

**REPORT OF
MARKET CONDUCT EXAMINATION
OF**

T.A. TITLE INSURANCE COMPANY
Media, Pennsylvania

**AS OF
April 22, 2009**

COMMONWEALTH OF PENNSYLVANIA

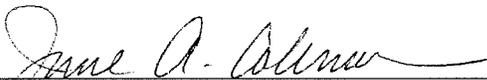


**INSURANCE DEPARTMENT
MARKET CONDUCT DIVISION**

Issued: June 9, 2009

VERIFICATION

Having been duly sworn, I hereby verify that the statements made in the within document are true and correct to the best of my knowledge, information and belief. I understand that false statements made herein are subject to the penalties of 18 Pa. C.S. §4903 (relating to false swearing).



June A. Coleman, Examiner-in-Charge

Sworn to and Subscribed Before me

This *13* Day of *April*, 2009



Notary Public

COMMONWEALTH OF PENNSYLVANIA

NOTARIAL SEAL
THERESA M. SENECA, Notary Public
City of Harrisburg, Dauphin County
My Commission Expires Aug. 15, 2010

T. A. TITLE INSURANCE COMPANY

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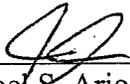
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BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

ORDER

AND NOW, this 22ND day of July, 2008, in accordance with Section 905(c) of the Pennsylvania Insurance Department Act, Act of May 17, 1921, P.L. 789, as amended, P.S. § 323.5, I hereby designate Ronald A. Gallagher, Deputy Insurance Commissioner, to consider and review all documents relating to the market conduct examination of any company and person who is the subject of a market conduct examination and to have all powers set forth in said statute including the power to enter an Order based on the review of said documents. This designation of authority shall continue in effect until otherwise terminated by a later Order of the Insurance Commissioner.





Joel S. Ario
Insurance Commissioner

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
	:	
T. A. TITLE INSURANCE	:	40 P.S. §§ 323.3(a), 910-25,
COMPANY	:	910-26(a), 910-27, 910-37(h),
2 Veterans Square	:	and 1171.4
Media, PA 19063	:	
	:	Title 31, Pa. Code, Section 126.1
	:	
	:	
Respondent.	:	Docket No. MC09-04-030

CONSENT ORDER

AND NOW, this 9th day of June, 2009, this Order is hereby issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order shall have the full force and effect of an order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

FINDINGS OF FACT

3. The Insurance Department finds true and correct each of the following Findings of Fact:

- (a) Respondent is T. A. Title Insurance Company, and maintains its address at 2 Veterans Square, Media, Pennsylvania 19063.
- (b) A market conduct examination of Respondent was conducted by the Insurance Department covering the period from January 1, 2006 through December 31, 2006.
- (c) On April 22, 2009, the Insurance Department issued a Market Conduct Examination Report to Respondent.
- (d) A response to the Examination Report was provided by Respondent on May 22, 2009.
- (e) The Examination Report notes violations of the following:
 - (i) 40 P.S. §323.3(a), which requires every company subject to examination to keep all records and documents relating to its business in such manner as

may be required in order that the Department may verify whether the company has complied with the laws of this Commonwealth;

- (ii) 40 P.S. § 910-25, which requires every title insurance company authorized to transact business within this Commonwealth to, from time to time, certify to the commissioner the names of all agents appointed by it in this Commonwealth;
- (iii) 40 P.S. § 910-26(a), which requires agents to make application for a certificate of qualification with the Insurance Department for authority to act as a title insurance agent in the manner provided for in the Insurance Department Act. Upon certification, an agent may be appointed by a title insurer with notice of such appointment to the Insurance Department in the manner provided for in the Insurance Department Act;
- (iv) 40 P.S. § 910-27, which requires every agent of a title insurance company to keep the books, records, accounts and vouchers pertaining to the business of title insurance, in such manner that the commissioner or his authorized representative may readily ascertain from time to time, whether or not the agent has complied with all of the applicable provisions of this Act;
- (v) 40 P.S. § 910-37(h), which provides that no title insurance company or agent of a title insurance company shall charge any fee for any policy or contract of

title insurance except in accordance with filings or rates which are in effect for said title insurance company or such agent of a title insurance company as provided in this article;

- (vi) 40 P.S. § 1171.4, which prohibits any person from engaging in this state in any trade practice which is defined or determined to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance pursuant to this act; and

