

**REPORT OF  
MARKET CONDUCT EXAMINATION  
OF**

**UNITED GENERAL TITLE INSURANCE  
COMPANY**

Santa Ana, California

**AS OF  
April 29, 2009**

**COMMONWEALTH OF PENNSYLVANIA**

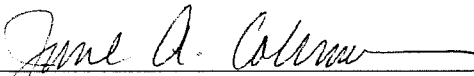


**INSURANCE DEPARTMENT  
MARKET CONDUCT DIVISION**

**Issued: June 18, 2009**

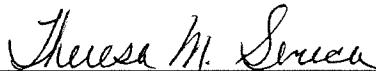
VERIFICATION

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

# UNITED GENERAL TITLE INSURANCE COMPANY

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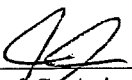
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BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

ORDER

AND NOW, this 22<sup>ND</sup> 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:
	:	
UNITED GENERAL TITLE	:	40 P.S. §§ 323.3(a), 477b, 910-24.1,
INSURANCE COMPANY	:	910-25, 910-27, 910-37(a), 910-37(h),
7887 E. Belleview Avenue, Suite 900	:	and 1171.4
Englewood, CO 80111	:	
	:	
	:	
Respondent.	:	Docket No. MC09-06-001

CONSENT ORDER

AND NOW, this 18<sup>th</sup> 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. Without admitting the

allegations of fact and conclusions of law contained herein, Respondent specifically denies that it violated any law or regulation of the Commonwealth.

### FINDINGS OF FACT

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

- (a) Respondent is United General Title Insurance Company, and maintains its address at 7887 E. Belleview Avenue, Suite 900, Englewood, CO 80111.
- (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 29, 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 29, 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. § 477b, which prohibits issuing, selling, or disposing of any policy, contract or certificate until the forms have been submitted to, and formally approved by, the Insurance Commissioner;
- (iii) 40 P.S. §910-24.1, which requires a title insurance agent to hold a valid certificate of qualification issued by the Insurance Department and performs the acts listed in Section 724(a) under a written contract with a licensed title insurance company;
- (iv) 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;
- (v) 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;

- (vi) 40 P.S. § 910-37(a), which requires every title insurance company to file with the 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. Every such filing shall state the proposed effective date thereof, and shall indicate the character and extent of the coverage contemplated;
- (vii) 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; and
- (viii) 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.



## 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. § 477(b) are punishable by the following:

- (i) suspension or revocation of the license(s) of Respondent;
- (ii) refusal, for a period not to exceed one year thereafter, to issue a new license to Respondent;
- (iii) imposition of a fine of not more than one thousand dollars (\$1,000.00) for each act in violation of the Act.

(c) Respondent's violations of 40 P.S. §§ 910-24.1, 910-25, 910-27, 910-37(a) 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;

(d) 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.

(e) 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 Purdon's 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 Ten Thousand Dollars (\$10,000.00) 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.

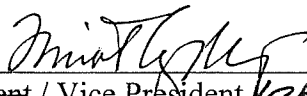
8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

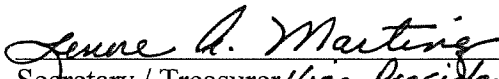
9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.


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 delegate 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 delegate.

BY: UNITED GENERAL TITLE INSURANCE  
COMPANY, Respondent

  
~~President~~ / Vice President *Chief Regulatory Counsel*

  
Secretary / ~~Treasurer~~ *Vice President / Counsel*

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

## **I. INTRODUCTION**


The Market Conduct Examination was conducted on United General Title Insurance Company ("the Company"), in the office of the Pennsylvania Insurance Department, located in Harrisburg, Pennsylvania. In addition, the examination included field visits to the locations of the Company's title agents. The agent interactions confirmed the findings reflected in the report.

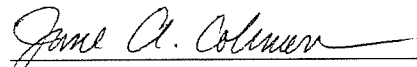
The Pennsylvania Market Conduct Examination Report ("Report") generally notes only those items to which the Department, after review, takes exception. However, the Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was 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.

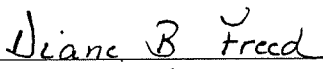
Throughout the course of the examination, Company officials were provided with status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify potential violations. An exit conference was conducted with Company 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

  
\_\_\_\_\_  
Diane B. Freed  
Market Conduct Examiner

## **II. SCOPE OF EXAMINATION**

The Market Conduct Examination was conducted on United General 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**

United General Title Insurance Company was formed in the State of Louisiana on September 6, 1983 as a subsidiary of a national financial services company and commenced business on September 15, 1983. In 1996, the Company was acquired by Townsquare Title Services Corporation, and subsequently merged into United General Title Insurance Company. In 1999, it redomesticated to Denver, Colorado, where it was headquartered until December 2007 and subsequently redomesticated to the State of California. The Company's main administrative office remains in Colorado. In February 2005, United General Title Insurance Company became a member of The First American Corporation family of companies which also includes First American Title Insurance Company ("First American"). United General Title Insurance Company continues to operate as a separate underwriter and distinct brand.

