAL STATEMENT OF POSITIONS

The Market Conduct Examination Report (The Report) of the Missouri Department of Insurance (MDI) raises many issues that have never been raised before by the Department in its examinations. Inasmuch as many of the issues identified in the examination are raised repetitively in the report, Ticor Title Insurance Company (the "Company") hereby states its position in response to the examiners' general criticisms. For ease in reading, in its responses to the specific criticisms, the Company will refer to the appropriate General Statement number below, when it applies.

I. SOUND UNDERWRITING PRACTICES

RSMo. 381.071.1(2) provides that "No title insurance policy shall be written unless and until the title insurer, title agent or agency has: ... (2) caused to be made a determination of insurability of title in accordance with sound underwriting practices." The General Assembly or the Director, by regulation, could define the term "sound underwriting practices," but they have not done so.

The Company acknowledges its statutory obligation to employ sound underwriting practices, and has historically defined the phrase "sound underwriting practice" as the acceptance of risk in a manner that will not unduly expose the Company to loss, with the potential of depleting its reserves to the detriment of other policyholders. The examiners, however, have attempted to apply this term much more broadly than the meaning of the term permits, by using it to describe practices that push more of the risk onto the policyholder, or to describe practices that, while perhaps not technically perfect, do not expose the Company unduly to liability.

The various transactions for which title insurance is provided are as unique as the individual tracts of land the policies insure. Underwriting is much more an art than a science. Just as each transaction and each party is unique, so are the title insurance issues that arise. It follows that the responses to these challenges by the insurer and its title insurance agent will be similarly varied. The Company and its agents strive to provide title insurance products and close transactions to the satisfaction of all parties.

II. ABSENCE OF PRINTED EXCEPTIONS IN LOAN POLICY SCHEDULE B

"Standard exceptions" and "special exceptions" appear in the policy on Schedule B. Various Schedule B forms have been filed by the Company over the years and the filing of such schedules do not necessarily coincide with the filing of policy jackets.

The Company filed the substantiating evidence of its compliance which disclosed that no Schedules, with or without standard exceptions, were filed to accompany the 1992 policy jackets. That submittal was acknowledged by the Department as having been filed on November 1, 1994. The omission of such forms was not an oversight by the Company. It was simply the Company's intention that we continue to use the forms previously filed, as stated in the correspondence submitted with the filing.

The Company states that there is no special connotation nor misperception within the loan industry that the ALTA 1992 loan policy form carries with it coverage which would be afforded automatically through Schedule B, absent the requirements and exceptions set forth in the title commitment. The Company has filed with the Department various forms of Schedule B for attachment to a loan policy, both with and without preprinted standard exceptions, which exceptions were previously disclosed and raised in the commitment. Neither of these formats is exclusive to the ALTA 1992 Loan form policy and either format of Schedule B may be utilized. The end result will be that if the parties to the transaction do not meet requirements to eliminate the standard exceptions set forth in the commitment, they will be shown in the policy.

III. UNLAWFUL DELEGATION OF LEGISLATIVE POWER

The General Assembly has delegated rule-making authority to the Director of the Department of Insurance, and the Company acknowledges that many of the issues raised by the examiners could properly be the subject of valid regulation, but to date, the Director has not addressed them. The Company further acknowledges that the examiners have authority under law to not only apply the statute and regulations in their work, but also to formulate reasonable and logical extensions thereof. The examiners may not, however, regulate through their examination reports. To the extent that the Director has authorized them to do so, the Company believes it is an unlawful delegation of legislative power.

If the examiners encounter what they believe are violations of statute or regulation which have been known to the Department for many years, and never raised on Market Conduct Examination in the past, they should seek the issuance of a ruling or regulation on the subject, with notice to regulated companies and an opportunity to conform. To do less is arguably violative of both the United States and Missouri Constitutions.

IV. ISSUING AGENCY CONTRACT

The Company is perplexed by the references to its Issuing Agency Contracts and matters governed by them in its Report in the same contexts as if they were statutes or regulations to which the agency is subject. These provisions are for the Company's benefit and their violation is not chargeable to the Company. Further, the Company cannot be held liable for the acts of an agent that are outside the scope of the agency agreement. Issuing agency agreements are limited agency agreements and do not confer a general plenary authority to the agent. The issuing agency agreement creates an agency for the issuance of title insurance only and any violation that asserts liability upon the Company for acts beyond the scope of the agreement are unsustainable.

V. FAILING TO PROVIDE EXTENDED COVERAGE TO OWNER'S POLICY UNDER $100,000 WHEN PROVIDED TO LENDER.

The reference to "company policy" appears to have been extracted by the examiner from a 1978 "Memorandum" contained in the national Chicago Title Insurance Company Underwriting Guide. Chicago Title did not own Ticor Title in 1978 and the CTIC bulletin R8/78 did not

automatically apply to Ticor. In any event, Counsel's memorandum of 2/17/97 does not make extended coverage automatic to the three underwriters under Chicago Title.

VI. RATING PRACTICES

The provisions of §381.031(14) define "premium" as "risk rates charged to the insured." The term "risk rate" is not defined in the provisions of Chapter 381, RSMo Supp. 1988. The rates properly filed by the Company on the Uniform Premium (Risk Rate) Reporting Form include those rates the Company has instructed its agents to charge for the risk the Company is incurring in issuing a title insurance policy.

20 CSR 500-7.100 (1)(D) defines "risk rate" as follows: "Risk rate means the total consideration paid by or on behalf of the insured for a title insurance policy. Risk rate shall include the title insurance agent's commission, but shall not include any charge as defined in subsection (1)(A)."

20 CSR 500-7.100(1)(A) defines charge as follows: "Charge means any fee charged to the insured, or paid for the benefit of the insured, for the performance of title related services, other than the risk rate charged for title insurance. This charge shall include, but not be limited to, fees for abstracts, title search and examination, handling of escrows, settlements or closings;"

The Company has with each of its agents an Issuing Agency Contract. The relationship of the Company to its agents is a limited agency created and defined by said Contracts. The Examiner correctly points out in Subsection B(b.) that: "The agents are using the filed risk rate and reporting that correctly on their policy..." The Contracts of the Company do not authorize the use of any specific rate charged to consumers in the State of Missouri. Rather, the agents are required to remit to the Company on an amount determined by a formula contained in the Contracts. Any "Schedule of Remittances", "National Rate Book", or "Remittance Schedule" attached to said Contracts are purely an operation of contract, necessary only to determine the net retention of the Company, and do not affect the ultimate charge to Missouri consumers.

