July 2013

TitleNews

Official Publication of the American Land Title Association

Unified Message Helps Promote Title Industry's Value

Members of Title Action Network Making a Difference Connecting with Federal and State Legislators, Regulators

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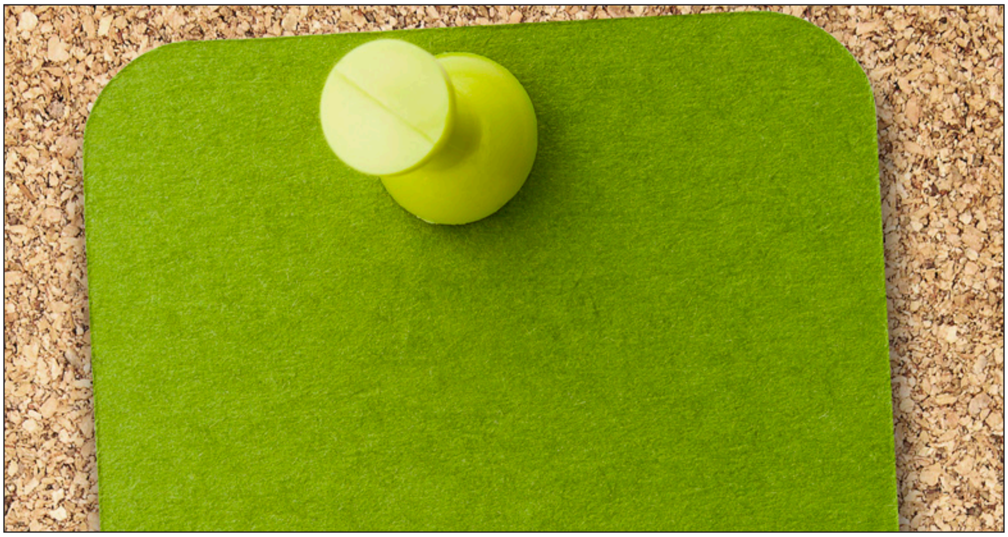

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calendar

ALTA CONFERENCES

October 9-12	2013 Annual Convention *Palm Beach, FL*

BEST PRACTICES MEETINGS

July 14 – 16	Michigan *Thompsonville, MI*
September 16	New York *New York City, NY*

STATE MEETINGS

July 11 - 12	Illinois *East Peoria, IL*
July 14 - 16	Michigan *Thompsonville, MI*
Aug. 7 - 10	Kansas *Manhattan, KS*
Aug. 8 - 10	Minnesota *Brainerd, MN*
Aug. 15 - 17	Pacific Northwest (ID, MT, OR, UT, WA) *Portland, OR*
Aug. 18 - 21	New York *Lake Placid, NY*
Aug. 29 - 31	Dixie Land (AL, GA, MS) *Orlando, FL*
Sept. 5 - 7	North Carolina *Hot Springs, VA*
Sept. 8 - 10	Ohio *Columbus, OH*
Sept. 11 - 13	Colorado *Avon, CO*
Sept. 12 - 13	North Dakota *Minot, ND*
Sept. 16 - 17	Indiana *French Lick, IN*
September 18 - 20	Arizona *Tuscan, AZ*
September 18 - 20	Nebraska *Kearney, NE*
September 19 - 20	Missouri *Branson, MO*
December 4 - 6	Louisiana *New Orleans, LA*

TitleNews

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Tracking Results Vital to Success

Regular readers will know that I love numbers. We set goals at ALTA and we know that if you measure it, you will achieve it.

At ALTA, we track everything from revenue and membership numbers to the most popular articles and Facebook fans. And after reviewing the numbers, I feel a great need to share with you some of the great results we are generating.

First, membership is at an all-time high of nearly 4,500 member companies—increasing by 50 percent the past four years. It's clear that more title professionals are seeing the value in associating and working together to advance and protect the land title industry. Thank you to both our long-time and new members for supporting your trade association.

Second, attendance at our conferences continues to increase. We saw a 33-percent increase in attendance at this year's Business Strategies Conference in Oklahoma City over last year's event. Meanwhile, we held our largest ever Federal Conference and Lobby Day in May as 275 came to D.C. These numbers give us great optimism for this year's Annual Convention, which will be held Oct. 9-12 at the Breakers in Palm Beach, Fla.

Third, we continue to march toward meeting our goal of 5,000 Title Action Network (TAN) members in 2013. In June, we already topped 3,000 members. Please check out the cover article on page 10 to see the impact TAN membership can have on the industry.

Additionally, ALTA continues to grow its social media presence. Over the past year, the number of our Facebook followers has increased nearly 95 percent, Twitter followers have increased 215 percent and the number of our LinkedIn member has risen 75 percent.

Finally, through the first six months of 2013, we have nearly surpassed attendance for our Title Topics webinars compared to all of 2012. You can get information on upcoming webinars or watch recorded webinars at *www.alta.org/titletopics*. *TitleNews* subscriptions continue to trend up over the past year and are now near 9,000. Each month, there are an additional 5,000 downloads of the electronic version of the magazine.

What do these numbers mean? For us, we see it as an indicator we are on the right track. But there's still plenty of room for improvement. We will continue to measure, to learn and to improve at every step along the way. We must be disciplined to maximize the effectiveness of our efforts and allow you to receive a strong return on your ALTA membership investment. There's an onslaught of new regulatory requirements coming and we are working hard to provide the tools and information you need because your success validates our success.

- Michelle Korsmo, ALTA chief executive officer

Q1 Title Premium Volume Increases 24 Percent

ALTA reported title insurance premium volume rose 24 percent during the first quarter of 2013 when compared to the same period a year ago.

According to ALTA's 2013 First-Quarter Market Share Analysis, the title insurance industry generated $2.9 billion in title insurance premiums during the first quarter of 2013 compared to $2.3 billion during the first quarter of 2012.

Market analysis for the first quarter of 2013 showed improvement in all 50 states and Washington, D.C. The states generating the most title insurance premiums during the first quarter of 2013 were:

- *California ($377.4 million, up 8.4 percent compared to the first quarter of 2012)*
- *Texas ($347.9 million, up 21.4 percent)*
- *Florida ($235.4 million, up 32.5 percent)*
- *New York ($216.3 million, up 24.3 percent)*
- *Pennsylvania ($138.1 million, up 37.6 percent)*

Five states experienced a 48 percent or more increase in title insurance premiums during the first quarter of 2013 compared to the same period a year ago:

- *North Dakota (73.9 percent)*
- *Iowa (54.4 percent)*
- *Minnesota (54.1 percent)*
- *Wisconsin (49.1 percent)*
- *Tennessee (48.5 percent)*

The breakdown of market share was led by the Fidelity Family of title insurance underwriters with 32.7 percent of the market during the first quarter of 2013, while the First American Family recorded 26.7 percent, the Old Republic Family garnered 15 percent and the Stewart Family captured 11.5 percent.

Meanwhile, regional underwriters held 14.2 percent of the market during the first quarter of 2013, up from 13.5 percent market share during the same period a year ago.

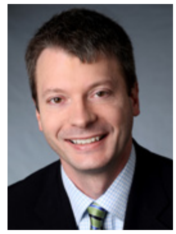
ALTA expects to release its second-quarter 2013 Market Share Analysis around Sept. 1.

Zillow Chief Economist to Speak at Annual Convention

With home prices rising sharply the past couple of months, there's been increased worry about over-inflation and the threat of another housing bubble.

To provide commentary on the U.S. housing market, ALTA is pleased to announce that Dr. Stan Humphries, chief economist for Zillow Inc., will speak during the general session on Friday, Oct. 11 at ALTA's 2013 Annual Convention at the Breakers in Palm Beach, Fla.

Humphries will provide information on home values and offer his insight into what level of appreciation we can expect over the next year.



A regular on national broadcast television programs on CNBC, Bloomberg Television, and Fox News to discuss real estate data and housing trends, Humphries is frequently quoted in ***The Wall Street Journal, The New York Times, USA Today, Los Angeles Times*** and ***Chicago Tribune***. He is a recognized leader in the real estate industry, being named to Inman News' list of 100 Most Influential Real Estate Leaders in 2010 and 2011.

For more information or to register, go to *www.alta.org/meetings/annual*. Early-bird registration ends Sept. 13.

Register for Webinar on Recruiting Top Talent

The title industry tends to recycle top performers. The process creates diva-like demands that drive up operation expenses with bloated salaries and benefits packages. What will you do when your prized sales and escrow teams retire? Customers are getting younger, but is your company changing with the times?

Cynthia McGovern, founder of Orange Leaf Consulting, will share tips on how to assess your current team, how to retain your top performers and how to snag some future all-stars. McGovern also will touch on the importance of reaching out to the younger generations who may want a career in the title industry. To register, go to *www.alta.org/titletopics*.