- (vii) Title 31, Pa. Code, § 126.1, which states that title insurance companies and agents of title insurance companies, issuing mortgagee's title insurance upon a loan made simultaneously with the purchase of all or a part of the real estate securing the loans, where no owner's title insurance policy has been ordered; shall, prior to the disbursement of the loan funds or the issuance of the mortgagee's title policy, cause the mortgagor to be advised in writing of the fact that a mortgagee's title insurance policy is to be issued, of the fact that the policy does not afford title insurance protection to the owner-mortgagor, and if the owner-mortgagor elects not to purchase owner's title insurance, the title insurance company shall obtain from the mortgagor a statement in writing that the mortgagor has received the notice and that the mortgagor waives the right to purchase owner's title insurance. The form of the written notice and waiver shall be in the prescribed form.

CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department makes the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.

- (b) Respondent's violations of 40 P.S. §§ 910-25, 910-26(a), 910-27, and 910-37(h) are punishable by the following, under 40 P.S. §910-48: The commissioner may, if he finds that any person or organization has violated any provision of this article, impose a penalty or not more than \$500 for each violation. If the violation is willful, the commissioner may impose a penalty of not more than \$5,000 for each violation, in addition to any other penalty provided by law;

- (c) Respondent's violations of 40 P.S. § 1171.4, are punishable by the following, under 40 P.S. §1171.9:
 - (i) cease and desist from engaging in the prohibited activity;
 - (ii) suspension or revocation of the license(s) of Respondent.

- (d) In addition to any penalties imposed by the Department for Respondent's violations of the Unfair Insurance Practices Act (40 P.S. §§ 1171.1 –

1171.5), the Department may, under 40 Purdons Statutes, Sections 1171.10 and 1171.11 file an action in which the Commonwealth Court may impose the following civil penalties:

- (i) for each method of competition, act or practice which the company knew or should have known was in violation of the law, a penalty of not more than five thousand dollars (\$5,000.00);
- (ii) for each method of competition, act or practice which the company did not know nor reasonably should have known was in violation of the law, a penalty of not more than one thousand dollars (\$1,000.00).

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) Respondent shall file an affidavit stating under oath that it will provide each of its directors, at the next scheduled directors meeting, a copy of the adopted

Report and related Orders. Such affidavit shall be submitted within thirty (30) days of the date of this Order.

- (c) Respondent shall comply with all recommendations contained in the attached Report.
- (d) Respondent shall pay Seven Thousand, Five Hundred Dollars (\$7,500.00) to the Commonwealth of Pennsylvania in settlement of all violations contained in the Report.
- (e) Payment of this matter shall be made by check payable to the Commonwealth of Pennsylvania. Payment should be directed to Sharon L. Fraser, Bureau of Market Conduct, PA Insurance Department, 1227 Strawberry Square, Harrisburg, Pennsylvania 17120. Payment must be made no later than thirty (30) days after the date of this Order.

6. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein, the Department may, in its discretion, pursue any and all legal remedies available, including but not limited to the following: The Insurance Department may enforce the provisions of this Order in the Commonwealth Court of Pennsylvania or in any other court of law or equity having jurisdiction; or it may

enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

7. Alternatively, in the event there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

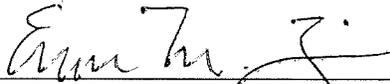
9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law

contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

BY: T. A. TITLE INSURANCE
COMPANY, Respondent



President / ~~Vice President~~



Secretary / ~~Treasurer~~



COMMONWEALTH OF PENNSYLVANIA
By: Ronald A. Gallagher, Jr.
Deputy Insurance Commissioner

I. INTRODUCTION

The Market Conduct Examination was conducted on T. A. Title Insurance Company (“the Company”), in the office of the Pennsylvania Insurance Department, located in Harrisburg, Pennsylvania.

The Pennsylvania Market Conduct Examination Report (“Report”) generally notes only those items to which the Department, after review, takes exception. However, the Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review those areas of concern in order to determine the potential impact upon Company operations or future compliance. A violation is any instance of Company activity that does not comply with an insurance statute or regulation. Violations contained in the Report may result in imposition of penalties.

Throughout the course of the examination, Company officials were provided with status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify potential violations. An exit conference was conducted with Company personnel to discuss the various types of violations identified during the examination and review written summaries provided on the violations found.