#### **LICENSING**

United General 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 the District of Columbia and all states except Iowa.

The Company's total direct premium earned in Pennsylvania was \$ 15,997,767 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 150 lender policies and 50 owner policies from the universe of 43,419 lender policies and 2,950 owner policies that were issued during the experience period. From the 200 policy files requested, 194 files were received and reviewed.

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 United General 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. 6 Violations as a result of the Company not producing files in order to determine compliance. 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 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.

*B. 12 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.

The 12 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 \$790.00.

*C. 5 Violations as the result of the Company not filing with the Department quarterly, additional charges in especially difficult title matters, special fees for affirmative risks coverages and Master Loan policies issued in excess of the filed rate of \$250,000 as required. The violations are of the Insurance Company Law at 40 P.S. §910-37(a) which:*

Requires every title insurance company to file with the 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. Every such filing shall state the proposed effective date thereof, and shall indicate the character and extent of the coverage contemplated. In addition to the sampling, the Company indicated it issued 640 certificates in excess of the filed rates without filing the information with the Department each quarter during the experience period year.

*D. 32 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 32 violations noted, 15 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 \$1,594.99 and undercharges of (\$309.50). Ten (10) 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 \$293.11 and undercharges of (\$355.00). Three (3) 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 and Section 3.4 in the Rate Manual. This resulted in overcharges of \$450.00. The remaining four (4) 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 \$125.00.

*E. 41 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, 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.

Of the 41 violations noted, 32 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 nine (9) violations noted were the results of the Company not properly 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.

The following finding was made:

- A. 1 Violation as a result of using an endorsement form which was not filed and approved for use by the Company. The violation is of the Insurance Company Law at 40 P.S. §477b which:*

Requires that before any insurance company doing business in the Commonwealth to issue, sell, contract all forms of casualty insurance, or use applications, riders, or endorsements, in connection therewith, file forms of the same for approval by the Insurance Commissioner. In addition, the form contained the name of "United Independent Title Insurance Company", an unlicensed company in Pennsylvania.

## 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 Companies failure to obtain a written contract with its agent. The violation is of the Insurance Company Law at 40 P.S. §910-24.1 which:*

Requires a title insurance agent to hold a valid certificate of qualification issued by the Insurance Department and performs the acts listed in Section 724(a) under a written contract with a licensed title insurance company.

The following agent was found to be writing policies but did not have a written contract with the licensed title insurance company.

Agent Name

Professional Real Estate Settlement Services Inc

- B. 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

Professional Real Estate Settlement Services Inc

## **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 \$125.00, recording service fees from no charge to \$35.00, and settlement/closing fees which ranged from no charge to \$450.00. Numerous charges were also noted for email preparation, ranging from \$25.00 to \$50.00, and wire fees ranging from \$5.00 to \$55.00. Other fees noted included attorney fees from no charge to \$600.00, broker service fees from no charge to \$250.00, signing fees from no charge to \$200.00, conveyance fees from no charge to \$295.00, and coordination fees, ranging from no charge to \$500.00.

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 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.
2. The Company must make quarterly filings with the Department for additional charges in especially difficult title matters, special fees for affirmative risks coverages and policies issued in excess of the filed rate as required. This is to ensure that violations noted under the Insurance Company Law at 40 P.S. §910-37(a) 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 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.

5. The Company must implement procedures to ensure that the violations of the Unfair Insurance Practices Act 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.
6. The Company must review the Insurance Company Law at 40 P.S. §477(b) to ensure that all endorsements used are filed and approved by the Insurance Commissioner.
7. The Company must ensure all agents have a written contract with the Company, as required by the Insurance Company Law at 40 P.S. §910-24.1 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**





UNITED GENERAL  
TITLE INSURANCE COMPANY  
"THE HOME OF FIVE STAR SERVICE"

Lenore A. Martinez, Esq.  
Vice President/Division Counsel  
720-264-8704  
lemartinez@ugtic.com

May 29, 2009

VIA FEDERAL EXPRESS

Mr. Chester A. Derk, Jr., AIE, HIA  
Market Conduct Division Chief  
Pennsylvania Insurance Department  
1227 Strawberry Square  
Harrisburg, Pennsylvania 17120

Re: United General Title Insurance Company – NAIC #51624  
Response to Market Conduct Examination Warrant # 07-M19-015

Dear Mr. Derk:

United General Title Insurance Company (Company or United General Title) hereby respectfully responds to the *Report of Examination of United General Title Insurance Company covering the period January 1, 2006 through December 31, 2006*.

