

1 CALIFORNIA DEPARTMENT OF INSURANCE  
LEGAL DIVISION –COMPLIANCE BUREAU  
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California Department of Insurance  
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7  
8 **BEFORE THE INSURANCE COMMISSIONER**  
9 **OF THE STATE OF CALIFORNIA**  
10 **SAN FRANCISCO**

11  
12 In the Matter of the License and Licensing  
Rights of:

File No. DISP-2009-00635

13  
14 **OLD REPUBLIC TITLE COMPANY;**  
15 **and,**  
16 **OLD REPUBLIC NATIONAL TITLE**  
**INSURANCE COMPANY,**

**STIPULATION AND WAIVER**

17  
18 Respondents.  
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25 Respondents, OLD REPUBLIC TITLE COMPANY and OLD REPUBLIC NATIONAL  
26 TITLE INSURANCE COMPANY (collectively “OLD REPUBLIC”), and the California  
27 Department of Insurance, stipulate as set forth herein:  
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1           1. Respondent, OLD REPUBLIC TITLE COMPANY (collectively "OLD  
2 REPUBLIC"), is licensed by the Insurance Commissioner to act as an Underwritten Title  
3 Company in the State of California, pursuant to §12389 of the California Insurance Code. OLD  
4 REPUBLIC TITLE COMPANY is licensed to transact business as an Underwritten Title  
5 Company, including the handling of escrow business, in the counties of Alameda, Contra Costa,  
6 El Dorado, Fresno, Los Angeles, Madera, Marin, Merced, Monterey, Napa, Orange, Placer,  
7 Riverside, Sacramento, San Benito, San Bernardino, San Diego, San Francisco, San Joaquin, San  
8 Luis Obispo, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, Stanislaus, Sutter, Tehama,  
9 Tulare, Ventura, Yolo, and Yuba. OLD REPUBLIC TITLE COMPANY is licensed to transact  
10 business as an Underwritten Title Company, excluding the handling of escrow business, in the  
11 counties of Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Imperial,  
12 Inyo, Kern, Kings, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, Santa  
13 Barbara, Shasta, Sierra, Siskiyou, Trinity, and Tuolumne;

14           2. Respondent, OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY  
15 (collectively "OLD REPUBLIC") holds a Certificate of Authority issued by the Insurance  
16 Commissioner to act as a title insurer in the State of California, pursuant to §700 et seq. of the  
17 California Insurance Code;  
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19           3. In April 2009, the California Department of Insurance ("Department") began  
20 examining the operations of OLD REPUBLIC, pursuant to California Insurance Code §§730,  
21 733, 12407, 12414.21 and 12414.22, after the Department received written complaints alleging  
22 nonconformance with filed rates for residential title insurance and escrow services in California.  
23 These complaints raised the issue of whether certain rating and underwriting practices  
24 implemented by OLD REPUBLIC from January 1, 2009 going forward constituted violations of  
25 California's insurance laws. The investigation included an examination of the books and records  
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1 of OLD REPUBLIC to determine the accuracy of the application of certain filed rates by OLD  
2 REPUBLIC;