The courtesy and cooperation extended by the officers and employees of the Company during the course of the examination is hereby acknowledged.

The undersigned participated in this examination and in preparation of this Report.



Chester A. Derk, Jr., AIE, HIA
Market Conduct Division Chief



June A. Coleman
Market Conduct Examiner

II. SCOPE OF EXAMINATION

The Market Conduct Examination was conducted on T. A. Title Insurance Company at the office of the Pennsylvania Insurance Department located in Harrisburg, Pennsylvania. The examination was conducted pursuant to Sections 903 and 904 of the "Insurance Department Act," the Act of May 17, 1921, P.L. 789, No. 185, Art., IX, *as amended* 40 P.S. §§323.3, 323.4 and covered the experience period of January 1, 2006 through December 31, 2006, unless otherwise noted. The purpose of the examination was to determine the Company's compliance with Pennsylvania insurance laws and regulations.

The examination focused on Company operations in the following areas:

1. Underwriting Practices and Procedures
2. Rating
3. Forms
4. Licensing

III. COMPANY HISTORY AND LICENSING

Title Abstract Company of Pennsylvania (“Title Abstract”) was founded in 1948 in Media, Pennsylvania. It acted as a title insurance agent for Lawyers Title Insurance Company. In 1979, Title Abstract stockholders formed T.A. Title Insurance Company as a licensed title insurance underwriter in Pennsylvania. It expanded to form T.A. Financial Services, Inc., Title Alliance, Ltd., 1031 Corp., and Parking Intermediary Corp. T.A. Holdings, Inc. was formed 1986 as an Employee Stock Ownership Plan and thirty-eight percent (38%) of Title Abstract was purchased by the plan.

In 2004, The First American Corporation (“TFAC”) acquired T.A. Holdings, Inc. and T.A. Title Insurance Company, thereby taking ownership of all of the T.A. family of companies. TFAC then redistributed the stock of T.A. Title Insurance Company to First American Title Insurance Company (“First American”). Until May of 2007, TFAC and First American retained ownership of all of the T.A. companies including T.A. Title Insurance Company.

In 2007, TFAC sold its interests in Title Abstract, T.A. Financial Services, Inc., T.A. Title Agency of New Jersey, Inc., T.A. Title Agency of Ohio, Inc., T.A. of Westmoreland, LLC, T.A. of Centre County, LLC and The Closing Network, Ltd., which companies were all held under the umbrella of T.A. Holdings, Inc., to Title Alliance, Ltd.

T.A. Title Insurance Company remains a wholly owned subsidiary of First American and functions as a separate entity from First American.

LICENSING

T.A. Title Insurance Company is currently licensed to write title insurance in the Commonwealth of Pennsylvania under a Certificate of Authority last issued April 1, 2009. The Company is also licensed to write title insurance in Delaware, Maryland, New Jersey, New York, Ohio and Pennsylvania.

The Company's total direct premium earned in Pennsylvania was \$ 11,810,827 as of its 2007 annual statement.

IV. UNDERWRITING PRACTICES AND PROCEDURES

As part of the examination, the Company was requested to supply manuals, underwriting guides, bulletins, directives or other forms of underwriting procedure communications. The purpose of this review was to identify any inconsistencies which could be considered discriminatory, specifically prohibited by statute or regulation, or unusual in nature. No violations were noted.

V. RATING

The purpose of the review was to measure compliance with Section 737 of the "Insurance Company Law," the Act of May 17, 1921, P.L. 682, Art., VII, *as amended* 40 P.S. §910-37, which requires every title insurance company to file with the Insurance Commissioner every manual of classifications, rules, plans, and schedules of fees and every modification of any of the foregoing relating to the rates which it proposes to use in the Commonwealth. In addition, this section of the law prohibits a title insurance company or agent of a title insurance company from charging any fee for any policy or contract of title insurance except in accordance with filings or rates which are in effect for the title insurance company or agent of a title insurance company as provided in this article of the law, or in accordance with subsections (f) and (g) of this section.

To perform this review, the Department selected 100 lender policies and 100 owner policies from the universe of 8,300 lender policies and 5,822 owner policies that were issued during the experience period.

