

STATE OF OREGON

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

INSURANCE DIVISION

REPORT OF MARKET CONDUCT EXAMINATION

OF

**OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY
MINNEAPOLIS, MN**

NAIC COMPANY CODE 50520

AS OF

JANUARY 8, 2003

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January 16, 2003

Honorable Cory Streisinger, Director
Department of Consumer and Business Services
State of Oregon
350 Winter Street NE, Room 440
Salem, Oregon 97301-3883

Dear Director:

In accordance with your instructions and pursuant to ORS 731.300, we have examined the business affairs of

OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY
400 Second Avenue South
Minneapolis, MN 55041

NAIC Company Code 50520

hereinafter referred to as the "Company." The examination was conducted at the California office located at 350 California Street, Suite 1200, San Francisco, CA 94104. The following report is respectfully submitted.

SCOPE OF EXAMINATION

The market conduct examination of the Company was conducted as of January 8, 2003.

There has been no previous market conduct examination of this Company.

This target examination was performed to determine if the Company's proposed title plant for Wheeler County was in compliance with the applicable rules and regulations.

The examination of the Company was conducted pursuant to ORS 731.300 and in accordance with procedures and guidelines established by the Oregon Insurance Division Market Conduct Program. The program generally follows the Market Conduct Examination Handbook as adopted by the National Association of Insurance Commissioners (NAIC) to the extent that it is consistent with Oregon law.

In order to determine the practices and procedures of the Company's operations, one or more of the following procedures was performed in each phase:

1. A sample of files was selected from listings provided by the Company. The examiner then reviewed each file.
2. The procedure manuals and/or memorandum were evaluated.
3. The Company responded to a series of questions regarding the phase being examined.

The examination was comprised of the following phase:

Title Plant

The Company's underlying data was measured against an established standard. A list of all standards considered can be found in Appendix A at the end of the report. The examiner used the following three classifications to disclose the examination results:

Passed without Comment	The standards the Company passed are displayed in a chart at the beginning of the Findings section of each phase. Items included in this category passed the standard and the examiner did not find it necessary to comment on the findings.
Passed with Comment	Standards the Company passed with some errors noted are included in this classification. Items in this category are not considered to be indicative of a general business practice of noncompliance. Usually, a recommendation is not warranted, but in certain instances a recommendation might be made.
Failed	The Company has not demonstrated compliance with standards that fall into this category. A recommendation for compliance is usually made for each standard the Company fails.

Information regarding some items might be noted in the examination report without remarks.

Other areas of concern discovered during the examination that do not fall within the scope of the standards might be appear in the report as the last section of each phase and titled Additional Findings and Procedures.

Certain unacceptable or noncomplying practices may not have been discovered in the course of this examination. Failure to identify or criticize specific Company practices does not constitute acceptance or approval by the Oregon Insurance Division. Examination findings may result in administrative action or further inquiry.

DESCRIPTION OF THE COMPANY

The Company was incorporated in 1907 in Minneapolis, Minnesota as Real Estate Title Insurance Company, and changed its name to Title Insurance Company of Minnesota in 1929. The Company was acquired by Old Republic International Corporation in 1978. The Company again changed its name to Old Republic National Title Insurance Company on December 31, 1992.

TITLE PLANT

The Company maintains a lot book title plant for Wheeler County.

Findings

The Company passed the following standards without comment:

<u>Standard</u>	<u>Regulatory Authority</u>
<u>Standard #1</u> – The plant covers a period including at least the 50 immediately preceding years except years before 1960. A title plant that conforms on December 31, 1999, with ORS 731.438(1) and (2) (1997 Edition) satisfies these requirements if it also contains, after that date, a general index, adequate maps and currently posted tracts or geographic indexes for all lands in the county.	ORS 731.438(1), ORS 731.439, OAR 836-010-0135(4), OAR 836-010-0140(3).
<u>Standard #2</u> – The plant contains adequate maps.	ORS 731.438(1), OAR 836-010-0135(1), OAR 836-010-0140(1).
<u>Standard #3</u> - The maps enable a person working in the title plant to locate a tract of land which is the subject of a title search with reference to the government survey system.	OAR 836-010-0140(1).
<u>Standard #5</u> - The general index is maintained in either alphabetical or phonetical order.	OAR 836-080-0140(2).
<u>Standard #6</u> - The plant contains currently posted tracts or geographic index for all lands in the county.	OAR 836-010-0140(3).
<u>Standard #7</u> - The tracts or geographic index are maintained in an acceptable manner: ledger sheets, separate cards or sheets of film whether bound in books or contained in envelopes or storage files, or maintenance of the information on punch card, computer tape, disk or similar machine compatible form.	OAR 836-010-0135(3)(c), OAR 836-010-140(3), ORS 731.438(2).

The following exceptions were noted:

Standard #4 - The plant contains a general index. Reference: OAR 836-010-0140(2).

