

BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS

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PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

IN THE MATTER OF:)
)
STEWART TITLE GUARANTY COMPANY)
NAIC# 50121)

AID NO.: 2013- 023

CONSENT ORDER

WHEREAS, the Arkansas Insurance Department (“Department”) and Stewart Title Guaranty Company (“STG” or “Respondent”), NAIC # 50121, hereby enter into this Consent Order subject to the review and approval of the Commissioner of the Department:

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 by the Respondent with no admission of fact or law for the purpose of avoiding further administrative action with respect to this cause. Furthermore, should this Consent Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Consent Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of this matter or any administrative proceedings nor shall this Consent Order be deemed an admission of fact or law on the part of the Respondent in that event.

3. Respondent fully understands that this Consent Order will in no way preclude additional proceedings by the Commissioner against Respondent for acts or omissions unknown to the Commissioner that are not specifically addressed in this Consent Order or for facts and/or omissions that do not arise from the facts or transactions herein addressed.

4. After consultation with legal counsel, the 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 the Consent Order, the stipulations and imposition of discipline contained herein, and the consideration and entry of said Consent Order by the Commissioner.

FINDINGS OF FACT

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

6. Netco Title, Inc., (“Netco”) is a licensed Arkansas Resident Title Agency, License No. 328963.

7. Respondent 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.

8. Respondent has held a Certificate of Authority to do business in the State of Arkansas since February 16, 1972.

9. In the course of a separate investigation, the Department discovered that Respondent, STG, appointed Netco to write title insurance business on August 13, 2008. However, an underwriting agreement was not put in place until October 22, 2010, resulting in Netco and STG issuing title insurance commitments and policies without a contract, in violation of Ark. Code Ann. § 23-103-407(a)(1).

10. During the time period of August 13, 2008, through October 22, 2010, the time when no valid contract was in place, 2103 policies were issued. Respondent was asked to provide the number of commitments issued, but has not done so.

CONCLUSIONS OF LAW

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

12. Ark. Code Ann. § 23-103-407(a)(1) 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.

13. The Department, based on the Findings of Fact, above, concludes that title insurance commitments and policies were issued by STG and Netco 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:

Stewart Title Guaranty Company shall pay within thirty (30) days of the date of this Order a monetary administrative penalty in the amount of Ten Thousand Dollars (\$10,000) and shall take all steps necessary to ensure that it remains in continued compliance with any portions of this 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. Respondent makes no admission of law or fact as set forth above. By signature affixed below, Respondent affirmatively states that they have freely agreed to the entry of this Consent Order, that they have been advised that they may consult legal counsel in this matter and have had the opportunity to consult with legal counsel should they have desired to do so, that they waive their rights to a hearing on the matters underlying this Consent Order, and that no threats or promises of any kind have been made by the Commissioner, the Department or any agent or representative thereof. The parties, by signing this Consent Order, 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, other than the terms of settlement set forth in this Consent Order, are binding upon them.

IT IS SO ORDERED THIS 12th day of February, 2013.

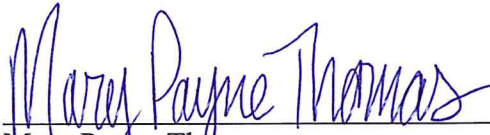


JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS

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