



STATE OF OREGON

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

INSURANCE DIVISION

REPORT OF MARKET CONDUCT EXAMINATION

OF

**UNITED GENERAL TITLE INSURANCE COMPANY
DENVER, COLORADO**

NAIC COMPANY CODE 51624

AS OF

JANUARY 9, 2003

TABLE OF CONTENTS

SCOPE OF EXAMINATION4

DESCRIPTION OF THE COMPANY5

TITLE PLANT5

 FINDINGS.....6

 ADDITIONAL FINDINGS AND PROCEDURES8

COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS8

CONCLUSION9

ACKNOWLEDGMENT10

AFFIDAVIT11

APPENDIX A12

 TITLE PLANT12

January 30, 2003

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

UNITED GENERAL TITLE INSURANCE COMPANY
999 18th Street, Suite 3400
Denver, Colorado

NAIC Company Code 51624

hereinafter referred to as the "Company." The examination was conducted 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 9, 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 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 Baton Rouge, Louisiana on September 2, 1983 and was re-domesticated to Colorado effective June 1, 1999.

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 October 2002. The general index consists of two files. The general index had been maintained on 3" x 5" index cards which were scanned into an electronic file format prior to the date the plant was purchased. A

separate general index was developed in an electronic database format at the time the cards were scanned and has been maintained since that date. 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 30 and December 31, 2002. The testing was done on January 8, 2003. This was seven working days after the December 30, 2002 items were posted and six working days after the December 31, 2002 items were posted. All five of the instruments received were posted to the lot books as of January 8, 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 southern California. The Company informed the examiner that it plans to maintain the plant at the office of its Oregon counsel and will notify the State of Oregon as soon as this is accomplished.

Subsequent to the examination, the examiner met with the Company representative at the Portland, Oregon location where the Oregon copy of the Wheeler County title plant will be maintained. From the information reviewed, it appears that the Company now has the capability of reproducing at all times in the State of Oregon the information upon which title services are based.

A recommendation is not warranted since the Company has now established a procedure to maintain an updated copy of the Wheeler County title plant in Oregon and is capable of reproducing at all times in the State of Oregon the information upon which title services are based 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 44 of 47 (94%) documents selected for review.

A failure rate of 6% falls within the error tolerance rate allowed for this phase of the examination. 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	A recommendation is not warranted since the Company has now established a procedure to maintain an updated copy of the Wheeler County title plant in Oregon and is capable of reproducing at all times in the State of Oregon the information upon which title services are based 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
Chief Market Conduct Examiner
Market Conduct Section
Insurance Division
Department of Consumer and Business Services
State of Oregon

AFFIDAVIT

STATE OF OREGON }
 }
County of Marion } ss

Gayle L. Woods, being duly sworn, deposes and says that the foregoing market conduct report of examination as of January 9, 2003, of United General Title Insurance Company, Denver, Colorado, subscribed by her is true to the best of her knowledge and belief.

Gayle L. Woods, AIE
Chief 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

**United General 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)