All rates, forms and rules used by the Company must be filed with and approved by the Pennsylvania Insurance Department. The rates approved for use by T. A. Title Insurance Company effective August 1, 2005 and May 1, 2006, were published by the Title Insurance Rating Bureau of Pennsylvania ("TIRBOP") and contain rules governing the writing of title insurance. General Rule 2.7 of the Manual of Title Insurance Rating Bureau (2005 and 2006) ("Rate Manual") states: "No policy, endorsement or other coverage may be issued which varies the terms, conditions, stipulations or exclusions of a policy unless first approved by the Department." In addition, the Company was requested to provide quarterly reports that are required if additional charges or special fees are made under Section 2.3 or Section 2.4 of the TIRBOP Manual. The examiners were able to determine compliance with the

Company's filed and approved rating plans by reviewing documentation supporting the charges listed in Sections 1100, 1200 and 1300 of the HUD-1 settlement sheet.

The following findings were made:

A. 1 Violation as a result of the Company not obtaining a valid waiver. The violation is of the Unfair Insurance Practices Act, the Act of July 22, 1974, P.L. 589, No. 205, Section 4, as amended 40 P.S. §1171.4 which:

Requires no person shall engage in this state in any trade practice which is defined or determined to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance pursuant to this act.

AND the Department's regulations at 31 Pa. Code §126.1 which:

Requires all title insurance companies and agents of title insurance companies, issuing mortgagee's title insurance upon a loan made simultaneously with the purchase of all or a part of the real estate securing the loans, where no owner's title insurance policy has been ordered; shall, prior to the disbursement of the loan funds or the issuance of the mortgagee's title policy, cause the mortgagor to be advised in writing of the fact that a mortgagee's title insurance policy is to be issued, of the fact that the policy does not afford title insurance protection to the owner-mortgagor, and of the owner-mortgagor's right to obtain title insurance in his own favor; and if the mortgagor elects not to purchase owner's title insurance, the title insurance company shall obtain from the mortgagor a statement in writing that the mortgagor has received the notice and that the mortgagor waives the right to purchase owner's title insurance.

B. 6 Violations as a result of the Company's failure to provide documentation to support charges on the HUD settlement sheet. The violations are of the Insurance Company Law at 40 P.S. §910-27 which:

Requires every agent of a title insurance company shall keep his, her or its books, records, accounts and vouchers pertaining to the business of title insurance, in such manner that the commissioner or his authorized representative may readily ascertain from time to time, whether or not the agent has complied with all of the applicable provisions of this act. Failure to comply with this section shall be a ground for revocation of the agent's license.

AND the Insurance Company Law at 40 P.S. §910-37(h) which:

Requires that beginning ninety days after the effective date of this amendment, no title insurance company or agent of a title insurance company shall charge any fee for any policy or contract of title insurance except in accordance with filings or rates which are in effect for said title insurance company or such agent of a title insurance company as provided in this article, or in accordance with subsections (f) and (g) of this section.

AND the Insurance Department Act at 40 P.S. §323.3(a) which:

Requires every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the Department, in its discretion, may require in order that its authorized representatives may readily ascertain whether the company or person has complied with the laws of this Commonwealth.

Of the six (6) violations noted, five (5) violations were the result of the Company not providing documentation to support the charges and/or pass through charges under Sections 1100 and 1200 of the HUD-1 sheet according to Section 2.1 and Section 3.4 in the Rate Manual. This resulted in overcharges of \$160.00. The remaining violation was the result of the Company not providing documentation to support the charge and/or pass through charge under Section 1300 of the HUD-1 sheet according to Section 2.1 and Section 3.4 in the Rate Manual. This resulted in an overcharge of \$35.00.

C. 49 Violations as a result of the Company making inappropriate charges on the HUD settlement sheet. These are violations of the Insurance Company Law at 40 P.S. §910-37(h) which:

Requires that beginning ninety days after the effective date of this amendment, no title insurance company or agent of a title insurance company shall charge any fee for any policy or contract of title insurance except in accordance with filings or rates which are in effect for said title insurance company or such agent of a title insurance company as provided in this article, or in accordance with subsections (f) and (g) of this section.

Of the 49 violations noted, ten (10) violations were the result of the Company charging incorrect rates according to the Policies and Rates Section in the Rate Manual. This resulted in overcharges of \$1,393.73 and undercharges of (\$24.25). Three (3) violations were the result of the Company charging incorrect amounts for endorsements according to the

Endorsements and Rates Section in the Rate Manual. This resulted in overcharges of \$150.00. Twenty-eight (28) violations were the result of the Company charging inappropriate charges and/or pass through charges under Sections 1100 and 1200 of the HUD-1 sheet according to Section 2.1 (General Rules) and Section 3.4 in the Rate Manual. This resulted in overcharges of \$801.90 and undercharges of (\$15.00). The remaining eight (8) violations were the result of the Company charging inappropriate charges and/or pass through charges under the section 1300 of the HUD-1 sheet according to Section 2.1 and Section 3.4 in the Rate Manual. This resulted in overcharges of \$310.00.