The criticism states that the agencies are using "national risk rates" from the 1980's to calculate the agent's commission. It is not clear if this is cited to be a criticism on the basis of regulation or statute, but we are aware of reference to this term in Bulletin No. 93-09 issued by the Director August 2, 1993. The term or phrase "national risk rate" has been used by the Company in it's Agency Contracts prior to the time the Department adopted the same words "risk rate" when later establishing 20 CSR 500-7.100 (1) (D). It is difficult to imagine that the Company is expected to ascribe a definition for "risk rate" to the Agency Contracts that was specified differently by regulation years later. There is no statute or regulation with which the Company is familiar that requires a contractual relationship between "risk rate" and Company retention.

The duties of the Company and the duties of the agent under the Issuing Agency Contract include "title-related services" referred to under 20 CSR 500-7.100 (1) (A). Compensation for such title-related services provided by the Company and the Agent is included within the schedule attached to the Contract, by whatever name called. Such services are "title-related services" and are excluded within the definition of "risk rate" defined by the regulation.

VII. DELAY OF POLICY ISSUANCE

In some instances, the only explanation for a delay in issuing the policy is that the agent chose to direct its resources to some other part of its business which the agent perceived to be more pressing. In most situations, however, there are often reasons that cause this delay over which the agency has no control. Usually, this has to do with documentation for deletion of an exception. In these cases, the agency holds the file open, and waits for the required documentation.

The most common factual situation is where the transaction is closed by someone other than the title agency. When an existing deed of trust, for example, is satisfied by someone else, the agency will not issue the policy until the agent is furnished the deed of release of the satisfied lien. Often, instead of sending the release to the agent for filing, the lender will send the release directly to the Recorder of Deeds, and the agent will not be aware of the filing of the release until a subsequent search of the property is performed.

The 60 day time period referred to in the examination is arbitrary and is not supported by either applicable statutes or regulations.

The following are the Company's responses to the examiners' specific findings. In the interest of brevity and efficiency, the Company does not re-state the examiners' findings verbatim, but, instead, either cites the appropriate section of the Report, the applicable file or policy number, or, in the case of multiple criticisms of a particular transaction, will paraphrase or briefly summarize the criticism.

EXAMINATION FINDINGS

I. SALES AND MARKETING

A. Licensing of Agents and Agencies

1. LICENSING AND APPOINTMENT OF AGENTS

The examiners did not find any agent appointments for the Company that were not reported to the Department.

2. LICENSING OF AGENCIES

The examiners did not find any unlicensed agencies representing the Company.

B. Marketing Practices

The examiners did not discover any unacceptable marketing practices.

II. UNDERWRITING AND RATING PRACTICES

A. Forms and Filings

1. The Company disputes the criticism. See General Statement No. II. and response at II.B.1.a. below.

2. The Company disputes the criticism. See General Statement No. VI.

B. Underwriting and Rating

1. Underwriting and Rating General Handling

a. Standard Policy Exceptions

The Company disputes the criticism as to use of non-filed forms. The forms and language used have, in fact, been filed. There is no statute or regulation which indicates that Schedule inserts must be filed for use exclusively with each type of policy jacket. See General Statement No. II.

The Company acknowledges that it may only use filed forms and believes its agents have done so. The Company has previously filed and provided a copy of our transmittal letter with the Department's file stamp, evidencing that no particular Schedule A or Schedule B inserts were filed 15 years ago with 1992 forms. The letter stated that the Company intended to continue using all of its previously filed forms. The filed form language of pre-printed Schedule B

"standard exceptions" appears in numerous Schedule B filed forms which were also provided to the Department on January 30, 1997 to assist in the Department's record keeping. The first attachment- Loan Schedule B, (with the Department's file stamp dated February 26, 1991) shows the precise filed language mirrored by the criticized policies.

The 10 policies do not deviate one word from the filed form pre-printed Schedule B "standard exceptions" language, the filing of which was acknowledged by the Department on 2-26-91. If the Department continues to believe there is a violation, please illustrate on the policy copies provided, the language to which the Department objects.

The subject policies do not contain the phrase "all easements...if any", referred to in the MDI letter of 8/2/07.

The second criticism refers to the Company failing to provide extended coverage to an owner's policy under $100,000 when provided to a lender.

The reference to "company policy" appears to have been extracted by the examiner from a 1978 "Memorandum" contained in the national Chicago Title Insurance Company Underwriting Guide. Chicago Title did not own Ticor Title in 1978 and the CTIC bulletin R8/78 did not automatically apply to Ticor. In any event, Counsel's memorandum of 2/17/97 does not make extended coverage automatic to the three underwriters under Chicago Title. Four of the six referenced files did not even contain extended coverage in the lender's policy.

b. Risk Rate

The Company elects not to contest those alleged violations agreed to between the Department and the Company.

c. Incorrect Total Charge on Policy

The company generally disputes any criticisms with regard to Agent No. MO2097. This agency was cancelled by the Company in February of 2005 and is now in Receivership. As such, access to these specific files is extremely limited. The violation, if any, was attributable solely to the individual licensee and, as such, is not attributable to the company. See General Statement IV.

d. Failure to Timely Record

The Company concedes the criticisms that the agents did not record within 3 business days as to 5 files, but not as to File No. 35247A.

The 3 business day requirement is set forth in RSMo. 381.412. The Company believes it is germane to point out that RSMo 381.412 was amended January 1, 2001 by Senate Bill 894, which eliminated the 3 day requirement. On May 28, 2002, the Supreme Court of Missouri declared that Senate Bill 894 was unconstitutional (on the basis that the title of the act was not clear), and revived the text of this statute to its pre-Senate Bill 894 status. The effect was to revive the 3 day requirement. Even the Missouri Revisor of Statutes has not printed the "Old

Title Insurance Law" to which this criticism refers and which was revived by Senate Bill 894 having been declared unconstitutional.

