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BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS

PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

IN THE MATTER OF:)
NETCO TITLE, INC.) AID NO.: 2013- 030
License No. 328963)

CONSENT ORDER

Now on this day, Jay Bradford, Arkansas Insurance Commissioner (“Commissioner”), and Netco Title, Inc. (“Respondent”), License No. 328963, reached an agreement concerning the resident title agency license issued to Respondent by the Arkansas Insurance Department (hereinafter referred to as the “Department”). The Commissioner was represented by Associate Counsel, Nina Samuel Carter. Respondent voluntarily waived its right to a hearing and consented to the entry of this Consent Order. This Consent Order is in the public interest, is in the best interests of the parties hereto, and represents a compromise and settlement of the controversy between the parties and is for settlement purposes only. From the facts, law, and other evidence before the Commissioner, the Commissioner and Respondent consent and agree to the following:

FINDINGS OF FACT

1. The Commissioner has jurisdiction over the party and the subject matter pursuant to Ark. Code Ann. § 23-61-103.
2. Respondent is a licensed Arkansas Resident Title Agency, License No. 328963, with an agency address of 1701 Centerview Dr., Suite 121, Little Rock, Arkansas 72211.
3. Stewart Title Guaranty Company (“STG”) is a title insurance company that holds a Certificate of Authority to do business in the State of Arkansas with an administrative address at 1980 Post Oak Boulevard, Houston, TX 77056.
4. In the course of a separate matter, In re AID No.: 2013-023, the Department discovered that Respondent allowed the practice of final policies to be electronically produced in its Missouri office with a digitally reproduced or electronic signature of the affiliated Arkansas title insurance agent. At no time did the Arkansas licensed title insurance agents review the title search to determine insurability as required by Ark. Code Ann. § 23-103-408(c).

5. The title insurance agents did not authorize use of their electronic signature for each commitment or policy produced. The agents' electronic signatures were being used without their consent. Respondent makes no admission of law or fact as set forth in this paragraph.

6. STG appointed Respondent to write title insurance business on August 13, 2008. However, an underwriting agreement was not put in place until October 22, 2010, resulting in Respondent and STG issuing over two thousand (2,000) title insurance commitments and policies without a contract, in violation of Ark. Code Ann. § 23-103-407(a)(1).

7. Through July 2008 correspondence, the Department requested remedial action from and cautioned Respondent for issuing 290 title insurance policies without an appointment with Fidelity National Title Insurance Company from January 1, 2008, to September 8, 2008, as required by Ark. Code Ann. § 23-103-407(a)(1); and for issuing title insurance commitments and final title insurance policies without the required license numbers or proper agency name as detailed in the correspondence, violations of Rule 87, Section 10.

CONCLUSIONS OF LAW

8. The Commissioner has jurisdiction over the parties and over the subject matter herein pursuant to Ark. Code. Ann. § 23-61-103.

9. That pursuant to Ark. Code Ann. § 23-103-416, if the Commissioner determines that a title insurance agent or title insurance agency has violated the Insurance Code, the Commissioner in his discretion may impose upon the licensee an administrative penalty in the amount of up to one thousand dollars (\$1,000) per violation or up to five thousand dollars (\$5,000) per violation if willful misconduct on the part of the licensee is found.

10. That pursuant to Ark. Code Ann. § 23-103-416(c), the Commissioner may also impose any other penalties provided under § 23-64-101 *et seq.*

11. Violating any law, regulation, or order of the Commissioner calls into question the insurance producer's fitness to hold a license and the Commissioner may order probation, suspension, revocation, refuse to renew an insurance producer's license, levy a civil penalty, or any combination of actions based on the violation of Ark. Code §§ 23-64-512(a)(2) and (8).

12. Ark. Code Ann. § 23-103-408(a) and (c) requires that a title insurance report or policy shall not be issued unless the title insurance agency or title insurance agent has caused to be made a search of the title and that the title insurance policy shall not be issued until the title insurer or title insurance agent has caused to be made a determination of insurability of title in accordance with the title insurer's underwriting practices.

13. Ark. Code Ann. § 23-103-407(a)(2) requires that a person acting in the capacity of a title insurance agency shall not place business with a title insurer, and a title insurer shall not accept business from a title insurance agency unless a written contract exists between the title insurer and title insurance agency.

14. The Commissioner, based on the Findings of Fact, above, finds that certain title commitments and policies issued by Respondent were not based on searches conducted by a licensed resident title agency or agent nor searches caused to be made by a licensed resident title insurance agency or agent nor reviewed by a licensed resident title insurance agency or agent for insurability, in violation of Ark. Code Ann. § 23-103-408(a) and (c).

15. The Commissioner, based on the Findings of Fact, above, finds that title insurance commitments and policies were issued by Respondent and STG without a contract in existence, in violation of Ark. Code. Ann. § 23-103-407(a)(1).

ORDER

NOW THEREFORE, on the basis of the foregoing and the waiver of the Respondent of its rights to a hearing and appeal under the Arkansas Uniform Administrative Procedures Act, Ark. Code Ann. §§ 25-15-201, *et seq.*, and the admission by the Respondent of the jurisdiction of the Commissioner, the Commissioner finds that the Respondent has consented to the entry of this Order and that the following Order is appropriate and in the public interest.

IT IS HEREBY ORDERED that:

A. Respondent shall pay within thirty (30) days of the date of this Order a monetary administrative penalty in the amount of Five Thousand Dollars (\$5,000).

B. Respondent shall take all steps necessary to ensure that it remains in continued compliance with any portions of this Order.

C. Respondent shall put in place sufficient controls to ensure that the subject violations of the Arkansas Insurance Code are remedied. Evidence of such controls satisfactory to the Commissioner must be submitted to the Department within sixty (60) days of the date of this Order.

D. Respondent's Arkansas Resident Title Agency, License No. 328963, is hereby placed on a Probationary Status for a period of five (5) years.

E. The imposition of additional insurance license sanctions, including, but not limited to, revocation or suspension, that the Commissioner may impose by law are being suspended during the period of probation and their imposition is contingent upon compliance and good conduct during this probationary period. See Ark. Code §§ 23-64-216 and 23-64-512.

F. If Respondent violates the terms of this probation or any provision of the insurance code during the probation period, a revocation hearing shall immediately be set and will result in statutorily imposed sanctions. See Ark. Code §§ 23-64-216 and 23-64-512.

IT IS SO ORDERED THIS 4th day of March, 2013.

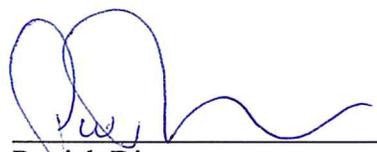


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