D. 14,122 Violations as a result of the Company not obtaining signed written notices of the entitlement to a reduced rate from every purchaser of a title insurance policy at or prior to closing. These are violations of the Unfair Insurance Practices Act at 40 P.S. §1171.4 which:

Requires no person shall engage in this state in any trade practice which is defined or determined to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance pursuant to this act.

AND the Insurance Company Law at 40 P.S. §910-37(h) which:

Requires that beginning ninety days after the effective date of this amendment, no title insurance company or agent of a title insurance company shall charge any fee for any policy or contract of title insurance except in accordance with filings or rates which are in effect for said title insurance company or such agent of a title insurance company as provided in this

article, or in accordance with subsections (f) and (g) of this section.

E. 14 Violations as a result of charging excess settlement and/or closing fees and not properly disclosing information on the HUD-1 settlement sheets. These are violations of the Unfair Insurance Practices Act at 40 P.S. §1171.4 which:

Requires no person shall engage in this state in any trade practice which is defined or determined to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance pursuant to this act.

Of the 14 violations, 13 violations were the result of the Company charging settlement or closing cost fees without demonstrating that an advance written notice was given to the applicant. The remaining one violation was the result of the Company not disclosing information on the HUD-1 settlement sheet.

VI. FORMS

All files were reviewed to verify the use of Department approved forms in compliance with the Insurance Company Law at 40 P.S. §477b, Approval of Policies, Contracts, etc., Prohibiting the Use Thereof Unless Approved. During the experience period of the examination, the Insurance Company Law provided that it shall be unlawful for any insurance company to issue, sell, or dispose of any policy contract or certificate covering fire, marine, title and all forms of casualty insurance or use applications, riders, or endorsements in connection therewith, until the forms have been submitted to and formally approved by the Insurance Commissioner. No violations were noted.

VII. LICENSING

In order to determine compliance with the licensing requirements of the Insurance Company Law at 40 P.S. §§910-24 - 910-31, the Company was asked to provide a list of active agents during the experience period. In addition, the Company was asked to submit a list of all agents whose contracts or agency agreements were canceled during the experience period. The Company's policy files were also reviewed for the purpose of identifying agents.

The following findings were made:

A. 1 Violation as a result of the Company's failure to certify a list of its appointed agents. The violation is of the Insurance Company Law at 40 P.S. §910-25 which:

Requires every title insurance company to certify to the commissioner the names of all agents appointed by it in this Commonwealth.

The following agent was found to be writing policies without having an appointment. The Company failed to file a notice of appointment and submit appointment fees to the Department.

Agent Name

Universal Settlement Services of Pa

B. 1 Violation as a result of the Company failing to obtain a certificate of qualification for one agent. This is a violation of the Insurance Company Law at 40 P.S. §910-26(a) which:

Requires agents to make application for a certificate of qualification with the Insurance Department for authority to act

as a title insurance agent in the manner provided for in Section 603 of the act of May 17, 1921 (P. L. 789, No. 285)

The following agent was found to be writing policies but was not found in the Insurance Department records as holding a valid certificate of qualification in the Commonwealth of Pennsylvania.

Agent Name
Ciamacco Settlement Services

VIII. DEPARTMENT CONCERNS

The Department notes concerns involving business practices related to closing and/or settlement costs which practices may not be within the Company's direct control or direction. Accordingly, such practices are not designated herein as title violations by the Company, as within the Department's regulatory authority. These concerns were brought to the attention of the Company for their review and response.

Related to the appropriateness of closing and/or settlement costs, the Company noted that it does not receive compensation or payment for anything other than the actual title insurance. As a general rule, the Company does not request or require documentation to support charges listed on HUD settlement sheets as a precondition to issuing a policy, because the charges do not constitute insurance premium. Another frequently noted concern was that, in many cases, the title or settlement agent was unable or unwilling to produce to the Company, documentation to support charges made. As such, in many cases, the third party charges could not be supported by documentation.