Like the Pennsylvania Insurance Department (Department), the Company believes that market conduct examinations serve a useful purpose in identifying and explaining issues and areas of concern. In working through the exam, the Company appreciated the Department's availability and willingness to discuss all aspects of the exam. United General Title appreciated the open communications Ms. Coleman and her team maintained with the Company.

The following sets out the Company's responses to the *Report of Examination*. The Company will use the corresponding number references for each item in the Report attached to your letter of April 29, 2009.

#### **V. RATING**

Rating A: United General Title was able to produce 97% of the files the Department selected. Regrettably, the Company was unable to obtain six (6) files due to the termination of the agent in question. The Company continues to express to its agents that file maintenance is required on all transactions.

Rating B: United General Title was 94% successful in providing all documentation to support charges on the HUDs reviewed by the Department. The Company will continue to strive for maintenance of all documentation supporting all fees it charges on all transactions it insures.

Rating C: United General Title understands the requirement that all transactions exceeding its filed rates must be reported to the Department. The Company is reviewing its procedures to ensure that all transactions exceeding its filed rate will be reported to the Department.

Rating D: United General Title understands that it must abide by the filed charges in order to comply with Pennsylvania insurance law. The Company will reiterate such requirement to ensure full compliance with this and all aspects of insurance law.

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Rating E: United General Title fully understands the requirement that applicants must receive advance written notice of possible additional costs on any closing scheduled outside of the office or beyond normal business hours. The Company is reviewing its procedures to ensure that this advance notice is provided on all transactions in which a closing fee is charged so that the consumer understands and accepts any possible additional charges.

#### **VI. FORMS**

Forms A: United General Title fully understands that only forms filed with and approved by the Department may be used to issue insurance coverage. The Company was 99.5% successful in the use of appropriate forms for the examination period. The Company will continue to strive for 100% compliance in this and all areas of its business.

#### **VII. LICENSING**

Licensing A: United General Title understands that all agents must be licensed in order to transact the business of title insurance in Pennsylvania. The Company will continue to maintain all licenses of its Pennsylvania agents.

Licensing B: United General Title understands that all agents must be appointed with the Department in order to transact the business of title insurance in Pennsylvania. The Company will continue to properly appoint all of its Pennsylvania agents.

#### **VIII. DEPARTMENT CONCERNS**

United General Title has reviewed the Department Concerns. It takes these concerns seriously. If it has not already done so, the Company will implement procedures or take other appropriate actions to address any and all concerns the Department has set out in its Report.

#### **IX. RECOMMENDATIONS**

The Department set out a number of corrective measures the Department finds necessary as a result of its findings.

1. United General Title will 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.
2. United General Title will make quarterly filings with the Department for additional charges in especially difficult title matters, special fees for affirmative risks coverages and policies issued in excess of the filed rate as required to ensure that violations noted under the Insurance Company Law at 40 P.S. §910-37(a) do not occur in the future.
3. United General Title will review the Insurance Company Law at 40 P.S. §910-37(h) and will 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 the Report have or will be refunded to

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the insureds and proof of such refunds must be provided to the Insurance Department within 30 days of the Report issue date.

4. United General Title is implementing 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 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.
5. United General Title is implementing procedures to ensure that the violations of the Unfair Insurance Practices Act 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.
6. United General Title has reviewed the Insurance Company Law at 40 P.S. §477(b) to ensure that all endorsements used are filed and approved by the Insurance Commissioner.
7. United General Title will ensure that all agents have a written contract with the Company, as required by the Insurance Company Law at 40 P.S. §910.24.1, prior to accepting business from an agent.
8. United General Title will ensure that all agents are properly appointed, as required by Insurance Company Law at 40 P.S. §910.25, prior to accepting business from an agent.

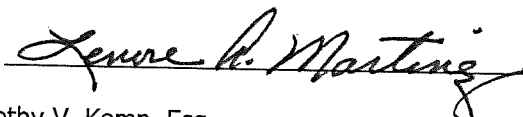
#### **CONCLUSION**

In conclusion, United General Title has taken very seriously the market conduct examination and its findings. It will put into place all recommendations to ensure full compliance.

Consistent with Pennsylvania's delivery instructions that all filings must be postmarked no later than the due date, the Company is placing its Response in FedEx over-night mail today, May 29, 2009. A copy is being provided to June Coleman via email. Thank you for the opportunity to respond to the Report.

Respectfully submitted,

UNITED GENERAL TITLE INSURANCE COMPANY

By: 

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The First American Corporation

Dean Wolfe, Esq.  
UGTIC National Agency