Other upcoming webinars include:

- *RESPA Drilldown, 2 p.m. ET, Thursday, Sept. 12, presented by Phil Schulman of K&L Gates*
- *What You Need to Know About the Affordable Health Care Act, time and date in October to be decided, presented by Norma Shirk of Corporate Compliance Risk Advisor and Michael Curcio of Benefits Inc.*

ALTA CEO to Speak at Association for Title Information Management Conference

Michelle Korsmo, ALTA's chief executive officer, will serve as a keynote speaker on Aug. 5 at this year's Association for Title Information Management (ATIM) annual conference, which will be held Aug. 5-6 in Boston.

Korsmo will discuss ALTA's "Title Insurance and Settlement Company Best Practices" and provide an update on the current state of affairs regarding title insurance at the federal and state levels.

Presenting the keynote on Aug. 6 will be Yang Hu, director of economics, for Fannie Mae. Pat Stone, CEO of Williston Financial Group, will provide a special message via video. Other topics to be covered include title plants in the original 13 colonies, GIS 101, title plant roundtable and e-recording.

ATIM is a non-profit association organized in 1985 to present an annual symposium to discuss land title databases and the role they play in the real estate transaction process and the title insurance industry in particular. Go to *www.atim.org* for more information and to register.

Deadline July 26 to Join ALTA Committees

ALTA is only as strong as the participation of its membership, and once again, we have a fabulous opportunity to continue cultivating support for our valued committees. ALTA is accepting volunteers for any of its 27 committees. If you are interested in volunteering, submit your name and interested committees by emailing Taylor Morris at *tmorris@alta.org* or by calling 202-296-3671. Deadline to submit your name is July 26.

If you have a special area of expertise (real property records, claims, international development or industry technology), or if you have an area of interest (such as membership, government affairs, public relations, research or employee and professional education), there is a committee for you.

The ALTA president-elect makes committee appointments in the late summer for a term beginning after the Annual Convention in October.

Minimize Your Company's Risk by Protecting Non-public Personal Information

Does your company have a clean-desk policy? How do you manage off-site employees? Register for the Agents and Abstracters Forum Sept. 16 in Boston for a discussion on physical privacy and security.

Michael Volin of the Title Resource Group will address the important steps you can take toward satisfying privacy obligations and how to develop detailed policies for handling non-public personal information.

The Forum is an unparalleled opportunity for small agents and abstracters to meet with peers and freely exchange ideas, experience and opinions on issues that affect your business today.

Registration includes breakfast, lunch and other meeting expenses for each day. Go to *www.alta.org/meetings/smallagents* for more information or to register.

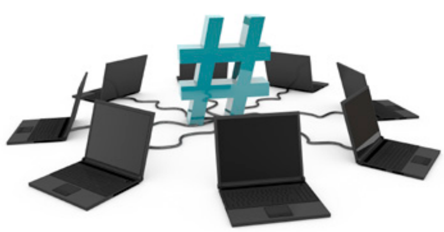
July is Throwback Month

Celebrate the history of the land title insurance industry during ALTA's Throwback Title month. Send pictures and descriptions of your own land title history to *social@alta.org* and we'll post it on Facebook, Twitter and Pinterest! As we continue to move forward as an industry, it's important we celebrate our past!

Social Media Tip: #UseMoreHashtags

One of the biggest tips for Twitter users looking to create a better dialogue with their followers is to increase their use of hashtags. What's a hashtag? A hashtag, or "#", helps search and organize a keyword or phrase. It is often the best way to search for and find out what Twitter (and now Facebook) users are currently talking about (i.e. ***#ALTAbp***, ***#titleinsurance***, ***#AmericanDream***). Hashtags can be any string of characters without spaces. Use hashtags to promote events, create a sense of unity/pride or add humor. ***#NowGoGetStarted***

If you have any questions about this tip or have a tip of your own, contact ALTA's manager of external communications, Wayne Stanley at *wstanley@alta.org*.



Industry Pride During National Homeownership Month

Throughout June we posted several entries promoting the value of our industry to consumers. Hundreds of people shared our National Homeownership Month posts. We primarily focused on ALTA's HomeClosing101 website that offers a real estate glossary, a guide to shop for title insurance and a piece on the importance of title insurance.

State Convention Season Begins

ALTA's Board of Governors and staff are busy this summer attending state land title association conventions across the country. In June, Frank Pellegrini and Anne Anastasi attended the Wyoming State Land Title Association convention discussing the ALTA Best Practices and helping to install new officers for the organization. For more photos from other state land title association conventions, please visit *www.facebook.com/altaonline*.

Send us your Pins!

Did you know ALTA launched a Pinterest account at the start of 2013? ALTA CEO Michelle Korsmo frequently pins new maps, photos, books and articles that she finds useful for our members. We are continuing to ramp up the content we provide on Pinterest and encourage you to pin to our boards at *www.pinterest.com/altaonline*.

Unified Message Helps Promote Title Industry's Value

Members of Title Action Network Making a Difference Connecting with Federal and State Legislators, Regulators

In January, Minnesota Gov. Mark Dayton proposed a budget that would have negatively impacted businesses and consumers. While real estate transactions in Minnesota are already subject to state taxes as a result of mortgage registration and deed taxes, the governor wanted to create an additional sales tax on real estate services. This would have included closing services and other professional services provided by the land title industry, as well as brokers' commissions and appraisal services. >>

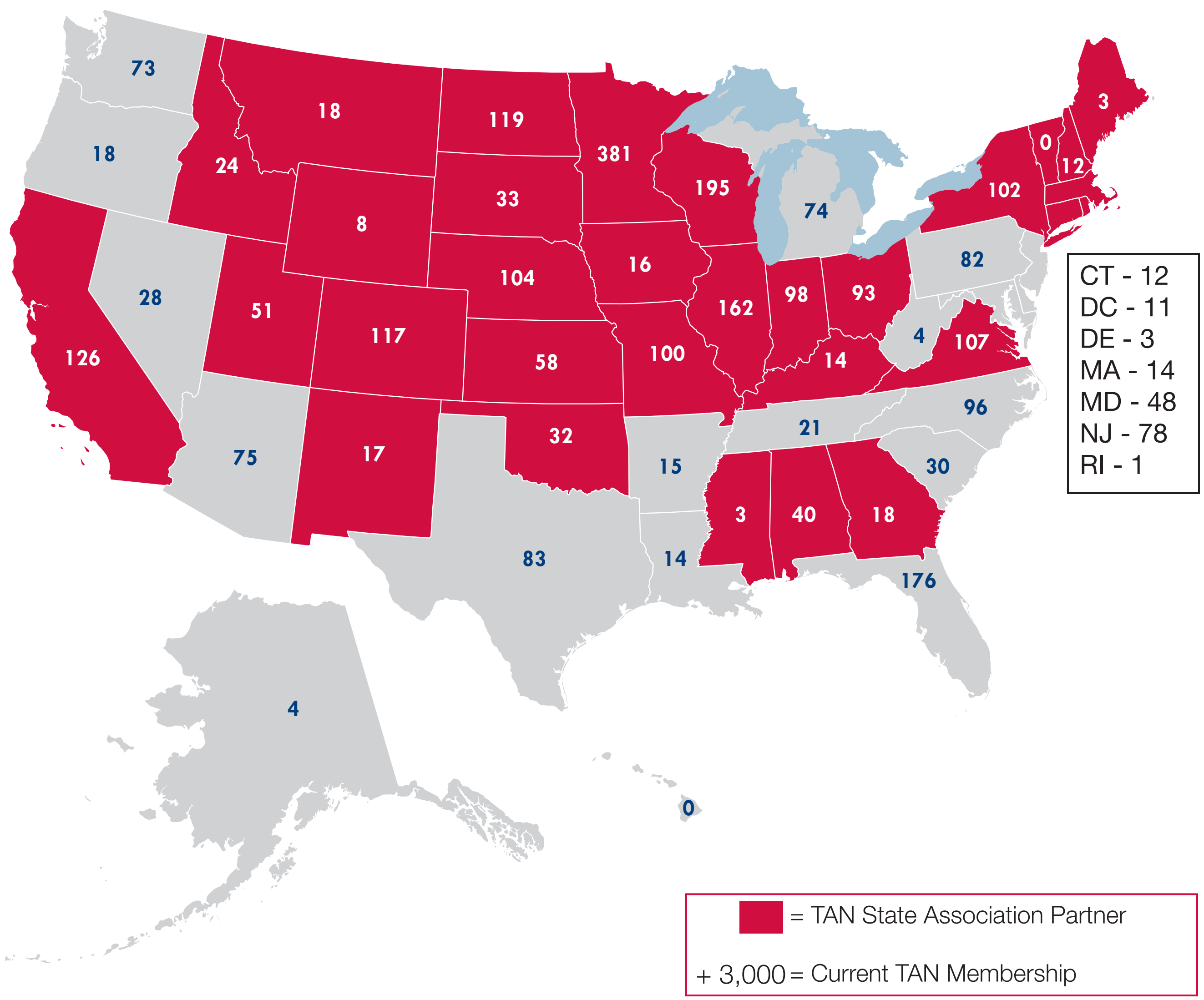
By Jeremy Yohe

Realizing the potential harm, the Minnesota Land Title Association worked in conjunction with the Title Action Network (TAN), which is the premier grassroots organization promoting the value of the land title industry and what industry professionals do for the consumer, to inform state legislators about the proposed budget. With the aid of TAN, the MLTA was able to convince the governor to drop his pursuit of taxes on most additional services, including real estate service taxes.