Some of the more frequently noted concerns involved charges for delivery fees, which ranged from \$15.00 to \$96.50, and recording service fees which ranged from no charge to \$28.75. Numerous charges were also noted for email and document preparation, ranging from \$25.00 to \$500.00, wire fees ranging from \$10.00 to \$50.00, and settlement/closing fees from no charge to \$300.00. Other fees noted included attorney fees from no charge to \$1,800.00, coordination fees from no charge to \$265.00, disbursement fees from no charge to \$50.00, and conveyance fees, ranging from no charge to \$50.00.

These concerns were not uniform or consistent, in that they were not identified in every file reviewed. Also, there was wide disparity in the number of concerns

involving fees and the corresponding charges made, supporting the fact there is a general lack of uniformity in the settlement process. One conclusion may be that this puts the consumer at a disadvantage, resulting in potentially higher costs.

IX. RECOMMENDATIONS

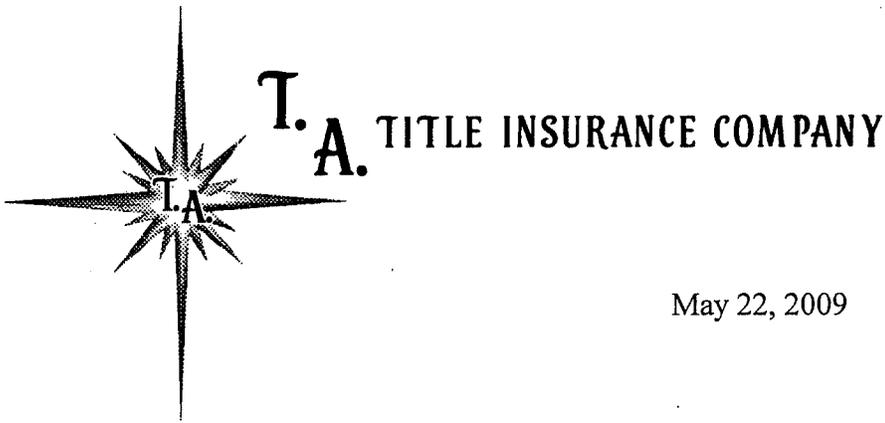
The recommendations made below identify corrective measures the Department finds necessary as a result of the number of some violations, or the nature and severity of other statutory or regulatory violations, noted in the Report.

1. The Company must review the Unfair Insurance Practices Act specifically 40 P.S. §1171.4 and the Department's regulations at 31 Pa. Code §126.1 with its agents to ensure that the owner-mortgagor is advised in writing of the right to obtain title insurance in his own favor. This is to ensure that violations noted in the Report do not occur in the future.
2. The Company must reinforce internal controls to ensure that all records and documents are maintained in accordance with the Insurance Department Act and the Insurance Company Law so that violations noted in the Report do not occur in the future.
3. The Company must review the Insurance Company Law at 40 P.S. §910-37(h) and must take appropriate measures to ensure the rating violations listed in the Report do not occur in the future. The overcharges noted in the Rating Section of this Report must be refunded to the insureds and proof of such refunds must be provided to the Insurance Department within 30 days of the Report issue date.
4. The Company must review the Insurance Company Law at 40 P.S. §910-37(h) and the Unfair Insurance Practices Act specifically 40 P.S. §1171.4 with its agents to ensure that each agent obtains a written notice of the entitlement to a reduced rate from every purchaser of a title insurance policy at or prior to closing. This is to ensure that violations noted in the Report do not occur in

the future.

5. The Company must implement procedures with its agents to ensure that each agent provides the consumer, in advance of the day of closing, a written notice that an additional expense may be incurred when scheduling a closing out-of-office or after-hours. This is to ensure that violations of the Unfair Insurance Practices Act at 40 P.S. §1171.4 noted in the Report do not occur in the future.
6. The Company must implement procedures to ensure that the violations of the UIPIA at 40 P.S. §1171.4, regarding the proper disclosure of information on the HUD-1 settlement sheet noted in the Report, do not occur in the future.
7. The Company must ensure that all agents are properly licensed, as required by the Insurance Company Law at 40 P.S. §910-26(a) prior to accepting business from an agent.
8. The Company must ensure that all agents are properly appointed, as required by the Insurance Company Law at 40 P.S. §910-25 prior to accepting business from an agent.