It should also be pointed out that 3 of the 6 cited files recorded within 5 days of the disbursement and that one of these recordings on April 4, 2002, (File No. 35247A) did not violate the statute as then in effect as per Senate Bill 894.

e. Miscellaneous issues

File 045725:

The Company disputes the criticism that the agent failed to determine insurability in accordance with sound underwriting practice and refers to General Statement I. The criticism states that the agent, in providing settlement services, accepted a loan payoff letter from the Broker and implies that there was no verification of authenticity from the lender whose loan was satisfied. The determination of insurability was not predicated upon the agent providing settlement services. The agent's performance of such services was provided independent of the Company. However, it should be noted that there is no indication that the loan payoff was inadequate or that the Company suffered a loss. This is not an underwriting issue.

The Company disputes the examiner's conclusions that it failed to exercise a sound underwriting practice on these 3 policies by including in Schedule A a reference that the land was "subject to public roads and highways." The criticism also states that the language may lead the insured to erroneously conclude that certain matters actually covered by the policy are excluded.

When the public records do not reflect the establishment of roads, but deeds in the chain of title give evidence that roads exist and affect the land, it is a common practice for the title companies to provide a legal description to be used in the contemplated transaction that will correctly reflect the status of title as the owner received and as was previously conveyed. Including a reference to a road in Schedule A instead of taking exception to the road in Schedule B has not resulted in a loss history to the Company that would render the matter an unsound underwriting practice.

When the legal description includes within its boundaries public roads and highways, the policy clearly includes the ownership of the land underlying the roads, subject to the superior rights of the public to use the roads, as was shown in these policies. However, until such time as the public use is abandoned and the land is freed from this burden, there are no private, exclusive rights to use the land. For this reason it is difficult to imagine under what circumstance an insured might "erroneously conclude that certain matters actually covered by the policy are excluded."

The language is not irrelevant. It gives notice to the insured that the land is subject to whatever roads may exist. The examiners suggestions are just that, and not supported by law or by examples of Ticor claimants who are confused. The agent has not deviated from the Company's Basic Underwriting Manual guidelines regarding streets and highways. Streets and roads are to be excluded from coverage, most particularly where they have not passed by deed, which was the instance in each of these files.

File 805943:

The policy insures a large tract that excludes an 18.09 acre tract described by metes and bounds. The examiner is mistaken - it is the excepted parcel that contains reference to "subject to any public roads and highways". Schedule B contains two exceptions for roads affecting the insured land – one is specific as to the right of way documents that were recorded and shown at No. 10 which establish Highway AA and Highway M, as established in 1939 and 1954. The other exception is general, using road exception language provided by the Company's exception manual. The file contained a copy of a prior policy issued by a different national underwriter where the larger tract was described in Schedule A as "subject to existing highways". The agent followed our Company guidelines.

File 805708:

Access to the land is along the north border of both parcels, along the section line. This is apparent and known to the agent, but not a matter appearing in the public record, as is often the case on county roads that follow section lines. The land is subject to the county road that does not appear of record and the agent also took the required Schedule B exception. The agent followed our Company guidelines

File 805816:

The Company disputes this criticism with the same responses as set forth for public roads above. There is no indication that an instrument other than the deeds in the chain of title establishes such easement for ingress and egress. This is common in rural areas in Missouri. The Company further disputes that RSMo. 381.071.2. requires, as the criticism states, that the agent must show all known and recorded "exceptions" to title. The statute in fact indicates no agent shall knowingly insure without showing all...other "interests", which interest in this instance was shown in the policy. There was no failure to disclose such interest. The legal description includes an insured easement that provides access. There is no "excepted appended language" appearing in the legal description with reference to roads.

The policy copy previously provided, together with a drawing of the land and recent pictures from Google Earth and copy of map in agents file. The "subject to and together with an easement" language appearing in the description of the insured land describes an easement that runs along the easterly boundary of the land, which is 30 feet in width. The easement was granted in the deed by the family that owns land adjacent on the east, to their relative Julie, when they carved out the parcel for her. The easement was included in this same manner in the subsequent deed to the insured owner. As illustrated by the drawing, the existing road that comprises the easement both comes into the boundaries of the fee parcel (hence the language "subject to") and extends outside the boundaries of the fee parcel (and "together with") to create the insured easement described in Schedule A.

Files 805943 and 0209607T:

The referenced road exception is raised when the title examiner has reason to believe there are roads, public or private, crossing the land, but the public records, however, do not include any filed instruments establishing such roads. Examples when the exception is commonly used include when a road is depicted only on an assessor's map or on an unrecorded survey, or when deeds in the chain of title indicate that the land is subject to roads (without more specific reference), or otherwise.

"Public records" is defined in the 1992 ALTA Owner's and Loan policies as "records established under state statutes at Date of Policy for the purposes of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge."

In the counties encompassed by the 3 policies, "Public Records" includes and are limited to:

(1) Records in the Office of the Register of Deeds;
(2) Records in the Office of the Clerk of the Circuit Court;
(3) Tax records in the office of the County Treasurer and City Treasurer.

Public Records do not include county road records if such records are unavailable to the public or maintained in a manner that prevents retrieval.

We disagree that the exception may cause an insured to fail to make a legitimate claim for a covered loss and have previously requested that example of such covered loss be provided. To the Company's knowedge, the exception has not heretofore caused confusion with an insured. To the contrary, Insureds seem to understand that the Company is reporting to them that the land may include a road and that their title is subject to the rights of others to use the road. The Company fails to see how the examiner's proposed exception does differently. We believe that the Company's exception is specific enough to alert an Insured that roads which may exist on the land are excepted from coverage.

The exception is within the written exception manual of the company and is not impermissible under the terms of the policy, as stated by the examiner.

As to File 0209607T (Mike Keith) – file includes survey which shows that property boundaries extend into road ROW.

The criticism for File 805943 is duplicative, being the same criticism as shown on pages 8 and 9 of the Revised Report, responded to above.

In all instances the agent followed the Company's guidelines. The Company further responds by referring to General Statement I.

C. Practices Considered Not in the Best Interest of the Consumer

1. Failure to Issue Policy in a Timely Manner

By letter dated March 24, 2008, the Department will not assess a violation for the violations listed in this criticism. Nevertheless the Company disputes the criticism. The 60 day policy issuing period is not set forth in either applicable statutes or regulations. The criticism states that a long delay in issuing the policy is not in the interest of the consumer. The statutory references cited by the examiner related to this criticism, however, all deal entirely with payment of premium tax. In further response, the Company incorporates herein General Statement V.