The MLTA realized the value of TAN early, becoming the first state partner of the grassroots organization. Due to MLTA's efforts, Minnesota boasts the highest number of TAN members.

"It felt great participating with other voices of business sharing our concerns," said Marty Henschel, vice president and chief title officer of Edina Realty Title and MLTA's 2012-13 president. "The call to action created a dialogue and provided a strong unified voice for our state land title association."

Title Action Network Members and State Partners



States See Advantage

Several other state land title associations have seen the positive impact TAN can have on the outcome of potential legislation and regulation. Earlier this year, Indiana's General Assembly passed legislation requiring title insurance rates and forms to be filed for informational purposes. The Indiana State Land Title Association (ILTA) worked closely with the Indiana Department of Insurance to develop legislation that both could agree upon and would benefit consumers. The legislation clarifies existing rate regulation law by including title insurance under existing insurance policy filing and rate regulation statutes. Requiring title companies to file rates and forms with the IDOI makes title companies subject to the same requirements as other lines of insurance, according to ILTA Past President Danielle Kaiser.

However, the state's governor issued an executive order earlier this year placing a moratorium on new regulation. He claimed the move would lower the cost of doing business and encourage hiring. Indiana utilized TAN to send letters to Gov. Mike Pence encouraging him to sign the legislation.

With the help of the TAN alert, the governor signed the bill into law in May.

The Land Title Association of Colorado (LTAC) also took advantage of TAN to advocate for the industry. Earlier this year, LTAC encouraged title professionals to contact their state representative and ask for support of legislation that clarified requirements, under certain circumstances, that a tax certificate be obtained by a title insurance company when issuing an owner's title insurance policy.

Colorado statute already required a title insurance agent or title insurance company, before issuing a title insurance policy, to obtain a "certificate of taxes due or other equivalent documentation" from the county treasurer or the treasurer's authorized agent. The purpose of the requirement was that a seller must pay his/her taxes before or at the time of closing, so that a buyer is not left with that tax liability on the property just purchased.

The proposed legislation said that when a residential sale occurs during certain limited periods of time when the county treasurer cannot provide a tax certificate, an alternate form of documentation will be acceptable, as determined by rules of the commissioner of insurance. Also, the proposal would no longer require a tax certificate for refinances since the same taxpayer continued to be responsible for the tax. The bill clarified that the requirement for a "certificate of taxes due" applies only to residential real property sales.

"While we were unopposed in the Senate, we ran into some resistance in the House," said Meghan Pfanstiel, LTAC's executive director. "However, by having an additional tool such as TAN, which gave us the ability to send alerts about the bill, we were able to get this legislation passed and signed into law."

When there is an issue or bill moving through legislative channels, state association partners can easily push information through TAN and provide information on how the industry will be impacted. The software links members with their own state legislative representative. Members can then write letters or send comments to their legislators. TAN also can be used to push out information about advocacy efforts at the state land title association. The membership list can't just be a database, however. It is vital to educate and disseminate materials to keep members active and involved. Some states send "hot-topic" action alerts about items that might be coming down the pipeline. "If people are educated beforehand on an issue, they are more prone to take action," Henschel said.

> "This is a perfect example of how the industry can come together through the Title Action Network and help legislators and regulators craft solutions that benefit consumers and businesses."

Federal Impact

Most recently, advocacy alerts were sent encouraging TAN members to ask members of Congress to sign onto letters written by U.S. Reps.

Steve Stivers (R-OH) and Ed Perlmutter (D-CO) requesting that the Consumer Financial Protection Bureau (CFPB) ensure needed flexibility for consumers when considering the proposed three-day rule.

Currently, under the CFPB's proposal to integrate mortgage disclosures, borrowers must receive the Closing Disclosure three days before closing. If a fee paid by the borrower increases or decreases during the three-day period—subject to limited exceptions—the borrower must be given an updated Closing Disclosure. This will then result in a delay of three additional business days before closing. Without greater flexibility, the CFPB's proposal could result in borrowers missing contractual deadlines and potentially losing the opportunity to finance their home purchases.

Due to encouragement from hundreds of TAN members who took action, 61 Republicans and 19 Democrats in the House have signed the letter. Richard Cordray, director of the CFPB, sent a letter to all the legislators who signed the letter thanking them for sharing their concerns about the impact the three-day rule could have on closings. Cordray said the Bureau is reviewing suggested modifications or the addition of new exceptions "to determine the most appropriate way to provide meaningful consumer disclosure while, at the same time, avoid unnecessary delays in closings."

"This is a perfect example of how the industry can come together through the Title Action Network and help legislators and regulators craft solutions that benefit consumers and businesses," said Tim Evans, chair of the Title Action Network.

Additionally, there have been TAN alerts sent regarding federal issues—urging members of Congress to retain the mortgage interest deduction and to provide comments on how potential changes to 1031 exchanges could impact business and the transfer of real estate.

Growing the Community

Richard Welshons, MLTA's secretary-treasurer, said it's important to build a network in each state so when a bill is introduced the industry

The Title Action Network

It is critical to showcase a cohesive and energized voice for our industry when influencing legislators and regulators. That's why it's important all land title professionals join the Title Action Network.

- TAN is free and takes only a minute to join. TAN provides easy-to-understand advocacy alerts on issues impacting you, your business and your customers. TAN focuses on ensuring state and federal legislators understand the value of the title industry.
- Membership is open to all individuals engaged in or involved with the land title industry. Legislators and regulators want to hear from people they represent about issues that matter to them.
- You do not need to be employed by an ALTA member company to join. Encourage co-workers to join as well. Building our network is critical to success
- If your company or association would like to host a membership drive, contact Wayne Stanley at *wstanley@alta.org*.

Join at *www.titleactionnetwork.com*.

can respond quickly and provide input. He encouraged current TAN members to invite co-workers and other industry friends to join.

"Once people join they can see the Network's worth in the messaging they receive and how it keeps them informed," said Welshons, who also is president of DCA Title. "Engagement is critical, but you can't overwhelm the participants. If there's too much info, people will tune it out."

The more individuals that join TAN within each state, the stronger the network. Welshons encourages title professionals to start company campaigns or state-level campaigns through their state land title association—that's a critical component of the equation.

At DCA Title, Welshons said all of his employees are TAN members and receive the action alerts. He encourages everyone to respond, not just managers.

"It's pertinent everyone gets involved," he added. "I can't always take the time to explain in detail to my staff the issue at hand, but the TAN calls to action make it easy."

Some title company owners or managers may worry about what employees say in responses to action alerts. Henschel, however, encourages his staff to provide comments in their own words when writing a letter.

"Members of Congress like hearing responses in the words of their constituents rather than a bunch of legalese in a form letter," Henschel said.

Henschel and Welshons both praised the ease of the TAN system and how it connects participants with their member of Congress.

"You don't have to go look them up and find out how to contact your legislator," Henschel said. "It's all on the platform."

Leslie Wyatt, director of industry relations for SoftPro, said it's important for vendors serving the title insurance industry to be involved with TAN as well because the software provider's customers are impacted by regulation and legislation.

"We spend a lot of money, time and effort making sure our software and customers are compliant, so it's important we know what's going on," she said.

Being a member of TAN helps Wyatt provide enhanced customer service, not just software.

"We want our staff to be educated as much as the professionals sitting at the closing table," she said. "We had all our employees join TAN. So instead of all the information coming to me and then distributing the information, our employees get their own emails. This has made a significant change. Now, when I send an email, they already have the background and are already educated."

Wyatt would like to see more vendors participate in TAN because there are many involved in the transaction beyond the title or settlement agent sitting at the closing table. Any person who provides a service is encouraged to join TAN to ensure the best services are provided to consumers.

"Building out the network and having more people educated is important to success," Wyatt added.