X. COMPANY RESPONSE



From the desk of:
Lisa Violi, Counsel
lvioli@firstam.com

May 22, 2009

Chester A. Derk, AIE, HIA
Market Conduct Division Chief
Pennsylvania Insurance Department
Office of Market Regulation
1227 Strawberry Square
Harrisburg, PA 17120

RE: T.A. Title Insurance Company
Market Conduct Examination
January 1, 2006 – December 31, 2006
Examination Warrant Number 07-M19-005

Dear Mr. Derk:

Thank you for your Final Report dated April 22, 2009 for the Pennsylvania Insurance Department's (the "Department") market conduct examination of T.A. Title Insurance Company ("T.A. Title" or our "Company") for the period of January 1, 2006 through December 31, 2006. Our Company agrees that market conduct examinations provide a benefit to companies and consumers alike in identifying the areas of the business that need to be reviewed and altered in order to produce the best products and services at the appropriate cost to the Pennsylvania consumer. Our Company will take appropriate action to achieve 100% compliance in all areas of our business. T.A. Title would like to thank the Department's staff for the open communication and courtesy they afforded to us throughout the course of this examination.

T.A. Title received notice of the market conduct examination from the Department at the beginning for 2007. Our Company provided a list of 14,122 transactions that occurred throughout the year of 2006. The Department chose 200 transactions to audit. The Department reviewed our Company's underwriting practices and procedures, rating, forms and licensing. After a series of summaries from the Department, and communication between our Company and the Department regarding the Department's findings, the Department provided its Final Report on April 22, 2009, to which our Company would like to respond in this letter.

T.A. Title Insurance Company
620 Freedom Business Center Drive, 4th Floor
King of Prussia, PA 19406
610.233.4137 (p) · 610.265.8796 (f)

UNDERWRITING PRACTICES AND PROCEDURES

T.A. Title is pleased that the Department noted that our Company is fully compliant in its underwriting practices and procedures.

RATING

The Department reviewed 200 transactions to determine whether all procedures, fees and charges complied with insurance law. T.A. Title's response to specific findings is presented below in the order in which they are detailed in the Department's Report.

A. Valid Waiver

Pennsylvania insurance law requires that all insurers and agents must obtain a waiver from a buyer of real estate where a loan policy is being issued to a lender, and the buyer does not wish to obtain owner's coverage. This waiver includes a notice to the buyer that the loan policy will not provide coverage to him/her, and that title insurance is available in the form of an owner's policy. If the buyer still chooses not to purchase owner's coverage, the insurer or agent must obtain a signed waiver of insurance.

The Department noted only one (1) transaction where the waiver could not be produced, making T.A. Title 99.5% compliant with this regulation. T.A. Title will continue to strive for full compliance with this provision.

B. Documentation to Support Charges on HUD

All title insurers and agents must maintain documentation to support the business of title insurance, and further must only charge fees for title insurance that have been properly filed with and approved by the Department. T.A. Title was 97% successful in supplying documentation acceptable to the Department. T.A. Title will continue to communicate the need for document retention relating to all charges.

C. Inappropriate Charges on HUD

All charges in any transaction involving title insurance must comply with the filed and approved rates by the insurer whose policy is being issued. T.A. Title is a member of the Title Insurance Rating Bureau of Pennsylvania ("TIRBOP") and adheres to the Pennsylvania Manual of Rates and Forms ("Rate Manual") filed by TIRBOP and approved by the Department.

T.A. Title achieved a 90% success rate in applying correct rates, and a 98.5% success rate in applying the correct endorsement charges. The remaining violations relate to certain ancillary charges found in Sections 1100, 1200 or 1300 of the Rate Manual. T.A. Title will continue to strive for excellence through its Company communications regarding the application of appropriate rates and charges.

D. Notice of Entitlement to Reduced Rate

Section 2.9 of the Rate Manual states: "A written notice must be provided to every purchaser of a title insurance policy at or prior to closing, which shall be signed by or on behalf of the purchaser of the title insurance policy, and shall include language substantially in the following form: IF THIS CONVEYANCE OR REFINANCE OCCURS WITHIN TEN YEARS OF A PREVIOUS INSURANCE OF THE SAME PROPERTY, YOU MAY BE ENTITLED TO A REDUCED RATE." T.A. Title's forms of owner's and buyer's affidavits both contain the above stated notice. At every refinance transaction, an owner's affidavit is signed by the owner. At every sale transaction, an owner's and buyer's affidavit is signed by the seller and buyer respectively. T.A. Title fully complies with Section 2.9.