2. Vesting Issues

The Company disputes the criticism that the agent failed to determine insurability in accordance with sound underwriting practices and refers to General Statement I. From the information presently available to the Company, it is not clear if the reference to vesting of title was a typographical error by the policy typist, if it reflects the title as shown in the deed, or otherwise. The examiner does not explain how it will lead to confusion or how it would be harmful to the insured lender. It is not uncommon for, and, in fact, in this instance, seems likely that the lender requested that the parties guarantee the loan both as individuals and as members of the limited liability company. The loan policy insures the lender that their lien is enforceable against all interests in the land, so it is hard to imagine how the lender will be harmed or denied coverage, or how the Company has unduly exposed itself to liability, in this instance.

The Company disputes the second criticism that it is an unsound underwriting practice to include reference to marital status in the policy, or that marital status is irrelevant to vesting of title. The criticism is unfounded and is not supported by fact, custom or law.

There is no evidence whatsoever that the practice will unduly expose the Company to liability. If an owner misrepresents his marital status, he has no basis for a claim under an owner's policy because of the exclusion from coverage for acts of the insured. A loan policy already insures that that the loan is enforceable, so there is no additional liability for showing marital status of the borrowers.

It is also difficult to see how the showing of marital status could be misleading to a lender, or how a lender would place reliance upon the marital status reported in a title policy, since the policy is not issued until the loan is closed and the deed of trust has already been executed and recorded.

It should also be noted that the practice of showing marital status information has been standard in the industry for many years, and is often included in the loan policy at the lender's instructions. To our knowledge, the practice has not heretofore resulted in claims or losses to the Company or any other insurer.

As a further response, the Company refers to General Statement I.

III. CLAIMS PRACTICES

A. Claim Time Studies

The Examiners noted no errors in this review.

B. General Handling Practices

Claim 114307 Section 375.1007(3), RSMo. (Failing to adopt and implement reasonable standards for the prompt investigation and settlement of claims arising under its policies):

The Examiner criticizes the Company only for the amount of the settlement reached with the insured. However, this was a reasonable settlement of the claim. A letter in the file from claimant's attorney states that the claimants were willing to settle the matter for $22,000.

When the administrator asked insured's counsel to explain why his client was requesting $22,000, claim administrator was told by counsel for the insured that the loss suffered by the insured was "a little over two acres of a 20 acre parcel." Since the insureds paid $200,000 for the property, $22,000 appeared to be a reasonable amount of compensation.

A decision was made based upon the information provided by the insured's attorney. It was based on a logical assumption that insured's counsel provided accurate information. The insured was not harmed in any way.

Further, the claimants executed a release stating that they "stipulate and acknowledge that the consideration described herein [$22,000] is adequate and has been received." Therefore, since (1) the claimants were represented by counsel, (2) it was counsel who provided the rationale for the request for $22,000 and (3) claimants executed a release stating the payment of $22,000 was satisfactory and represented complete satisfaction of the claim, it is clear that this was a reasonable and appropriate settlement of the claim.

Claim 128102083 20 CSR 300-2.200(6)(A) [Time limits to Provide Records]:

The Examiners did not issue a Criticism on this issue. Accordingly, it is not appropriate to add it to the Final Report. Nevertheless, this claim file was originally handled in the Company's Texas office. Accordingly, the file was in storage in Texas when the Examiners requested the file on 1/29/04 from the Claim Center in Chicago. The Company immediately ordered the file from storage. As soon as it was received by the Claims department, it was given to the Examiners. In the meantime, the Examiners were provided with documentation from the electronic file. This included claim information and financial information.

IV. CONSUMER COMPLAINTS

The examiners found no discrepancies in their review of the Company's compliance with regard to consumer complaints.

V. UNCLAIMED PROPERTY

The examiners found no discrepancies in the Company's compliance with Missouri's Uniform Disposition of Unclaimed Property Act.

VI. FORMAL REQUESTS AND CRITICISMS TIME STUDY

This Response answers all subsections in Section VI of the Report. The Report does not contain sufficient information for the Company to admit or deny the assertions made by the examiners with regard to timely responses to formal requests or criticisms. The Company requests that the Department recognize that its agencies are independent businesses, over which the Company has only a limited amount of control. In many cases, the agencies represent multiple underwriters, and we have even less control. See General Statement IV.

In some cases, violations of insurance laws and regulations might be suggestive of inadequate supervision by the underwriter. In other cases, however, the underwriter is blameless for the acts or omissions of the agency, and should not be held accountable. An example of this situation is the failure of agencies to furnish files or respond to examiners criticisms in a timely fashion. The Company has advised its agents of the importance of punctual compliance with the examiner's communications. In these cases, any penalty asserted should be against the agency and not the underwriter.

Respectfully submitted,

Ticor Title Insurance Company

By:_____
Michael J. Rich
Vice President and Regulatory Counsel

WALL

STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGULATION

MARKET CONDUCT EXAMINATION REPORT

OF

TICOR TITLE INSURANCE COMPANY INC.

NAIC #50067

Home Office

4050 Calle Real

Santa Barbara, CA 93110

December 5, 2008

EXAMINATION NUMBER: 0407-56-TLE

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FOREWORD

This market conduct examination report of the Ticor 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 DIFP.

Examiners use the following in this report:

"Company" to refer to Ticor Title Insurance Company

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

"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 Regulation.

SCOPE OF EXAMINATION

The DIFP has authority to conduct this examination pursuant to, but not limited to, Sections 374.110, 374.190, 374.205, 375.445, 375.938, 375.1009 RSMo and Chapter 381 of the Missouri Insurance Code. In addition, Section 447.572, RSMo grants authority to the DIFP to determine compliance with the Uniform Disposition of Unclaimed Property Act.

The purpose of this examination is to determine if Ticor Title Insurance Company complied with Missouri statutes and DIFP regulations and to consider whether company operations are consistent with the public interest. The primary period covered by this review is January 1, 2002, through December 31, 2002; however, examiners include all discovered errors in this report.

This report focuses on general business practices of Ticor Title Insurance Company. The DIFP has adopted the NAIC published error tolerance rate guidelines. Examiners apply a 10 percent error tolerance criterion to underwriting and rating practices and a 7 percent tolerance criterion to claims handling practices. Error rates greater than the tolerance suggest a general business practice.