The number of TAN members and state partners continues to grow. Through June, TAN had more than 3,000 members and 24 state partners as Ohio and South Dakota became the latest state associations to join.

"We are appreciative for the leadership these associations are providing to the development of the Title Action Network," Evans said. "Building a broader network of people gives us a more effective voice in the legislative process."

Yes, Legislators Want to Hear from You

Evans, who is president of Evans Title Agency in Ohio, agreed that stories from constituents definitely impact legislators' decisions.

"It matters more than people realize," he said. "Stories from constituents are consistently spread from member to member in the halls of Congress, and shared during town hall meetings and floor speeches.

If you ever watch C-SPAN, you will hear members of Congress or regulators say something like "Just last week I met with so and so in their field and they told me X, Y and Z and that's why I'm working on this issue."

"This is what the Title Action Network is all about in terms of connecting the title industry with legislators and regulators," Evans said. "We want to be part of their story. The more we can participate, the better they can tell our story on Capitol Hill and in statehouses."

Many ALTA members live in small communities where their member of Congress is more visible compared to someone living in a large metropolitan city. Evans lives in western Ohio and House Speaker John Boehner is his representative. The district is outside a major metropolitan area.

"Every year in the past, he would take the time and speak in our area about events going on in Washington and what he was doing on our behalf," Evans said. "It gave me an opportunity to develop a relationship with him and members of his staff. Others can cultivate similar relationships because many of us have legislators who hold meetings in our city halls."

> "Advocacy isn't something we do one day out of the year. It has to be a year-round effort because what we do today, lays the groundwork for generations to come."

Many elected representatives in Congress today started as city council members, worked their way through the state legislature or state offices and ultimately decided to run for U.S. Congress. While members of Congress have aides responsible for various issues, it can be difficult to stay abreast of everything impacting their constituents. TAN provides the industry an ideal opportunity to become a key contact, giving us an opportunity to influence the direction legislators take on issues.

"Advocacy isn't something we do one day out of the year. It has to be a year-round effort because what we do today lays the groundwork for generations to come," Evans said. "We can't always foretell what will come up in Congress or at the state level. But developing relationships gives us more leverage in communicating how individual actions will impact our industry."

A Case Study: Litigating with Regulators

Insurer Asks Indiana Supreme Court to Hear Case Addressing Results of Market Conduct Exam Conducted in Hoosier State

BY MARK M. BUDZINSKI

Title insurers and title insurance agents have faced much more scrutiny from insurance regulators during the past decade than they have at any previous time. This scrutiny has taken different forms, but is most commonly manifested in market conduct examinations of title industry licensees by examiners appointed by insurance supervisors. While some states have been known to examine title insurance agents, it is more typical that a regulator decides to conduct an examination of each title insurer licensed in the state. In so doing, the department can review files from both direct and agency operations of the underwriters, in an effort to determine whether applicable statutes and regulations are being followed. Such is the case with Indiana, which has spent the past several years examining the market conduct practices of title insurers licensed to do business in the Hoosier State.

The Indiana Department of Insurance (IDOI) examined the 2007 Indiana operations of Ticor Title Insurance Company in Florida. The examiner issued a report, listing nine areas where Ticor departed from Indiana law. The report alleged that:

1. Ticor lacked proper governance and oversight over its duly appointed insurance agents;
2. Ticor's agents charged premium rates higher than Ticor's contractual rates;
3. Ticor's internal controls did not ensure that the agents charged rates in accordance with Ticor's contractual rates;
4. Ticor did not audit its independent agents to determine the accuracy of the premium remittances;
5. Ticor's internal control program failed to identify premium remittance as a key risk area;
6. The internal control program failed to verify the accuracy of the premium remittance, which created a risk that Ticor underpaid its premium tax;
7. Ticor failed to audit its independent agents' compliance with the Real Estate Settlement Procedures Act (RESPA);
8. The agents violated Indiana law by charging inconsistent premium rates; and
9. Ticor's internal controls should ensure that its agents charge consistent premium rates.

After holding a hearing, the IDOI issued an Administrative Order concluding, among other things, that Ticor violated the law by allowing its agents to charge more than the company's rate schedule and by allowing its agents to charge different premium rates to consumers that were of the same class and that involved the same risk, resulting in excessive and unfairly discriminatory rates. In reaching his conclusion, the administrative hearing officer agreed with the methodology used by Ticor's examiner, by which the examiner reviewed the total amount Ticor's agents charged consumers, then subtracted the amounts the examiner believed constituted charges for other services (title search, examination, closing fees), and determined that the resulting amount constituted the premium. Ticor argued that this methodology was flawed in that the examiner should have deducted the premium rates listed in the rate manual first, with the remaining amount being other work charges. Ticor also argued that the rate statute's standard against excessive and unfairly discriminatory rates had to be interpreted by examining the underlying costs, which the examiner failed to do. The hearing officer also concluded that Ticor was not liable for its agents' alleged RESPA violations as that was outside the scope of the agency relationship.

The hearing officer ordered Ticor to refund all alleged overcharges to Indiana consumers, including interest, from title insurance policies issued during 2007 where "premium" supposedly exceeded the rate in Ticor's rate manual. Moreover, the officer ordered Ticor to pay all costs incurred in investigating the matter, including attorneys' fees. Ticor was also ordered to pay $50,000 for its failure to exert proper control over its agents to ensure they did not charge excessive or unfairly discriminatory rates. Lastly, the administrative hearing officer ordered Ticor to remit $1,508 (1.3 percent of its allegedly unreported premium taxes—a total of $116,000) plus interest, as well as a penalty of $10,000, for its supposed failure to render an accurate account of its premium receipts and to pay the full tax due on those premiums.

Ticor subsequently filed a petition for judicial review of the administrative order in Indiana's Marion Superior Court. The superior court reversed the administrative order, holding that the rate statute's standard prohibiting excessive and unfairly discriminatory rates is "cost-based," that the IDOI's examiner applied a wrong methodology to determine the rates and failed to consider the costs. The superior court also held that Ticor had no agency relationship with its independent agents for the purpose of charging premium rates, collecting premiums and payment of premium taxes. Additionally, the court said that Ticor was not liable for its agents' alleged RESPA violations because the settlement services provided by the agents were outside the scope of law supported a finding of actual and apparent authority.

Ticor stated that it only had an agency relationship with its title agents for the purpose of marketing, issuing and selling Ticor's title insurance policies. Ticor noted its contracts with its title agents limited any agency relationship to the express terms of the contract—namely, the issuance of title insurance policies and the charging of premiums specifically set forth in Ticor's rate manual.

> Indiana has spent the past several years examining the market conduct practices of title insurers licensed to do business in the Hoosier State.

the agency relationship. The IDOI appealed the superior court's decision to the Indiana Court of Appeals.

On appeal, the parties made several arguments for and against the superior court's decision to reverse the administrative order. First, the IDOI disagreed with the superior court's conclusion that Ticor had no agency relationship with its independent agents for the purpose of charging premium rates, collecting premiums and payment of premium taxes. The IDOI argued that substantial evidence supported the administrative order's contrary findings that Ticor had both actual and apparent authority over its agents in this respect. The IDOI asserted that Ticor's contracts with its agents, its control over the agents' day-to-day activities and the control Ticor was required to exercise under Indiana

Accordingly, Ticor argued that to the extent the independent agents provided and charged for settlement services—including the improper completion of HUD-1 closing statements—the agents acted on their own behalf and outside the scope of the agency relationship. At its core, Ticor's main contention was that the IDOI conflated the providing of insurance services (for which an agency relationship existed) with the providing of settlement services (for which no agency relationship existed).

On appeal, the parties also argued over whether the administrative order reasonably interpreted the terms "excessive" and "unfairly discriminatory," as found in the rate statute, and whether the record contained sufficient evidence that Ticor permitted its agents to charge excessive and unfairly discriminatory rates. The IDOI argued that the rate statute terms are unambiguous and should be given their general and ordinary meaning, as well as that the statutory rate standard is not cost-based. Moreover, the IDOI argued that the superior court failed to give due deference to its interpretation. The IDOI claimed that the administrative order relied on substantial evidence in reaching its findings. Lastly, the IDOI argued that the superior court erred by reweighing the experts' credibility in constructing reliable methods to determine pure premium rates out of bundled rates when, in fact, it was under an obligation to defer to the IDOI's credibility determination.

In contrast, Ticor argued for a cost-based standard, labeling the IDOI's interpretation as indecipherable and arbitrary. Specifically, Ticor contended that by simply reviewing a premium schedule created by the insurer and comparing the scheduled premiums with those it thought were charged to Indiana customers without establishing any relationship between premiums allegedly charged and the costs associated with the issuing of the insurance policies, the administrative findings were entirely arbitrary. Ticor further noted that the IDOI failed to undertake any analysis of Ticor's costs to provide similar amounts of coverage to individual insureds, and accordingly, the IDOI's finding that Ticor's rates were both excessive and unfairly discriminatory was not supported by substantial evidence.