3 4. On or about December 30, 2009, the Department caused to be served upon OLD  
4 REPUBLIC an Accusation, Notice of Noncompliance, and Demand for Monetary Penalty  
5 (“Accusation”), denominated “In the Matter of the Licenses and Licensing Rights of: OLD  
6 REPUBLIC TITLE COMPANY and OLD REPUBLIC NATIONAL TITLE INSURANCE  
7 COMPANY, Respondents,” File No. DISP-2009-00635, incorporated herein by reference. Said  
8 Accusation alleged that from January 1, 2009 going forward, OLD REPUBLIC failed to adhere to  
9 certain filed rates, ratings plans, rules, and rating systems. In particular, the Accusation alleged  
10 that OLD REPUBLIC incorrectly applied its “Escrow Contract Rate for Multiple Loan  
11 Transactions” and its “Portfolio Residential Refinance Rate” to transactions in which 12404  
12 persons did not meet the qualification criteria for such filed rates, resulting in undercharges,  
13 alleged as an inducement for the referral and placement of title business, in violation of California  
14 Insurance Code §§12401.1, 12401.3, 12401.7, 12404, 12405, 12406, and 12414.27;  
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16 17 5. OLD REPUBLIC TITLE COMPANY and OLD REPUBLIC NATIONAL TITLE  
18 INSURANCE COMPANY and the Department, in order to avoid the expense, uncertainty and  
19 distractions of litigation, have undertaken discussions to resolve the issues in this proceeding and  
20 now wish to resolve those issues without the need for a hearing or further administrative action.  
21 Therefore, by this Stipulation and Waiver, OLD REPUBLIC TITLE COMPANY and OLD  
22 REPUBLIC NATIONAL TITLE INSURANCE COMPANY waive any and all rights to a hearing  
23 in this matter, and any and all other rights related to this proceeding which may be accorded  
24 pursuant to Chapter 5, Part 1, Division 3, Title 2 (commencing with §11500) of the California  
25 Government Code, and by the California Insurance Code; and,  
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1           6. This Stipulation and Waiver does not constitute an admission of liability, violation, or  
2 wrongdoing by OLD REPUBLIC TITLE COMPANY and OLD REPUBLIC NATIONAL TITLE  
3 INSURANCE COMPANY and shall not be used as evidence of the truth of the facts alleged by  
4 the Insurance Commissioner; and,  
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6           7. OLD REPUBLIC TITLE COMPANY and OLD REPUBLIC NATIONAL TITLE  
7 INSURANCE COMPANY agree to and shall Cease and Desist from failing to adhere to its  
8 respective filed rates, rating plans, rules, and rating systems which may be in violation of, or  
9 noncompliant with, California Insurance Code §§12401.1, 12401.3(a), 12401.7, and 12414.27  
10 upon written Order of the Insurance Commissioner to be made and filed herein and without  
11 further notice to OLD REPUBLIC TITLE COMPANY and OLD REPUBLIC NATIONAL  
12 TITLE INSURANCE COMPANY; and,  
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14           8. OLD REPUBLIC TITLE COMPANY and OLD REPUBLIC NATIONAL TITLE  
15 INSURANCE COMPANY agree to and shall Cease and Desist from engaging in activities which  
16 may be in violation of, or noncompliant with, Article 6, Chapter 1, Part 6, Division 2  
17 (commencing with §12404) of the Insurance Code upon written Order of the Insurance  
18 Commissioner to be made and filed herein and without further notice to OLD REPUBLIC TITLE  
19 COMPANY and OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY; and,  
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21           9. OLD REPUBLIC TITLE COMPANY and OLD REPUBLIC NATIONAL TITLE  
22 INSURANCE COMPANY agree to and shall comply with the provisions of California Insurance  
23 Code §§12404, 12405, and 12406 prohibiting illegal rebate/inducement activities upon written  
24 Order of the Insurance Commissioner to be made and filed herein and without further notice to  
25 OLD REPUBLIC TITLE COMPANY and OLD REPUBLIC NATIONAL TITLE INSURANCE  
26 COMPANY; and,  
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1           10. OLD REPUBLIC TITLE COMPANY and OLD REPUBLIC NATIONAL TITLE  
2 INSURANCE COMPANY agree to and shall pay the amount of three hundred seventy-five  
3 thousand dollars (\$375,000.00) to the California Department of Insurance, in three installments,  
4 as a monetary penalty pursuant to California Insurance Code §§12409 and 12976 upon written  
5 Order of the Insurance Commissioner to be made and filed herein and without further notice to  
6 OLD REPUBLIC TITLE COMPANY and OLD REPUBLIC NATIONAL TITLE INSURANCE  
7 COMPANY. The first penalty payment installment of one hundred fifty thousand dollars  
8 (\$150,000.00) shall be paid within ten (10) days after receiving an invoice from the California  
9 Department of Insurance, Division of Accounting; the second penalty payment installment of one  
10 hundred twenty-five thousand dollars (\$125,000.00) shall be paid on or before February 15, 2010;  
11 and the final penalty payment installment of one hundred thousand dollars (\$100,000.00) shall be  
12 paid on or before March 1, 2010; and,  
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15           11. OLD REPUBLIC TITLE COMPANY and OLD REPUBLIC NATIONAL TITLE  
16 INSURANCE COMPANY agree to and shall pay, within ten (10) days after receiving an invoice  
17 from the California Department of Insurance, Division of Accounting, the amount of twenty-four  
18 thousand dollars (\$24,000.00) to the California Department of Insurance for reimbursement of  
19 attorneys fees and costs upon written Order of the Insurance Commissioner to be made and filed  
20 herein and without further notice to OLD REPUBLIC TITLE COMPANY and OLD REPUBLIC  
21 NATIONAL TITLE INSURANCE COMPANY; and,  
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23           12. OLD REPUBLIC TITLE COMPANY and OLD REPUBLIC NATIONAL TITLE  
24 INSURANCE COMPANY agree to and shall institute policies and procedures, as soon as is  
25 reasonably possible, to continuously monitor rating and underwriting practices to ensure  
26 conformance with its respective filed rates, rating plans, rules, and rating systems; and,  
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1           13. OLD REPUBLIC TITLE COMPANY and OLD REPUBLIC NATIONAL TITLE  
2 INSURANCE COMPANY agree to and shall work with the Department to review rate  
3 qualification criteria and revise, as necessary, to facilitate compliance with such filed rates and  
4 insurance laws; and,