This examination is primarily directed to the following company functions:

Sales and Marketing,
Underwriting and Rating,
Claims Practices,
Consumer Complaints, and
Unclaimed Property

Ticor Title Insurance Company has its statutory home office and its main administrative office at 4050 Calle Real, Santa Barbara, CA 93110. For purposes of this examination of the Company, Ticor Title arranged to deliver a statistical sampling of its files for examiner review to the home office of Chicago Title Insurance Company, a related company. Ticor Title Insurance Company maintains a regional claims office at the Chicago Title office at 171 N. Clark Street, 8th Floor, Chicago, IL 60601. The Missouri claims of Ticor Title Insurance Company, Chicago Title Insurance Company, and Security Union Title Insurance Company are all administered from the Chicago Title location. Ticor Title Insurance Company also has agent offices throughout the State of Missouri. Since the title policy files are maintained at the offices of the issuing agents, the underwriting review was conducted at those offices.

Examiners conducted this examination at the regional claims office in Chicago, and at various agent offices in Missouri.

EXECUTIVE SUMMARY

Examiners found the following areas of concern:

The company is using standard exceptions that are not contained in the forms filed with the DIFP.

The company is using risk rates that are not filed with the department. The company uses the filed risk rates as a minimum risk rate. Their agent agreements authorize use of the National Risk Rate.

The company is not issuing policies in a timely manner. The examiners reviewed 61 files. 37% of those files contained policies issued between 60 and 539 days.

EXAMINATION FINDINGS

I. SALES AND MARKETING

A. Licensing of Agents and Agencies

1. LICENSING AND APPOINTMENT OF AGENTS

The examiners did not find any agent appointments for Ticor Title Insurance Company that were not reported to the Department.

2. LICENSING OF AGENCIES

The examiners did not find any unlicensed agencies representing Ticor Title Insurance Company.

B. Marketing Practices

The examiners did not discover any unacceptable marketing practices.

II. UNDERWRITING AND RATING PRACTICES

A. Forms and Filings

During the Underwriting and Rating Practices reviews, the examiners reviewed the Company's policy forms and filings to ensure they were filed with the Missouri DIFP when required and to ensure the forms did not contain ambiguous or misleading language.

1. The loan policy as issued includes certain "standard exceptions." Ticor Title Insurance Company has adopted certain standard exceptions in various forms not filed with the Missouri DIFP. No standard exceptions are a part of the 1992 ALTA loan policy filed by Ticor Title Insurance Company with the Director of the Missouri Department of Insurance.

The agent and the underwriter may not use forms that have not been filed with the Director of the Missouri DIFP. The examiners reviewed nine policy files where the

company inserted certain standard exceptions in a 1992 ALTA loan policy. Details regarding these errors are contained in the underwriting portion of the examination.

Reference: Sections 381.211 and 381.071.1.2, RSMo and 20 CSR 500–7.100(3) (A)

2. The company is using its filed risk rate as if it is the minimum risk rate. Their agency agreements authorize use of the National Risk Rate. The underwriter is not allowed to use a risk rate other than that filed with the department. Details of the individual underwriting files that contained this error are contained in the underwriting portion of the examination.

Reference: Section 381.181, RSMo, 20 CSR 7.100(1)(D) and 20 CSR 500-7.100(2) and 20 CSR 500-7.100(3)(B), and DIFP Bulletin 93-09.

B. Underwriting and Rating

Examiners reviewed the title policies issued by the Company to determine the accuracy of rating and adherence to prescribed underwriting criteria, Missouri statutes, and DIFP regulations.

This section contains results from reviews of the Company underwriting and rating practices of title insurance. Policies were selected from a listing of all policies issued during the examination period.

1. Underwriting and Rating General handling

a. Standard Policy Exceptions

The loan policy as issued includes certain "standard exceptions." Ticor Title Insurance Company has adopted certain standard exceptions in various forms not filed with the Missouri DIFP. No standard exceptions are a part of the 1992 ALTA loan policy filed by Ticor Title Insurance Company with the Director of the Missouri DIFP.

The agent and the underwriter used forms that have not been filed with the Director of the Missouri DIFP in the following files.

Reference: Sections 381.211 and 381.071.1.2, RSMo and 20 CSR 500–7.100(3) (A)

File No.	Agency
02-717	MO2126
0208549T	MO2074
0210666T	MO2074
0205337T	MO2074
0206380T	MO2074
01-835	MO2126
01-377	MO2126
02-742	MO2126
805827	MO2130
805455	MO2130

The underwriting policy of the company provides extended coverage on an owner's policy issued for a face amount of less than $100,000.00, when issued at the same time as a mortgage policy providing extended coverage to the lender. Agencies failed to comply with this underwriting standard by failing to provide extended coverage on the following owner policies that were less than $100,000.00 and issued simultaneously with the lenders policy. The agency failed to use sound underwriting practice.

Reference: Section 381.071.1.2 and 381.071.2, RSMo and Ticor Underwriting and Commitment Issuance 6 Page 3, R8/78

File No.	Policy No.	Face Amount	Agency
805455*	4192 6626	$69,393.81	MO2130
01-377*	4192 7106	$23,000	MO2126
805905	8717 4788	$95,000.00	MO2130
805816	1009 4833	$95,000.00	MO2130
0210666T*	5794 5516	$82,000	MO2074
0205337T*	3599	$75,000	MO2074

NOTE: A star (*) after a policy number denotes the policy was cited earlier in the underwriting studies for a different error.

b. Risk Rate

The following 36 policies contain a risk rate that is not the actual risk rate charged. The agencies are using national risk rates from the 1980's to calculate the agent's commission. The individual agency agreements require a commission split based on the national risk rates, not the risk rates filed with the Department. That means the risk rate filed with the DIFP is not the rate they are charging.

The company is charging a premium different from the risk rate filed with the Department. The policy issued contains a risk rate that is not the actual risk rate charged. Risk rate is defined as the total consideration paid by the insured for title insurance including commission.

Reference: Section 381.181, RSMo, 20 CSR 500-7.100(1)(D) and 20 CSR 500-7.100(2) and 20 CSR 500-7.100(3)(B), and Bulletin 93-09.