On Dec. 19, 2012, the Indiana Court of Appeals issued an opinion, reversing the lower court and reinstating the administrative order. The court of appeals held that

- IDOI's interpretation of the rate statute was reasonable and that the rate statute prohibits charging of different rates for the same amount of title insurance coverage;
- Ticor was not responsible for the alleged RESPA violations committed by Ticor's agents with respect to settlement services; and
- There was sufficient evidence that Ticor's agents violated the rate statute by charging Indiana insureds different rates for the same amount of title insurance, and that Ticor was liable for these violations under the traditional principles of agency law.

On the "agency relationship" issue, the Indiana Court of Appeals agreed with Ticor and held that it had actual authority over its agents for the purpose of selling and issuing Ticor's title insurance policies by virtue of the parties' contract. However, the Court of Appeals found Ticor did not have actual or apparent authority over its independent agents with regard to closing and escrow services as the contract contained no language to this effect and the record was devoid of any evidence establishing as much.

On the issue of proper interpretation of the rate statute, the court of appeals sided with the IDOI, finding both that the IDOI's interpretation of the "excessive" and "unfairly discriminatory" language in the rate statute was reasonable and that the superior court exceeded its authority when it concluded that the market conduct examination's testing method for determining Ticor's agents' pure premium rates was flawed. The court of appeals ruled that the IDOI's statutory rate interpretation was reasonable because it was consistent with the National Association of Insurance Commissioner's standards, procedures and criteria for conducting market conduct examinations. Moreover, it found the interpretation was consistent with Ticor's operating procedures, which required the charging of the rates established by the rate manual.

The Court of Appeals found that the IDOI's determination that Ticor permitted its agents to charge excessive and unfairly discriminatory rates was supported by substantial evidence, including

1. Ticor's acceptance of any amount reported or remitted by its agents as the actual premium and Ticor's failure to determine whether premiums remitted directly from consumers were identical to those remitted by its agents;
2. that one agent significantly overcharged its customers by charging premiums above the rate schedule; and
3. that consumers purchasing the same amount of title insurance were charged completely different premiums.

Ticor has filed a petition asking the Supreme Court of Indiana to hear the case. ■

Mark M. Budzinski is executive vice president and chief counsel for Old Republic National Title Insurance Co. He can be reached at *MBudzinski@OldRepublicTitle.com*. Kevin Fitzgerald of Foley & Lardner LLP contributed to this article.

2013 Federal Conference Roundup: ALTA Drives Discussion to Enhance Consumer Experience

Record Number of Attendees Gather in D.C. to Share Industry Concerns

A record number of more than 250 Federal Conference attendees held 258 meetings with members of Congress and their staff, advocating on behalf of the industry during Lobby Day on May 9.

Attendees used the opportunity to explain the policies and procedures the industry follows to protect consumer funds and information. It also allowed the industry to inform members of Congress and their staff about how the Consumer Financial Protection Bureau's (CFPB) proposal to integrate mortgage disclosures could impact consumers and small businesses.

Additionally, several land title professionals, industry partners, CFPB staff and members of Congress participated in conversations during the conference examining ways to enhance the consumer closing experience and make the real estate transaction more transparent.

"Government policy has changed the marketplace and affected the way ALTA members conduct business," said Frank Pellegrini, ALTA's president. "While our industry meets shifting expectations, we must continue to explain to legislators and regulators the value of what we do to protect consumers during and after the closing of a real estate transaction."

Kicking off the conference, Sen. Heidi Heitkamp (D-ND) served as the breakfast keynote speaker. Heitkamp, who defeated Rick Berg in the November 2012 election, may be one of the newest members of the Senate Banking and Small Business committees, but she has a keen interest in the impact legislation has on small businesses and local banks. Sen. Heitkamp discussed a number of issues that could affect ALTA members, including mortgage regulations from the CFPB, housing finance reform, taxes and the budget. The senator expressed the need for affordable housing and the necessity of simplifying the closing process.

"It was refreshing to hear Senator Heitkamp and see that she understands the important role our industry plays in the real estate transaction," said Tim Pearson, president of North Dakota-based North Dakota Guaranty and Title Co. "It also was reassuring to hear that she understands our concerns with the Consumer Financial Protection Bureau's proposed mortgage disclosures, including the portion requiring delivery of the Closing Disclosure to the borrower three days before closing."

Three-day Rule

Currently under the CFPB's proposal, if a fee being paid by the borrower increases or decreases during the three-day period—subject to limited exceptions—the borrower must be given an updated Closing Disclosure. This will then result in a delay of three additional business days before closing. Without greater flexibility enabling consumers to accept changes within the three days, the CFPB's proposal could result in borrowers missing contractual deadlines and potentially losing the opportunity to finance their home purchase.

During their meetings on Capitol Hill, Federal Conference attendees asked members of Congress to sign a letter from Reps. Steve Stivers and Ed Perlmutter urging the CFPB to ensure the rule doesn't harm consumers. The letter also asks the Bureau to explore options that balance the intent of the three-day rule with how it would apply to consumers in the market.

CFPB Accountability

The conversation on protecting consumers continued during lunch, as attendees heard from Rep. Shelley Moore Capito, who represents West Virginia's second congressional district, and Brian Webster, the CFPB's originations program manager for mortgage markets.

As a senior member of the House Financial Services Committee and chair of the Subcommittee on Financial Institutions and Consumer Credit, Capito leads Congressional oversight of the CFPB as well as federal financial regulatory agencies such as the FDIC, the Federal Reserve and the Office of the Comptroller of the Currency. She has introduced as well as supported legislation to bring increased transparency and accountability to the CFPB, including legislation that would replace the director of the bureau with a five-person commission and legislation to strengthen the review authority of the Financial Stability Oversight Council to make it possible to overturn a bad rule.

Capito told attendees that her subcommittee is focused on pursuing oversight of the CFPB and on analyzing the impact of regulations on business.

Additionally, Capito discussed the Bureau's proposed Qualified Mortgage rule, which is intended to protect consumers from the kind of risky loans that spurred the housing bust and ensuing financial crisis.

"We are pleased to hear that Representative Capito supports ALTA's position of urging for a broadly defined QM that covers a wide range of traditionally safe products and underwriting criteria," said Michelle Korsmo, ALTA's CEO.

Improving the Closing

Following Capito, Webster talked about the Bureau's efforts to improve the closing experience.

"As a title professional, it is great to see the staff of the CFPB attending this conference that ALTA has so wonderfully arranged and providing the opportunity for CFPB staff to listen to our concerns," said Phil Janny of Plunkett & Graver. "As settlement service providers, we welcome the opportunity to share our input and expertise in the closing process in working toward a common goal with the CFPB to improve the real estate closing experience for consumers."

Rounding out the conversation, a panel moderated by Pellegrini dug deeper into the topic of enhancing the consumer experience. Presenters included Richard Bettencourt of the Mortgage Network, Mark McElroy of RamQuest, Barbara Miller of TSS Software Corp., Joanne Poole or Prudential Homesale Services Group, Joyce Weiland of SoftPro and Jane Banman of Signature & Stewart Settlements.

"With consumers overwhelmed by the volume of documents, confused by duplication and frustrated by the closing process, it is imperative we take a lead role in improving the closing process," Pellegrini said.

The panel—which included a mortgage broker, a settlement agent, a real estate agent and several technology experts—identified problems and opportunities in the real estate transaction. The panelists also suggested options for improvement and offered ideas that can be implemented to deliver a better experience for their customers. Some of the ideas explored by the panel included:

- Encouraging/incentivizing banks to standardize more disclosure documents
- Replacing paper disclosures with electronic disclosures
- Providing more disclosures at application instead of at closing
- Improving lenders' funding approval process

The software providers all encouraged the use of portals and giving consumers access to data through a web portal, which would help them become engaged in the process and improve transparency. Initial transaction management systems (TMS) provided this function, but the process was manual and caused many problems during initial rollouts. Because of this, they didn't catch on with title companies. Now, TMS systems can be automated and rules can be built into the workflow process, giving users the ability to decide what information is sent and when.

While the panelists looked at what could be done in the future to enhance the consumer closing experience, the conversation turned to immediate issues that will impact borrowers at the closing table.

Bettencourt said the CFPB's three-day rule "needs to be looked at very carefully. It has the writings on the wall to be very problematic for consumers depending on what the Bureau defines as a fee that could change and require redisclosure."

