

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

IN THE MATTER OF:

GRAND PRAIRIE TITLE COMPANY

LICENSE NO. 0100111792

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AID NO. 2016- 0 4 4

CONSENT ORDER

WHEREAS, the Arkansas Insurance Department (“the Department”) and Grand Prairie Title Company (“Respondent”) hereby enter into this Consent Order subject to the review and approval of the Commissioner of the Department (“Commissioner”):

GENERAL STIPULATIONS

1. It is expressly understood that this Consent Order is subject to the Commissioner’s acceptance and has no force or effect until such acceptance is evidenced by the entry of the Commissioner.
2. This Consent Order is executed for the purpose of avoiding further administrative time, expense, and action with respect to this cause.
3. Respondent fully understands that this Consent Order will in no way preclude additional proceedings by the Commissioner against Respondent or the agents employed thereof, for acts or omissions unknown to the Commissioner that are not specifically addressed herein, or for facts and/or omissions that do not arise from the facts or transactions addressed herein.
4. After consultation with legal counsel, Respondent expressly waives all further procedural steps, and expressly waives all rights to seek judicial review of, or to otherwise challenge or contest the validity of this Consent Order, the stipulations contained herein, and the consideration and entry of this Consent Order by the Commissioner.

5. This Consent Order is executed in the public interest, in the best interests of the parties hereto, and it represents a compromise and settlement of the controversy between the parties. This Consent Order is executed for settlement purposes only.

6. By the signature affixed below, Respondent affirmatively states that the entry of this Consent Order has been freely entered into, and that no threats or promises of any kind have been made by the Commissioner, the Department, or any agent or representative thereof.

7. The parties affirmatively state their agreement to be bound by the terms of this Consent Order, and aver that no promises or offers relating to the circumstances described herein have been made, other than the terms of settlement set forth herein.

8. On December 12, 2013, Respondent was issued a Letter of Reprimand because one of its agents issued 420 title commitments and policies without being appointed with the title insurer and without being properly affiliated with Respondent.

9. On December 23, 2015, the parties to this matter entered into a Partial Consent Order, Order No. 2015-096, so that the Respondent could maintain its business operations during the pendency of the Department's investigation. At that time, the Commissioner took under advisement, the penalty to be handed down to the Respondent.

10. The Department's investigation has now concluded, and entry of this Consent Order is for the purpose of fully and finally resolving this matter.

FINDINGS OF FACT

1. Respondent has unilaterally decided to close the title agency.
2. Respondent issued 303 policies through Chicago Title Insurance Company from approximately December 2014 through November 2015.
3. Respondent earned commissions in the amount of \$89,795.82 on those policies.

4. The policies referenced above were either signed by an agent not appointed with the title insurer or they were signed by an agent who was not licensed as a title insurance agent, and/or not affiliated with the agency.

APPLICABLE LAW

1. Ark. Code Ann. §§ 23-61-101 *et seq.*, assigns the responsibility for administration of the Arkansas Insurance Code to the Commissioner. The Department is the lawful agency through which the Commissioner administers the Arkansas Insurance Code, and is authorized to bring this action for the protection of Arkansas consumers.

2. The Commissioner has jurisdiction over the parties and over the subject matter herein, pursuant to Ark. Code Ann. § 23-61-101 *et seq.* and specifically, § 23-103-401 *et seq.*

3. Ark. Code Ann. § 23-103-403(b) states: “All title insurance policies and reports covering an insurable interest in title to real property located in this state shall be signed by a title insurance agent: (1) Properly appointed by a title insurer; (2) Affiliated with a title insurance agency; and (3) Licensed in this state under this subchapter.”

4. The Producer Licensing Model Act (“PLMA”) codified at Ark. Code Ann. § 23-64-501 *et seq.* applies title insurance via Rule 87, Section 4.

5. Ark. Code Ann. § 23-64-506(b), (c) and (e) require the agency producer to be deemed by the Commissioner to be competent, trustworthy, financially responsible and of good business reputation in order for the licensure to continue.

6. Ark. Code Ann. § 23-64-216(a)(1)(B) authorizes the Commissioner to revoke the license of any producer for violating any insurance laws or regulations.

7. Ark. Code Ann. § 23-64-216(d)(1) authorizes the Commissioner to “...impose upon the licensee an administrative penalty in the amount of up to one thousand dollars (\$1,000)

per violation or, if the commissioner has found willful misconduct or willful violation on the part of the licensee, up to five thousand dollars (\$5,000) per violation.”

8. Ark. Code Ann. § 23-64-216(d)(2) authorizes the Commissioner to augment the administrative penalty “by an amount equal to any commissions received by or accruing to the credit of the licensee for any transaction related to the proceeding against the licensee.”

9. Ark. Code Ann. § 23-103-416(a) authorizes the Commissioner to order a monetary penalty of up to \$1,000 per violation or up to \$5,000 per violation if willful misconduct on the part of the licensee is found. The maximum aggregate penalty that can be levied in any six-month period is \$50,000.

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

CONCLUSIONS OF LAW

1. The 303 policies issued as described above, were issued unlawfully because the agents who signed them were either: not licensed as a title agent, not appointed with a title insurer, and/or not affiliated with Respondent.

2. Because of the unlawful issuance of the 303 policies described above, it naturally follows that the profit earned on those policies of \$68,601.00 was earned unlawfully.

3. Respondent violated Ark. Code Ann. § 23-103-403(b) when it allowed unlicensed, unappointed, and unaffiliated agents to issue the policies described above.

4. Respondent’s misconduct as described herein is in violation of Ark. Code Ann. § 23-64-506(e) in that the misconduct calls into question Respondent’s competence, trustworthiness, financial responsibility and business reputation, which are required for continued licensure.

5. Respondent was reprimanded in 2013 for engaging in this same misconduct. Unfortunately, that reprimand went unheeded. As such, ample grounds exist to revoke Respondent's license and to levy a monetary penalty augmented with half of the commissions unlawfully earned.

ORDER

NOW THEREFORE, on the basis of the foregoing and the admission by Respondent of the jurisdiction of the Commissioner, the Commissioner finds that Respondent has consented to the entry of this Consent Order and that the following Order is appropriate and consistent with the public interest.

IT IS HEREBY ORDERED AND JOINTLY AGREED that:

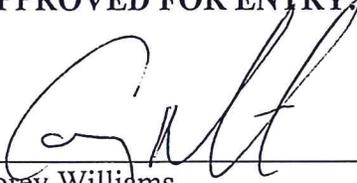
1. Respondent's license is hereby revoked.
2. Respondent shall pay a monetary penalty of \$10,000.
3. The penalty shall be augmented by an amount equal to one-half of the unlawfully earned commissions, or \$34,300.50.
4. Respondent shall pay a total amount of \$44,300.50 within thirty (30) days of the date of this Order.

IT IS SO ORDERED THIS 24th **day of May, 2016.**



ALLEN KERR
INSURANCE COMMISSIONER
STATE OF ARKANSAS

APPROVED FOR ENTRY:

A handwritten signature in black ink, appearing to read 'C Williams', written over a horizontal line.

Corey Williams
Division President/Chief Lending Officer
Centennial Bank