5           14. This Stipulation and Waiver resolves fully the matters alleged or arising out of the  
6 allegations in the Accusation, File No. DISP-2009-00635; and,

7           15. Neither this Stipulation and Waiver nor the Order approving this Stipulation and  
8 Waiver are in any way intended to limit or waive the Commissioner's authority to bring further  
9 disciplinary action against OLD REPUBLIC TITLE COMPANY and/or OLD REPUBLIC  
10 NATIONAL TITLE INSURANCE COMPANY for violations not covered by the Accusation or  
11 this Stipulation and Waiver, whether such violations occurred prior to or subsequent to the date of  
12 this Stipulation and Waiver; and,

13           16. Nothing contained in this Stipulation and Waiver or the Order approving this  
14 Stipulation and Waiver shall prevent the Department from taking action at any time to enforce  
15 this Stipulation and Waiver or the Order approving this Stipulation and Waiver if the Department  
16 believes that OLD REPUBLIC TITLE COMPANY and/or OLD REPUBLIC NATIONAL  
17 TITLE INSURANCE COMPANY are not in compliance with the terms and conditions of the  
18 herein Stipulation and Waiver and/or the Order approving this Stipulation and Waiver; and,

19           17. The Insurance Commissioner retains jurisdiction to ensure that OLD REPUBLIC  
20 TITLE COMPANY and OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY  
21 comply with the provisions and terms of this Stipulation and Waiver and/or Order approving this  
22 Stipulation and Waiver; and,

23           18. OLD REPUBLIC TITLE COMPANY and OLD REPUBLIC NATIONAL TITLE  
24 INSURANCE COMPANY represent and warrant that the persons executing this Stipulation and  
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1 Waiver on behalf of OLD REPUBLIC TITLE COMPANY and OLD REPUBLIC NATIONAL  
2 TITLE INSURANCE COMPANY are authorized to enter into and execute this Stipulation and  
3 Waiver; and,

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5 19. OLD REPUBLIC TITLE COMPANY and OLD REPUBLIC NATIONAL TITLE  
6 INSURANCE COMPANY acknowledge that California Insurance Code §12921 requires the  
7 Insurance Commissioner to approve the final settlement of this matter. Both the settlement terms  
8 and conditions contained herein and the acceptance of those terms and conditions are contingent  
9 upon the Commissioner's approval, which shall be evidenced and memorialized by the issuance  
10 of the Order provided for herein; and,

11 20. This Stipulation and Waiver is a compromise within the meaning of California  
12 Evidence Code §§1152 and 1154.

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14 Dated: January 14, 2010

OLD REPUBLIC TITLE COMPANY

Signed: 

15  
16 Name: Rick Dosa  
17 Title: Executive Vice President and  
18 Corporate Counsel

19 OLD REPUBLIC NATIONAL TITLE  
20 INSURANCE COMPANY

21 Signed: 

22 Name: Rick Dosa  
23 Title: Senior Vice President

24  
25 Dated: January 15, 2010

STEVE POIZNER  
Insurance Commissioner

26  
27 By:   
28 Mary Ann Shulman  
Senior Staff Counsel