

DRAFT January 20, 2015

DISB Letterhead

Examination Warrant: 2015-X Date: January 27, 2015

[Title Agency] [License #]

By authority set forth in Sections 31-1402 and 31-5041.03 of the District of Columbia (“DC”) Official Code and subject to the overall provisions of DC Official Code 31-1401 through 31-1407, the Commissioner of Insurance, Securities and Banking orders a market conduct examination of [Title Agency] (the “Agency”). The examination is part of a broader review of title insurance rates used by title insurance companies in the DC and may cover the following topics and issues:

1. Review of revenues received and expenses incurred by the Agency for producing and issuing title insurance policies and other title-related products;
2. Review of revenues received and expenses incurred by the Agency for producing and performing settlement services;
3. Review of revenues received and expenses incurred by the Agency for products and services other than title insurance products and settlement services;
4. Review of Contractual arrangements between Agency and title insurers and between Agency and sources of title and settlement orders;
5. Review of activities and associated cost of the activities conducted by Agency in the acquisition, preparation and issuance of title insurance products and settlement services;
6. Review of Agency data on title and settlement transactions opened and closed;
7. Collection of information on Agency fees charged for services and products other than title insurance policies and closing protection letters;
8. Review of internal Agency revenue, expenses and profitability reports, analyses and projections;
9. Review of Agency revenues and expenses by product or service and by function;
10. Review of organizational structure including number of employees, owners and key contractors, functions and activities of these personnel and compensation of these personnel;
11. Regulatory issues and other jurisdictional differences between DC, Virginia and Maryland causing the cost of title insurance to be different among the jurisdictions;
12. Review of audits by title insurers of the Agency;
13. Review of data collected, software used and data systems maintained by Agency;
14. Review of audited financial statements of Agency;
15. Review of Agency’s use of automation in the acquisition and production of title insurance products;

16. Review of Agency involvement and experience with title insurance and closing protection letter claims;
17. Review of Agency errors and omissions and other insurance policies
18. Review of curative actions performed by Agency;
19. Review of selected individual title insurance policy transaction files;
20. Review of interactions between Agency and title insurers in the acquisition and production of title insurance products;
21. Review of Agency marketing and acquisition activities for title insurance products and settlement services;
22. Review of affiliated business arrangements;
23. Review of Agency view on competition in DC title insurance market;
24. Review of Agency financial accounting methods and software; and
25. Review of Agency views on improving the regulatory climate for title insurance in DC.

Pursuant to the provisions of Section 31-1403 of the DC Official Code, the undersigned issues this examination warrant designating Birny Birnbaum Consulting, Inc. to conduct the examination. The Chief Examiner may assign additional actuaries, examiners and/or other specialists as necessary to assist in the completing the examination.

The examination shall cover activities of the Agency from January 1, 2010 through December 31, 2014. To the extent that information or data produced or reflecting activity prior to January 1, 2010 is relevant for examination of activity during the period January 1, 2010 through December 31, 2014 or practices reflected in current title rates, the examiner may request such information or data.

The examiner may conduct an on-site visit to the Agency as part of the examination. If an on-site visit is requested by the Examiner, the Examiner shall provide at least 30 days notice prior to the on-site visit and shall provide a list of documents to be reviewed, personnel to be interviewed, facilities to be examined and any other activities requested of the Agency by the Examiner as part of the on-site visit.

This examination is part of a broader review of title insurance rates used by title insurers in the DC. The examiner's cost of this Agency examination shall be borne by title insurers pursuant to the examination warrants of the title insurers.

The examination shall commence on about January 27, 2015. The examiner shall submit a draft examination report to the Chief Examiner with copy to the Agency. The Agency shall have at least 21 days to submit comments to the examiner regarding the draft report. The examiner shall consider any comments submitted by the Agency in preparation of the final examination report to the Commissioner.

Pursuant to DC Official Code 31-1404(f), all information and communication submitted by the Agency to the examiner is confidential information. A copy of the relevant statutes is attached.

Robert Nkojo

Supervisory Actuary