File No.	Gross Premium	Com-mission	Net	Total Charge Shown	Actual Risk Rate	Agency
12011753	$140.00	$98.00	$42.00	$430.00	$56.00	MO2120
11011594	$225.00	$157.50	$67.50	$375.00	$90.00	MO2120
0402-562	$122.34	$85.64	$36.50	$485.00	$43.94	MO2120
0402-525	$14.50	$10.15	$4.35	$50.00	$5.60	MO2120
0602-759	$272.50	$190.75	$81.75	$375.00	$109.00	MO2120
0502-657	$7.50	$5.25	$2.25	$50.00	$4.00	MO2120
0402-528	$96.15	$67.30	$28.85	$265.00	$37.68	MO2120
0502-591	$34.10	$23.87	$10.23	$225.00	$13.60	MO2120
0402-502	$575.00	$402.50	$172.50	$725.00	$230.00	MO2120
08021022	$11.25	$7.87	$3.38	$65.00	$5.50	MO2120
08021209	$36.04	$25.23	$10.81	$175.00	$14.28	MO2120
11021426	$14.15	$9.90	$4.25	$50.00	$6.66	MO2120
0102-29	$168.00	$117.60	$50.40	$265.00	$67.20	MO2120
10211030	$151.00	$105.70	$45.30	$290.00	$60.40	MO2121
10110552	$50.54	$33.38	$15.16	$100.00	$20.21	MO2121
10211589	$122.50	$85.75	$36.75	$410.00	$49.00	MO2121
10212286	$283.00	$198.10	$84.90	$409.00	$113.20	MO2121
10211532	$53.75	$37.75	$16.13	$170.00	$21.50	MO2121

File No.	Gross Premium	Com-mission	Net	Total Charge Shown	Actual Risk Rate	Agency
35247A	$.50	$5.25	$2.25	$408.00	$4.00	MO2019
23083-1	$322.00	$225.40	$96.60	$468.00	$128.80	MO2019
82680-3	$187.50	$131.25	$56.25	$327.00	$75.00	MO2019
4309-1	$1380.00	$966.00	$414.00	$1508.00	$586.00	MO2019
110093-1	$125.00	$87.50	$37.5	$95.00	$50.00	MO2019
98620A-1	$120.00	$84.00	$36	$204.00	$39.27	MO2019
89421	$373.75	$261.62	$112.13	$615.00	$149.50	MO2019
76852-3	$109.00	$76.30	$32.70	$218.00	$42.96	MO2019
117876	$835.00	$584.50	$250.50	$942.00	$334.00	MO2019
118415	$283.00	$198.10	$84.90	$412.00	$113.20	MO2019
59136	$471.00	$329.70	$141.30	$617.00	$187.60	MO2019
43325-3	$115.00	$80.50	$34.50	$217.00	$41.40	MO2019
805827	$7.50	$4.50	$3.00	$95.00	$7.50	MO2130
805455*	$235.00	$141.00	$95.00	$455.00	$235.00	MO2130
805708	$126.00	$75.60	$50.40	$251.00	$126.00	MO2130
805905*	$10.00	$6.00	$4.00		$7.50	MO2130
805816*	$10.00	$6.00	$4.00	$95.00	$10.00	MO2130
805943	$144.60	$86.76	$57.84	$480.00	$57.76	MO2130

The following seven policies use incorrect risk rates. No title insurer may use or collect any premium except in accordance with premium schedules filed with the Director of the Missouri DIFP.

Reference: Section 381.181, RSMo, and 20 CSR 500–7.100

File No.	Amount of Policy	Premium	Total Charged	Risk Rate on Policy	Actual Risk Rate	Agency
4309-1 *	4553	$1380.00	$1508.00	$552.00	$586.00	MO2019
98620A-1*	6541	$120.00	$204.00	$48.00	$39.27	MO2019
92758	15103	None	$363.00	$294.05	$388.00	MO2097
92790	14985	None	$125.00	$145.30	$91.38	MO2097
0208549T*	3557	None	$666.00	$128.40	$100.78	MO2074
0210666T*	5516	None	$394.00	$94.40	$108.40	MO2074
0206380T*	5681	None	$441.00	$60.08	$54.00	MO2074

NOTE: A star (*) after a policy number denotes the policy was cited earlier in the underwriting studies for a different error.

c. Incorrect Total Charge on Policy

The amount listed on the policy as the "Total Amount Charged" is not the actual total amount charged. No policy is to be issued unless it contains the total amount charged for the policy.

Reference: Section 381.181, RSMo and 20 CSR 500-7.100

File No.	Total Amount on Policy	Actual Total Charged	Agency
82075	$326.00	$195.00	MO2097

d. Failure to Timely Record

The agency acted as settlement agent and failed to record the security instrument for the following five transactions within three business days.

Reference: Section 381.412, RSMo.

File No.	Policy Date	Disbursement Date	Recorded	Days Record	Agency
89421	8/7/2002	07/30/02	08/07/02	5	MO2129
76852-3	9/27/2002	09/17/02	9/27/02	8	MO2129
43325-3	11/4/2002	11/19/02	12/06/02	11	MO2129
00092921	9/17/02	9/10/02	9/17/02	5	MO2097
00045725	8/14/02	8/22/02	9/26/02	24	MO2097

e. Miscellaneous issues

Field Size:	4158
Sample Size:	61
Type of Sample:	Systematic
Number of Errors:	5
Error Rate:	8.2%
Within Dept. Guidelines:	Yes

NOTE: A star (*) after a policy number denotes the policy was cited earlier in the underwriting studies for a different error, but was only counted once in the number of errors.

The escrow agent failed to exercise prudent fiduciary responsibility in relying upon a payoff letter from the lender with payoff information supplied by the broker. By relying on this payoff letter, the title company cannot account for trail of custody. The title company failed to control the chain of custody in the payoff letter. In addition the escrow agent paid $55.00 credit fees to the broker twice, resulting in an overpayment to the broker. $50.00 of the overpayment came from a lender overpayment. $5.00 of the excess payment came from the escrow agent, which reduced its recovery of recording fees by $5.00.

The agent failed to determine insurability in accordance with sound underwriting practice and failed to correctly account for all the charges and payments in the settlement statement and list of disbursements.