Banman added that "the CFPB needs to define the three-day rule in a realistic way or it will be a disaster." ■

2013 Federal Conference Photos

To view photos, go to: *www.flickr.com/photos/altaonline*










TIAC Celebrates 25 Years of Service to ALTA Members and the Title Industry

Title Industry Assurance Company Provides Long-term Stability for Title Professionals in Fluid E&O Market

Times were tough for title professionals in the 1980s. Like today, abstracters and title agents across the country were troubled by recurring errors and omissions (E&O) insurance problems brought about by abrupt market changes. Dramatic swings in prices and availability led ALTA to look for a better alternative that would bring long-term stability for title professionals seeking quality E&O coverage.

After considering several different approaches, ALTA leaders in 1987 decided the most effective solution would be to create the Title Industry Assurance Company (TIAC), an independent risk-retention group wholly owned by ALTA members. After months of planning, TIAC began raising capital during the 1987 ALTA Annual Convention in Seattle. Coincidentally, this happened on Black Monday, Oct. 19, when the stock market crashed, sending the Dow down almost 23 percent.

With the support of ALTA membership and the approval of insurance regulators in TIAC's Vermont domicile, TIAC issued its first policy on June 1, 1988. Now, 25 years later, TIAC is one of the longest-running and successful E&O insurance providers available.

"While many other E&O providers have come and gone from the market, TIAC has long been the gold standard and has continuously exceeded its original goal of providing a long-term stable market for ALTA member title professionals," said TIAC Underwriting Manager Rich Curd. "All of our competitors are multi-line insurance providers, while TIAC is strictly a monoline company."

Curd pointed out that over the past few years, several major carriers have left the market, reduced coverage and/or increased minimum deductibles.

"The market is very fluid," Curd said. "Some years there are a lot of competitors, other years not so much. We are in a cycle where there aren't as many."

Any active or associate member of ALTA may apply for E&O coverage from TIAC, which insures about 1,400 ALTA members. Non-members must join ALTA before obtaining coverage from TIAC. All insureds must also purchase a minimum of one share of stock in TIAC, currently $100 per share

In 1986, Time magazine featured the cover article "Sorry, America, Your Insurance Has Been Cancelled," which highlighted the dire straits of the country's insurance industry. ALTA created TIAC in 1988 to bring stability to the professional liability market.

What Is TIAC?

In 1988, ALTA created the Title Industry Assurance Company, an independent risk retention group wholly owned by members of the Association, to provide a better alternative and bring long-term stability for title professionals seeking E&O coverage.

How Does TIAC Determine Its Premiums?

Premiums are based on a number of factors including:

- Number of professionals insured
- Annual gross income from covered title activities
- Policy limits and deductible selected
- Coverage selected
- Prior E&O loss experience
- Prior E&O insurance history

How Are Claims Handled?

TIAC has retained the law firm Troutman Sanders LP as claims counsel.

Contact Information

ALTA members may contact TIAC at 800-628-5136 or online at *www.cpim.com/tiac* for information.

($1 par value). This is a one-time purchase and is required to satisfy the requirements of the federal law under which TIAC is chartered.

Coverage is available to companies of all sizes, from solo abstracters to large title agencies. Limits of liability start at $250,000 for each claim/$250,000 policy aggregate up to $1 million each claim/$2 million policy aggregate. Limits up to $5 million/$5 million are available to qualifying firms. Deductibles start as low as $2,500 for each claim and typically are capped at a deductible annual aggregate amount equal to three times each claim deductible amount, thereby limiting an insured's out-of-pocket deductible retention in any policy period.

TIAC provides broad state-of-the-art coverage for professional services—including title opinions or title certifications—performed for others for a fee such as:

- title insurance agents
- title abstracters/searchers
- UCC searchers
- corporate document searchers
- public records searchers
- flood zone certifiers
- escrow agents
- closing agents
- witness closers or notaries public

Coverage, which is subject to the complete policy terms and conditions, is provided on a "claims made" basis like all other E&O insurers and includes prior acts coverage for qualified applicants that have an E&O policy in effect when applying for coverage. Optional coverages available to qualified insureds include:

- First dollar (no deductible) defense coverage
- Claims expenses in addition to the limits of liability

In addition, qualifying agents of First American Title Insurance Co., Fidelity National Title Insurance Co., Old Republic National Title Insurance Co., Stewart Title Guaranty Co., Security Title Guarantee of Baltimore and Agents National Title Insurance Co. receive a special Deductible Reduction Endorsement. This lowers the insured's deductible obligation by half if the claim arises from the preparation or issuance of the above-mentioned underwriters' title policy or commitment.

Dan Mennenoh, president of H.B. Wilkinson Title Co., is the current president of TIAC's board and a member of ALTA's Board of Governors. His company has been insured by TIAC since 2004.

"TIAC's premiums are competitive and if an ALTA member has not explored coverage with TIAC recently, they should to take advantage of TIAC's broad coverage, expert underwriting and claims services, risk management services and the long-term stability of the title industry's own E&O insurer," he said. "Over the past few years, we have once again watched other carriers exit the market place because of the economic downturn and the higher claims that have resulted. TIAC has weathered this most recent storm and is well positioned to continue to provide ALTA members with needed E&O coverage."

Frank Pellegrini said his company, Prairie Title, has been insured by TIAC for nearly 20 years. He agreed with Mennenoh that TIAC's long-term stability is important for agents as they seek to minimize risk, but also appreciates the insurance company's knowledge and support of the title insurance industry.

"For us, it is important to be with an E&O carrier that is deeply involved with the industry, participates in the national association, and stays current in legislative and regulatory trends," Pellegrini said. ■

What to Look for and Avoid When Obtaining Professional Liability Insurance

With insurance providers leaving the market and rates continuing to increase, it's important for title professionals to understand their policies, so they can maximize coverage and minimize cost.

Underwriting managers from Title Industry Assurance Co., provided some guidance on what to look for and avoid in a professional liability insurer.

Experience in Insuring Title Professionals

- Due to the unique nature of the title industry and the evolving exposures title professionals face, the insurer must have solid knowledge of the title industry and experience in insuring title professionals. Very few insurers in the market today have been insuring title professionals for more than three or four years.

Claims-handling Expertise

- This is often not considered when selecting an insurer. The insurer must be highly experienced in professional liability/errors and omissions insurance defense, knowledgeable of the intricacies of claims-made coverage forms, knowledgeable of the title industry and the relationships between title underwriters and their agents, and have the ability to provide prompt claims service and advice.

Coverage

- The policy must provide coverage for insurable risks faced by title professionals. Title professionals must review the terms and conditions of coverage, paying attention to the exclusions.
- Many policies include exclusions which may not be apparent unless the proposed policy is reviewed in detail, including:
  1. *Subprime loan exclusion*
  2. *Any actual or alleged violation of RESPA*
  3. *Any oil- or gas-related title work or any oil or gas interests or property rights*
  4. *Breach or disregard of any oral or written underwriting or binding authority*
  5. *Willful or intentional failure on the part of the insured or the insured's employees to comply with escrow instructions*
  6. *Any liability based upon or arising out of the handling or disbursement of funds based upon or arising out of any opinion of title.*

- Prior Acts and Extended Reporting Period (ERP), aka "Tail Coverage
  1. *If switching insurers, it is vital to assure the replacement insurer is matching the retroactive date of the current policy*
  2. *Policy must include provisions for an ERP if the Insurer elects to cancel or non-renew coverage (other than in cases of failure to pay the premium or a deductible obligation)*

Commitment to the Title Industry

- Many new insurers of title professionals have never offered coverage to this class previously and may not have the long term commitment of insurers who have written this line of coverage for many years. It is common for insurers to enter this market for a few years only to sustain adverse losses and exit the market. This has been especially prevalent in recent years with escalating claims frequency and severity problems.

Independent Contractors

- Only utilize independent contractors who have and maintain their own E&O insurance coverage and provide an annual certificate of insurance evidencing coverage. Including independent contractors on your policy misaligns costs and risks and subjects your policy to increased premiums, higher deductibles and possibly the inability to obtain E&O coverage if the loss experience is adverse. A significant number of claims, both searching and witness closing errors, arise from independent contractor errors. ■

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CFPB Targets Builder for Alleged Sham Joint Ventures

A month after announcing an enforcement action against four mortgage insurers for alleged kickbacks to lenders in exchange for business, the Consumer Financial Protection Bureau (CFPB) reached a settlement with a Texas homebuilder for alleged kickbacks.

The CFPB ordered homebuilder Paul Taylor to pay more than $100,000 he received in alleged kickbacks for referring origination business to Benchmark Bank and to Willow Bend Mortgage Co. According to the settlement, the Bureau also prohibits Taylor from engaging in future real estate settlement services, including mortgage origination.