E. Settlement Fees and HUD Disclosure

Insurance law requires that where an insurer or agent will charge a settlement fee for an out of office or after hours closing, advance written notice of an additional fee must be provided to the applicant. T.A. Title was 93.5% successful in proving that advance notice was provided. T.A. Title's practice is to include the advance written notice on every commitment issued. We will continue to reiterate this requirement in our Company communications.

FORMS

The Department reviewed whether T.A. Title was issuing only those forms that had been filed with and approved by the Department. Our Company is proud that the Department found T.A. Title to be fully compliant in the use of its forms.

LICENSING

The Department reviewed the licensing and appointments of each of T.A. Title's agents. One (1) violation was found for an agent writing policies without a proper appointment with the Department, and one (1) violation was found for an agent writing policies without a current license. Both of these issues have been rectified, and all T.A. Title agents are now properly appointed and licensed.

DEPARTMENT CONCERNS

After the Department listed its specific findings on the transactions reviewed for our Company, it then stated its concerns about certain title insurance practices.

The Department indicated its concern over closing and settlement costs. Insurance law requires that title insurance companies and agents provide written notice to title insurance applicants prior to closing indicating that additional closing costs will be incurred if the customer chooses to close outside of the office or outside of normal business hours. T.A. Title requires that this notice appear on all commitments. T.A. Title will continue to communicate this requirement.

The Department also noted its concern that our Company does not require documentation proving charges that it does not receive or share with the agent. Our Company will continue to communicate the importance of maintaining documentation supporting every charge made on the HUD, and we believe that a reminder of this requirement will negate any future deficiencies.

The Department more specifically expressed its concern over charges made in accordance with Section 2.1 of the Rate Manual. Section 2.1 provides the ability of a settlement service provider to be reimbursed for the expense incurred for providing additional services including document preparation, government charges for recording, overnight delivery, bank wire fees and electronic delivery of documents. These fees are not charged where the additional service was not rendered in the transaction. The fees in transactions will vary because the additional services vary depending on the details of the transaction. T.A. Title will continue to communicate the importance of charging only those fees sanctioned by the Rate Manual for services being provided.

RECOMMENDATIONS

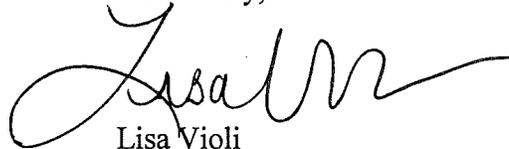
Finally, the Department listed the corrective measures it finds necessary as a result of some violations from the Report. We will take appropriate action to address these recommendations.

1. T.A. Title will review with the agents the Unfair Insurance Practices Act specifically at 40 P.S. § 1171.4 and the Department's regulations at 31 Pa. Code § 126.1 to ensure that owner-mortgagors are advised in writing of the right to obtain title insurance in his or her own favor.
2. T.A. Title will communicate the need to maintain all records and documents relating to the insured transaction.
3. Our Company has reviewed the Insurance Company Law at 40 P.S. § 910-37(h) and will work to achieve full compliance with all rating regulations. All overcharges listed in the rating section of this Report have been or will be refunded to the consumers. Proof of such refunds will be provided to the Department within thirty (30) days of the Report issue date.
4. T.A. Title will review the Insurance Company law at 40 P.S. § 910-37(h) and the Unfair Insurance Practices Act at 40 P.S. § 1171.4 relating to signed written notices of entitlement to a reduced rate from every purchaser of title insurance.
5. T.A. Title will continue to require that the written notice regarding additional costs for out of office/after hours closings appear on every commitment.
6. Our Company will review the requirement that every relevant box and line of every HUD must be correctly completed on every transaction.
7. T.A. Title has ensured that all of its agents are properly licensed.
8. T.A. Title has ensured that all of its agents are properly appointed.

Our Company would like to express its appreciation for the Department's time and effort in evaluating the transactions reviewed in this market conduct examination. Market conduct provides a very important review of business practices in the title industry, and helps us review our own internal controls to ensure full compliance, which ultimately serves Pennsylvania consumers.

Thank you.

Yours truly,

A handwritten signature in black ink, appearing to read "Lisa Violi". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Lisa Violi
Counsel