Reference: Sections 381.071.1.2 and 381.131, RSMo

File No	Policy No.
045725	15134

The following policies contain legal descriptions for one or more tracts of land, and the descriptions include a phrase reading "subject to public roads and highways." The recital indicates that the land has been subjected to certain easements for rights of way. Easements are appropriate exceptions for inclusion in Schedule B of the policy but this recital is not relevant to defining the boundaries of the land and should not be included in the legal description. Language that is not relevant, if appended to the description, may lead the insured to erroneously conclude that certain matters actually covered by the policy are accepted by the appended language. The legal description in the policy is not intended to create exceptions to policy coverage.

The company failed to use sound underwriting practices by including extraneous information in land descriptions.

Reference: 381.071.1.2 and 381.071.2, RSMo.

File No.	Agency
805943*	MO2130
805708*	MO2130

The loan policy in this file has a face amount of $92,150.00. The owner's policy has a face amount of $95,000.00.

The land description in the policy includes language indicating that the land is "subject to" an easement for ingress and egress. The examiner reads the recital to indicate that the land has been subjected to certain easements for rights of way. Easements are appropriate exceptions for inclusion in Schedule B of the policy. The recital is not relevant to defining the boundaries of the land and should not be included in the legal description.

The easement for ingress and egress referenced by the phrase "subject to" in the description would be an appropriate exception to title but is not shown as an exception in Schedule B of the policy.

The land description indicates that the southern line of the property is the center line of a county road. The easement for the right of way of the county road would be an appropriate exception to title but is not shown as an exception in Schedule B of the policy. Language that is not relevant, if included in the description, may lead the insured to mistakenly conclude that certain matters covered by the policy are excepted by the appended language. It is not the purpose of the legal description to create exceptions to policy coverage.

The insurer, the agency, and the agent must show all known and recorded exceptions to title when issuing an owner's policy of title insurance. The company failed to use sound underwriting practices by including extraneous information in land descriptions. Omitting known exceptions to title is not sound underwriting practice.

Reference: Section 381.071.1.2 and 381.071.2, RSMo.

File No.	**Agent**
805816*	MO2130

The policy includes the following inappropriate exception.

- Rights of the public, State of Missouri and County of Andrew in and to that part of subject property taken or used for road purposes.

The referenced exception is not detailed enough to avoid liability under the policy or is misleading. Because inclusion of this inappropriate exception may cause an insured to fail to make a legitimate claim for a covered loss, it is not permissible

under the terms of the policy and is contrary to sound underwriting practices.

The agent, the agency, and the underwriter are obliged to insure in accordance with sound underwriting practices.

Reference: Section 381.071.1.2, and 381.071.2, RSMo.

File No.	Agent
805943*	MO2130
0209607T*	MO2074

C. Practices Considered Not in the Best Interest of the Consumer

1. Failure to Issue Policy in a Timely Manner

Long delay in issuing the policy is not in the best interest of the consumer. The underwriter is not aware of reportable premium until the policy is issued and may be unable to promptly pay premium taxes when due. Ticor Title Insurance Company has not fully complied with record maintenance obligations until the policy has been issued.

In the following instances the agency issued a policy more than 60 days after they had all the information needed. Long delay in issuing the policy is not in the interest of the consumer. The underwriter is not aware of reportable premium until the policy is issued and may be unable to promptly pay premium taxes when due. Ticor has not fully complied with record maintenance obligations until the policy has been issued.

File No.	Policy Date	Last Info Rec'd	Recorded	Issued	Days to Issue	Agency
23083-1	2/22/2002	03/11/02	02/22/02	08/08/02	150	MO2129
82680-3	4/23/2002	05/09/02	4/23/02	08/14/02	97	MO2129
4309-1	4/18/2002	04/12/02	4/18/02	10/17/02	188	MO2129
110093-1	5/24/2002	05/24/02	05/24/02	10/44/02	143	MO2129
98620A	1/25/2002	01/23/02	01/25/02	11/19/02	300	MO2129
89421	8/7/2002	08/14/02	08/07/02	11/15/02	93	MO2129
59136	9/20/2002	11/22/02	9/20/02	04/28/03	157	MO2129
10212286	2/11/02	6/21/02	2/26/02	2/11/03	235	Mo2120
00092105	3/25/02	3/25/02	3/25/02	6/20/02	87	Mo2097
0045725	9/26/02	9/26/02	8/22/02	4/10/03	196	MO2097

File No.	Policy Date	Last Info Rec'd	Recorded	Issued	Days to Issue	Agency
0092921	9/17/02	9/24/02	9/24/02	7/21/03	307	MO2097
82075	1/18/02	1/31/02	1/18/02	1/15/03	349	MO2097
092758	8/8/02	8/16/02	8/16/02	5/2/02	259	MO2097
94120	12/9/02	12/20/02	12/20/02	6/19/02	181	MO2097
10212286	12/6/02	12/9/02	12/9/02	2/14/03	67	MO2121
02-587	6/27/03	6/27/03	6/27/03	None	None	MO2126
02-332	5/31/02	5/31/02	5/31/02	9/23/02	115	MO2126
805827	7/19/02	07/19/02	07/19/0	11/15/02	119	MO2130
805455	4/24/02	01/02/02	4/24/02	08/01/02	99	MO2130
805708	5/24/02	05/24/02	5/24/02	10/29/02	523	MO2130
805905	10/02/02	10/02/02	10/02/02	6/25/02	266	MO2130
805816	07/16/02	07/16/02	7/16/02	07/10/03	359	MO2130
805943	11/22/02	11/21/02	11/21/02	05/12/03	171	MO2130

2. Vesting Issues

The vesting of the title in these policies reads as follows: "J**** H. H*** and S*** E. H*****, individually and as members of H***** Properties, L.L.C." (redaction added) The grantor named in the deed of trust that is the subject of the loan policy is "H*****Property, L.L.C." (The agent verified the existence of a Missouri L.L.C. by that name.) The proper vesting is "H****Property, L.L.C." The intention in this transaction was to place title in the limited liability company. This vesting as it appears in the title policies is not correct and may lead to confusion. The policy insures against improper vesting.

File No.	Policy No.	Agency
01-835*	4188-1240 1463	MO2126

Vesting of the title in the owner's policy includes identification of the owner as a "single person." The policy of title insurance includes coverage for losses incurred as a result of any inaccuracy in the vesting of title. Except for a tenancy by the entireties, marital status of the vestee is not relevant information and should be omitted from the vesting of title. It is not a sound underwriting practice to include marital status information not relevant to vesting of title. The policy insures proper vesting of title. The agency failed to insure in accordance with its own policy.