"Kickbacks harm consumers by hampering fair market competition and by unnecessarily increasing the costs of getting a mortgage," said CFPB Director Richard Cordray. "The CFPB will continue to take action against schemes designed to let service providers profit through unscrupulous and illegal business practices."

The CFPB said Paul Taylor received illegal referral fees through partnerships with Benchmark Bank and Willow Bend. Taylor and Benchmark jointly owned Stratford Mortgage Services, which claimed to be a mortgage originator, according to the CFPB. Similarly, Taylor and Willow Bend created and jointly owned PTH Mortgage Co. In reality both entities were shams designed to allow Taylor to receive the kickbacks, the CFPB said in a release. His homebuilding company, Paul Taylor Homes, then referred mortgage origination business to the alleged sham entities.

However, the work was actually performed by the Benchmark and Willow Bend. The kickbacks were passed through the sham entities and back to Taylor through profit distributions and as a payment through a "service agreement," the CFPB reported. The settlement resolves violations of the Real Estate Settlement Procedures Act (RESPA). RESPA prohibits giving and receiving kickbacks for services involving federally related mortgages. The CFPB has the authority to enforce RESPA.

Under the terms of the settlement, Taylor has agreed to pay $118,194.20, the full amount of money he received since early 2010 from the kickback schemes.

The CFPB became aware of Taylor's conduct related to Benchmark Bank and Stratford through a referral from the Federal Deposit Insurance Corporation (FDIC). The FDIC separately fined Benchmark Bank for its role in the RESPA violations. The Bureau said it will continue to enforce RESPA's anti-kickback provisions to protect consumers and deter individuals from engaging in illegal activity.

Title Company Unveils Mobile App that Produces Customizable HUD-1

Washington, D.C.-based Federal Title & Escrow Co. released a mobile application it says produces a detailed picture of cash to close and monthly mortgage payments for homebuyers and cash in pocket for home sellers on an editable, shareable closing disclosure statement.

"Close It! is like TurboTax for real estate transactions," said Todd Ewing, founder of Federal Title & Escrow Co., who first conceived of the app last summer. "And the results are accurate within one-tenth of 1 percent on average."

Designed for real estate agents, lenders and their clients, Close It! factors in 45 closing cost variables on the buyer's side and 22 variables on the seller's side. It produces a HUD-1 Settlement Statement that users can save, edit and email as a PDF with the option to include their headshot and contact information.

FNF to Acquire LPS

Fidelity National Financial Inc. (FNF) announced it will buy Lender Processing Services Inc. (LPS) for about $2.9 billion in cash and stock to grow its mortgage servicing business.

Under the terms of the agreement, FNF will pay 50 percent of the consideration for the LPS shares of common stock in cash and 50 percent in shares of FNF common stock, subject to adjustment.

FNF said it plans to merge its ServiceLink business with LPS and sell a 19-percent minority equity interest in the new holding company to private equity firm Thomas H. Lee Partners LP for approximately $381 million.

LPS was spun off in 2008 from Fidelity National Information Services Inc., which was formed in 2006 in a merger between an FNF unit and Certegy Inc.

Bureau Clarifies 2013 Escrows Final Rule

The Consumer Financial Protection Bureau (CFPB) recently issued clarifications and technical amendments to its 2013 Escrows Final Rule, which was issued in January.

Among other things, the Bureau lengthened the time for which a mandatory escrow account established for a higher-priced mortgage loan must be maintained.

The rule also established an exemption from the escrow requirement for certain creditors that operate predominantly in rural or underserved areas. The CFPB clarified how to determine whether or not a county is considered rural or underserved. The Bureau also provided illustrations of how to do the determinations to facilitate compliance. The determinations are made based on currently applicable Urban Influence Codes (UICs), which are established by the USDA's Economic Research Service (for rural areas) or based on HMDA data (for underserved areas).

The rule becomes effective June 1, 2013, however, the new ability-to-repay and prepayment penalty provisions do not take effect until Jan. 10, 2014.

United Lender Services Obtains License In Texas

United Lender Services, Corp. (ULS) has expanded its services and is now licensed in Texas.

With a branch office located in San Antonio, ULS will be able to fulfill orders and write policies throughout the state. These efforts will be led by Matt Proffitt, branch manager and senior escrow officer, who is a native of the San Antonio area.

"As we continue to execute our corporate expansion strategy, becoming a licensed title and escrow agent in the state of Texas was one of our top priorities," said Robert Franco, COO. "With a number of active military bases throughout the state of Texas, ULS can now provide title and closing services to the USAA membership as well as expand our direct product offering to all of our clients."

RamQuest Unveils Platform to Help Standardize Closing Process

RamQuest, Inc. and Guardian Consumer Services unveiled Digital Close to the title and settlement industry.

Three independent components come together to deliver Digital Close. RamQuest's Closing Market is the integration platform for the entire process and enables standardized connectivity to any system. The common workspace for Digital Close is enabled by Guardian Consumer Services' Pavaso.

In a manner similar to a smartphone, Pavaso allows individual stakeholders to define the type of workspace that they need, as they need it. Finally, Coindata's Docupad is the device that acts as the control mechanism for Digital Close by managing the documents and recording the steps in the closing process.

"Digital Close not only standardizes and modernizes the closing process but also meets the challenges issued by the Consumer Financial Protection Bureau to deliver a transparent, secure and positive experience for consumers purchasing a home," RamQuest announced in a release.

First-Quarter Earnings Results of 'Big 4'

Fidelity

Fidelity National Financial's title group posted its highest first-quarter pretax margin since 2004.

The company's pretax margin improved to 12.3 percent during the first three months of 2013 compared to 11 percent during the same period a year ago. The company reported pretax earnings of $171 million during the first quarter of 2013, up from $129 million during the same period last year.

Fidelity opened 643,000 direct title orders during first quarter, a 1-percent decrease from the same period a year ago. Meanwhile, the company closed 487,000 direct orders during the first quarter, representing a 19-percent increase over the first quarter of 2012. Direct purchase orders opened and closed per day increased by 7 percent and 14 percent, respectively, versus the first quarter of 2012.

Fidelity paid $65 million in claims during the quarter, down from $54 million during the same period a year ago.

First American

First American Financial's title division posted pretax earnings of $64.3 million as title orders shifted to higher-premium resale transactions during the first quarter of 2013, the company reported.

During the first quarter, the company opened 376,600 direct orders, down slightly from 377,200 opened orders during the same period a year ago. First American closed 281,400 direct orders during the quarter, up from 261,300 closed direct orders during Q1 2012.

First American's first-quarter results were impacted by a $29 million reserve strengthening primarily driven by a few large commercial claims from policy years 2006 and 2007.

The provision for policy losses and other claims was $77.4 million in the first quarter, or 8.7 percent of title premiums and escrow fees, up $25.2 million compared with the same quarter of the prior year. The current quarter rate of 8.7 percent reflects an ultimate loss rate of 5.6 percent for the current policy year.

Old Republic

Old Republic International's title insurance group registered a triple-digit improvement in operating earnings, according to the company's 2013 first-quarter earnings results.

The title group reported pretax income of $21.5 million during the first quarter, up from $9.4 million during the same period in 2012.

During a conference call, Rande Yeager, chief executive officer of Old Republic National Title Insurance Co., said the results were the title group's best first-quarter performance since 2003 as there were significant gains in both the agency and direct revenue fronts.

"Unless something unexpected would occur, like a large increase in mortgage interest rates not expected or a rapidly failing economy with significant loss of jobs, I honestly believe that the best is yet to come for our title business," Yeager said.

The company's claims ratio for its title group was 6.9 percent during the first quarter of 2013, down from 7.2 percent during the same period a year ago.

Stewart

A focus on cost-effective and scalable operations as well as better claims management helped Stewart Information Services turn a loss of $7.9 million during the first quarter of 2012 into a pretax gain of $7.1 million during the first quarter of 2013.

Opened direct title orders improved over the prior year period, as Stewart opened 105,100 direct title orders, up from 103,300 orders. Meanwhile, the company closed 73,100 orders during the first three months of 2013, compared to 70,600 closed orders during first-quarter 2012.

Since early 2009, Stewart reported it has vetted its network of agents. Since the fourth quarter 2008, Stewart has reduced the number of independent agencies in its network by approximately 42 percent.

As a percentage of title revenues, Stewart reported title losses were 6.1 percent during the first quarter of 2013, down from 9.1 percent during the first quarter of 2012.

First American Names CFO, Appoints New Board Member

First American Financial Corp. announced that Mark Seaton has been named its chief financial officer, while Mark C. Oman has been appointed to the company's board of directors. Seaton, who began his career with First American in 2006 and until his appointment served as the company's senior vice president of finance, will replace current executive vice president and chief financial officer Max Valdes, who is retiring after 25 years with the company. Valdes will remain with the company until March 2014 to assist with the transition. Meanwhile, Oman worked for Wells Fargo & Company for more than 30 years before retiring in 2011.