Findings: Passed with comment. The Company purchased a copy of the Wheeler county title plant from Wheeler County Title in the fall of 2001. At that time, the general index was maintained on 3" x 5" index cards. The Company scanned these cards into an electronic file

format and began maintaining its own separate general index in an electronic database at the time the copy of the plant was purchased. This data is maintained in alphabetical order. In order to view the complete general index, both electronic files must be accessed.

A recommendation is not warranted.

Standard #8 – The tracts or geographic index are currently posted meaning entries are posted within 15 working days of recording or filing. Reference: OAR 836-010-0135(4), OAR 836-010-0140(3).

Findings: Passed with comment. The Company does not record the date the documents are posted to the lot books. The examiner tested for compliance with this standard by selecting instruments that were recorded in the county on December 24 and December 26, 2002. The testing was done on January 7, 2003. This was nine working days after the December 24, 2002 items were posted and eight working days after the December 26, 2002 items were posted. All seven of the instruments received were posted to the lot books as of January 7, 2003.

A recommendation is not warranted.

Standard #9 - Records are maintained in this state. Reference: ORS 731.438(2).

Findings: Failed. The Company does not have the capability of reproducing at all times in the state of Oregon the information upon which title services are based. The title plant is posted in San Francisco, California. The Company informed the examiner that it plans to maintain the plant at the office of its Oregon counsel by January 15, 2003.

I recommend the Company maintain its title plant records in the state of Oregon in accordance with ORS 731.438(2).

Additional Findings and Procedures

In order to test for compliance with Standard 3, the examiner randomly selected five properties from the plant maps. These properties were located in the lot books and the applicable documents listed in the lot books were retrieved from the plant's records. The Company was able to produce 33 of 34 (97%) documents selected for review.

A failure rate of 3% does not appear to represent a pattern of noncompliance; therefore, no recommendation is warranted.

COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS

Since this was the first market conduct examination of this Company, no prior recommendations exist.

CONCLUSION

<u>#</u>	<u>Recommendation</u>	<u>Page</u>
1	I recommend the Company maintain its title plant records in the state of Oregon in accordance with ORS 731.438(2).	8

ACKNOWLEDGMENT

The cooperation and assistance rendered by the officers and employees of the Company during this examination is hereby acknowledged and appreciated.

A special thanks is extended to the examination coordinator for his courtesy and assistance providing, correlating, or coordinating all requested documents and statistics necessary to ensure a smooth transition during the overall examination process. The responsibilities that were undertaken during this examination were in addition to the scope of his regular assigned duties.

Respectfully submitted,

Gayle L. Woods, AIE
Supervising Market Conduct Examiner
Market Conduct Section
Insurance Division
Department of Consumer and Business Services
State of Oregon

AFFIDAVIT

STATE OF OREGON }
 }ss
County of Marion }

Gayle L. Woods, being duly sworn, deposes and says that the foregoing market conduct report of examination as of January 8, 2003, of Old Republic National Title Insurance Company, Minneapolis, Minnesota, subscribed by her is true to the best of her knowledge and belief.

Gayle L. Woods, AIE
Supervising Market Conduct Examiner
Market Conduct Section
Insurance Division
Department of Consumer and Business Services
State of Oregon

Subscribed and sworn to before me on the _____ day of _____, 2003.

Linda J. Rothenberger
Notary Public for the State of Oregon
My Commission Expires: March 22, 2005

APPENDIX A

STANDARDS

**Old Republic National Title Insurance Company
Market Conduct Examination**

Title Plant

<u>#</u>	<u>Standard</u>	<u>Regulatory Authority</u>
1	The plant covers a period including at least the 50 immediately preceding years except years before 1960. A title plant that conforms on December 31, 1999 with ORS 731.438(1) and (2) (1997 Edition) satisfies these requirements if it also contains after that date a general index, adequate maps and currently posted tracts or geographic indexes for all lands in the county.	OAR 836-010-0135(4), OAR 836-010-0140(3), ORS 731.438(1), ORS 731.439
2	The plant contains adequate maps.	OAR 836-010-0135(1), OAR 836-010-0140(1), ORS 731.438(1)
3	The maps enable a person working in the title plant to locate a tract of land which is the subject of a title search with reference to the government survey system.	OAR 836-010-0140(1)
4	The plant contains a general index.	OAR 836-0101-0140(2)
5	The general index is maintained in either alphabetical or phonetical order.	OAR 836-010-0140(2)
6	The plant contains currently posted tracts or geographic index for all lands in the county.	OAR 836-010-0140(3)
7	The tracts or geographic index are maintained in an acceptable manner: ledger sheets, separate cards or sheets of film whether bound in books or contained in envelopes or storage files, or maintenance of the information on punch card, computer tape, disk or similar machine compatible form.	OAR 836-010-135(3)(c), OAR 836-010-0140(3), ORS 731.438(2)
8	The tracts or geographic index are currently posted meaning entries are posted within 15 working days of recording or filing.	OAR 836-010-0135(4), OAR 836-010-0140(3)
9	Records are maintained in this state.	ORS 731.438(2)