File No.	Policy No.	Agency
805827*	6655	MO2130
	4763	
0212770T	5555	MO2074

NOTE: A star (*) after a policy number denotes the policy was cited earlier in the underwriting studies for a different error.

III. CLAIMS PRACTICES

In this section, examiners review claims practices of the Company to determine efficiency of handling, accuracy of payment, adherence to contract provisions, and compliance with Missouri statutes and department regulations. A claim file, as a sampling unit, is an individual demand for payment or action under an insurance contract for benefits that may or may not be payable. The most appropriate statistic to measure compliance with the law is the percent of files in error. An error can include but is not limited to any unreasonable delay in the acknowledgment, investigation, payment, or denial of a claim. Errors also include the failure to calculate benefits correctly or to comply with Missouri laws regarding claim settlement practices.

A. Claim Time Studies

In determining efficiency, examiners look 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. DIFP regulations define the reasonable duration of time for claim handling as follows: (1) payment or denial of claim within 15 working days after the Company completes investigation, and (2) settlement of the claim within 30 days of the receipt of all necessary documentation to determine liability. When the Company fails to meet these standards, examiners criticize files for noncompliance with Missouri laws or regulations.

Field Size:	36
Sample Size:	11
Type of Sample:	Systematic
Number of Errors:	0
Error Rate:	0%

The examiners noted no errors in this review.

B. General Handling Practices

In addition to the Claims Time Studies, examiners reviewed the Company's claims handling processes to determine adherence to unfair claims statutes and regulations and to contract provisions.

Field Size:	36
Sample Size:	12
Type of Sample:	Systematic
Number of Errors:	2
Error Rate:	18%

The insured made a claim under the policy after discovering that a part of the land described by the policy had previously been conveyed. The property is described as the Western 1/2 of a quarter-section of land, or 80 acres if the section is regular.

The portion of the land that had previously been conveyed appears to be less than one acre of land, which is to say less than 1/80th of the total area described in the policy. The face amount of the policy is $200,000.00. Counsel representing the insured offered to settle the claim for $22,000.00, the amount actually paid by Ticor Title. The file contains no information suggesting any basis for settlement in an amount greater than 1/80th of the face amount of the policy, or $2,500.00.

The insurer failed to adopt and implement reasonable standards for the prompt investigation and settlement of claims arising under its policies.

Reference: Section 375.1007(3), RSMo.

File No.	Policy No.	Agency
114307	8582	ATI

The Company failed to provide the following claim file within 10 days.

Reference: 20 CSR 300-2.200(6)(A)

File No.	Policy No	Requested	Received	# Days
128102083	0348	1/29/04	4/19/04	80

VI. CONSUMER COMPLAINTS

Section 375.936(3), RSMo requires companies to maintain for at least three years a register of all complaints received. The statute requires the record to show the total number of complaints, classification by line of insurance, nature of complaint, disposition, and time to process the complaint.

Ticor Title Insurance Company records show it received no complaints from January 1, 2000 to December 31, 2002 and the Company maintains a log of all department complaints. The examiners found no discrepancies in their review of these complaint records.

V. UNCLAIMED PROPERTY

The examiners conducted a review of the Ticor Title Insurance Company procedures for recording and reporting unclaimed property to determine compliance with Missouri's Uniform Disposition of Unclaimed Property Act, Section 447.500 et sequitur, RSMo.

The Company filed no reports during the review period.

VI. FORMAL REQUESTS AND CRITICISMS TIME STUDY

This study is based upon the time required by the company to provide the examiners with the requested material or to respond to criticisms.

A. Criticism Time Study

Calendar Days	Number of Criticisms	Percentage
0 to 10	28	55%
11 to 30	8	16%
31 to 60	15	29%
Total	51	100%

The company did not respond to 23 criticisms within 10 calendar days.

References: Section 374.205.2(2), RSMo and 20 CSR 300-2.200(5)(6)

B. Formal Request Time Study

Calendar Days	Number of Requests	Percentage
0 to 10	4	50%
11 to 30	2	25%
30 to 99	2	25%
Total	8	100.0%

The company did not respond to four (4) formal requests within10 calendar days.

References: Section 374.205.2(2), RSMo and 20 CSR 300-2.200(5)(6)

Verification of Written Report Submission Affidavit

Before me, the undersigned authority, personally appeared Martha A. Burton, being duly sworn and deposed stated as follows:

1. My name is Martha A. Burton. I am of sound mind, capable of making this affidavit, and personally acquainted with the facts herein stated.

2. I am the Examiner In Charge duly appointed by the Director of the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri to examine the business affairs and market conduct of the Ticor Title Insurance Company that have been granted authority to transact the business of insurance in the State of Missouri.

3. Attached hereto and containing 18 pages is my examination report of the Ticor Title Insurance Company.

4. This examination report was produced in observation of those guidelines and procedures set forth in the Examiners Handbook adopted by the National Association of Insurance Commissioners and such other guidelines and procedures adopted by the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri.

5. This examination is comprised of only facts appearing upon the books, records, or other documents of the Company, its producer or other persons examined, or as ascertained from the testimony of its officers or producers or other persons examined concerning its affairs, and such conclusions as reasonably warranted from the facts.

Martha A Burton

Martha A. Burton
Examiner In Charge
Missouri Department of Insurance,
Financial Institutions and Professional Registration
State of Missouri
County of St Louis City

Subscribed and sworn to before me on 3rd, Dec, 2008
My commission expires _____.

Trudy Prewitt

Notary Public

TRUDY PREWITT
Notary Public - Notary Seal
State of Missouri
Commissioned for St. Louis County
My Commission Expires: April 15, 2011
Commission Number: 07499644

SUBMISSION

Examiners respectfully submit this Market Conduct examination report of Ticor Title Insurance Company to the Director of the Department of Insurance, Financial Institutions and Professional Regulation State of Missouri.

Tom Schnell and Martha A. Burton, CIE, participated in this examination as the Examiner in Charge. Joseph Ott and Ted Greenhouse participated in the examination and helped in the preparation of this report.

Martha A. Burton

Martha A. Burton
CIE
Acting Examiner-In-Charge
Date: 12/3/08