First National Title Adds to Executive Team

First National Title Insurance Co. (FNTI) announced the advancement of Ellen Wied to vice president and her appointment as a member of the FNTI executive team. Wied has served as underwriting counsel for FNTI since the company was licensed to do business. She provides underwriting support to all the company's agents. She has worked in the real estate and title insurance industry since 1983 and has experience in both underwriting and agency operations.

Stewart Title of California Names Division President of Northern California – North Bay Region

Stewart Title of California, Inc. appointed Charlie Marinelli as division president of Stewart Title Northern California – North Bay Region. He will be responsible for overseeing business in Marin, Sonoma, Contra Costa, San Francisco and Sacramento counties. A 20-year title industry veteran, Marinelli has held various senior management and leadership positions ranging from vice president of sales to president of a Northern California title insurance company.

North American Title Names Director of Marketing and Educational Programs

North American Title Insurance Co. (NATIC) announced the appointment of Chris Casa as director of marketing and educational programs. He will be responsible for implementing and developing programs that educate and disseminate information to the company's independent agency partners. Casa spent the past 14 years as chief executive officer and director of sales and marketing for a title industry publishing company.

Agents National Title Announces Staffing Changes, Expands Underwriting Staff

Agents National Title Insurance Co. recently promoted Cheryl Cowherd to senior underwriting counsel and named Danielle Kaiser and Michael Bates to its underwriting staff.

Cowherd has been in the title insurance business for more than 20 years, with extensive experience in many aspects of the industry including underwriting, search, exam and escrow (both commercial and residential). She joined Agents National Title as underwriting counsel in 2010. Previously, Cowherd worked from 2000 to 2010 for Chicago Title Insurance Co., as underwriting counsel and agency account manager.

Kaiser will handle underwriting duties for Indiana and the eastern region. From 2005-2013, she worked in several positions at National Attorneys' Title Assurance Fund Inc. Kaiser is immediate past president of the Indiana Land Title Association (ILTA) and a past president of Title Underwriters of Indiana Inc. She is a member of the ILTA Board of Governors, chair of TIPAC and co-chair of its Government Affairs Committee. Kaiser is admitted to practice law in Indiana and is a member of the Indiana and American bar associations.

Bates will handle underwriting duties for the underwriter's southern region. He has held positions involving underwriting and agency management at a regional agency-only underwriter prior to founding and operating a title agency for 18 years.

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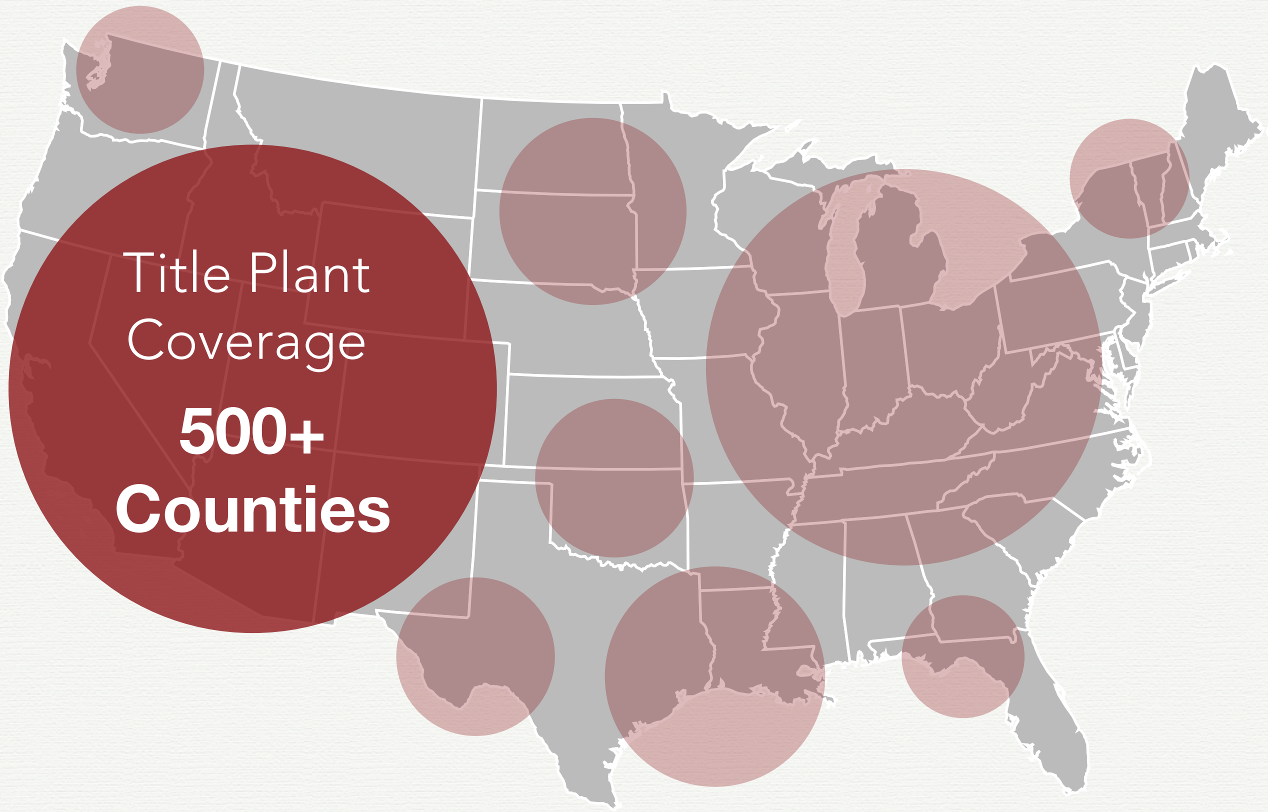

Over the last two years alone, Data Trace has aggressively expanded its coverage of title plants across the nation. Today, we now offer over 500 title plant counties. Having access to additional counties translates to increased efficiency in completing title research processes, achieving decreased turnaround times and reduced expenses. This milestone in growth for Data Trace allows you to access more data from more geographic regions than ever before.

45 YEARS

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Get Involved and Help Find Solutions to Support Housing Market

It's been three years since the Dodd-Frank Act was signed into law. Since then, less than half of the nearly 400 rules have been finalized. Another 120 or so haven't yet been proposed, according to the law firm Davis Polk & Wardwell LLP. Regulators have missed 279 Dodd-Frank rulemaking deadlines.

This means that we are only in the beginning stages of change as the bulk of Dodd-Frank requirements start to hit the shore in January 2014. There's still a litany of new regulations on the way. Changes of this magnitude require your involvement.

In June, I attended the National Settlement Services Summit in Cleveland. During the opening keynote, Bill Cosgrove, president and chief executive officer of Ohio-based Union National Mortgage Company and vice chair of the Mortgage Bankers Association, shared the same message. He encouraged attendees to get involved with ALTA, with their state land title associations and with the MBA. It's a great sign that lenders want to work with us.

ALTA is representing the industry well, working closely with other stakeholders to develop solutions that benefit the industry and consumers. In May, ALTA held a roundtable discussion with the MBA on title industry Best Practices, vendor management and ways to reduce risk in the transaction. The roundtable brought together members of ALTA's Best Practices Task Force and representatives from both national and regional lenders for a day of great discussion about whether ALTA's "Title Insurance and Settlement Company Best Practices" could satisfy lenders' needs as they work to set up their risk management and vendor management programs. You should be proud of ALTA Board members John Hollenbeck and Diane Evans, as well as Craig Haskins, for representing the industry well during the roundtable.

A follow-up meeting will be held once more details of an assessment and certification program are developed by ALTA's Internal Auditing Committee. In the meantime, continue communicating with your lenders to learn what they need from you to ensure regulatory compliance. Share with your lender clients the Best Practices your company follows. Because of other pressing regulatory concerns, lenders have not focused too much on the Consumer Financial Protection Bureau's memo last year stating that the lenders will be held liable for the actions of their service providers. Be a resource for them.

So, how can you get involved? Make sure you renew your ALTA membership and encourage your industry partners, friends and competitors to join as well. Attend ALTA's Annual Convention in October to learn the latest information. Also, join the Title Action Network (TAN) if you're not already a member. Involvement in TAN is a great way to let legislators and regulators know how the decisions they make impact the real estate industry. Check out the cover article on page 10 to learn how TAN has already made an impact.

We are in an extraordinary position because of the significant role housing plays in the economic health of the country. Now is the time for all of us to unite and develop solutions that support a healthy housing market.

- Tim Evans, chair of the Title Action Network and president of Evans Title Agency