

**DELAWARE DEPARTMENT OF INSURANCE**  
**MARKET CONDUCT EXAMINATION REPORT**

**Chicago Title Insurance Company**  
**NAIC #50229**

**601 Riverside Avenue**  
**Jacksonville, FL 32204**

**As of**

**December 31, 2017**

Trinidad Navarro  
Commissioner



Delaware Department of Insurance

I, Trinidad Navarro, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of December 31, 2017 on

**Chicago Title Insurance Company**

is a true and correct copy of the document filed with this Department.

Attest By: 



In Witness Whereof, I have hereunto set my hand  
and affixed the official seal of this Department at the  
City of Dover, this 28<sup>th</sup> day of December, 2018

  
\_\_\_\_\_  
Trinidad Navarro  
Insurance Commissioner

Trinidad Navarro  
Commissioner



Delaware Department of Insurance

REPORT ON EXAMINATION  
OF THE  
**Chicago Title Insurance Company**

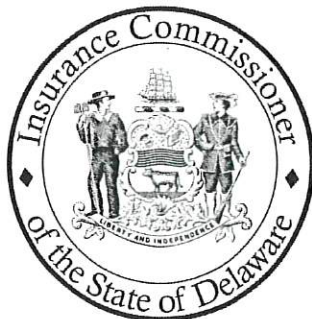
AS OF

December 31, 2017

The above-captioned Report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted and filed as an official record of this Department.



In Witness Whereof, I have hereunto set my hand  
and affixed the official seal of this Department at the  
City of Dover, this 28<sup>th</sup> day of December 2015

Handwritten signature of Trinidad Navarro in blue ink.

Trinidad Navarro  
Insurance Commissioner

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Honorable Trinidad Navarro  
Insurance Commissioner  
State of Delaware  
841 Silver Lake Boulevard  
Dover, Delaware 19904

Dear Commissioner Navarro:

In compliance with the instructions contained in Exam Authority Number 50229-18-705, and pursuant to statutory provisions including 18 *Del. C.* §§ 318 - 322, a market conduct examination has been conducted of the affairs and practices of:

**Chicago Title Insurance Company - NAIC #50229**

The examination was performed as of December 31, 2017.

The examination consisted of an on-site phase, which was conducted in Wilmington, Delaware, and an off-site phase, which was performed at the offices of the Delaware Department of Insurance, hereinafter referred to as the "Department" or "DDOI," or other suitable locations.

The report of examination herein is respectfully submitted.

## **EXECUTIVE SUMMARY**

The examination of Chicago Title Insurance Company, hereinafter referred to as CLTIC or the Company, was announced as part of a series of examinations of companies in the title insurance marketplace in Delaware. The examination focused on the Company's title insurance business in the following areas of operation: Company Operations and Management, Complaint Handling, Marketing and Sales, Producer Licensing, Policyholder Services, Underwriting and Rating, and Claims.

All exceptions noted were in the area of Underwriting and Rating.

The following exceptions were noted.

- 12 Exceptions:  
18 *Del. C.* § 1715(a) – (b) – Appointments.  
*(a) An insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer. An insurance producer who is not acting as an agent of an insurer is not required to become appointed.*  
*(b) To appoint a producer as its agent, the appointing insurer shall file, in a format approved by the Insurance Commissioner, a notice of appointment within 15 days from the date the agency contract is executed or the first insurance application is submitted. An insurer may also elect to appoint a producer to all or some insurers within the insurer's holding company system or group by the filing of a single appointment request. The group appointment provision of this section is only applicable upon implementation by this Department of an electronic appointment process.*

The Company accepted business from a producer who was not properly appointed.

- 2 Exceptions  
18 *Del. C.* § 2517 – Adherence to Filings  
*No insurer shall make or issue a contract or policy except in accordance with the filings which are in effect for the insurer as provided in this chapter or in accordance with § 2505 (exemption from filing) or § 2509 (excess rates) of this title. This section shall not apply to contracts or policies for inland marine risks as to which filings are not required.*

The Company issued a contract or policy for which the premium charged was not in accordance with filed rates.

## **SCOPE OF EXAMINATION**

The Market Conduct Examination was conducted pursuant to the authority granted by 18 *Del. C.* §§ 318 - 322 and covered the experience period of January 1, 2016 through December 31, 2017. The purpose of the examination was to determine compliance by the Company with applicable Delaware laws and regulations.

The examination was a targeted market conduct examination of the Company's title insurance business in the following areas of operation: Company Operations and Management, Complaint Handling, Marketing and Sales, Producer Licensing, Policyholder Services, Underwriting and Rating, and Claims.

## **METHODOLOGY**

This examination was performed in accordance with Market Regulation standards established by the Department and examination procedures suggested by the NAIC. While examiners reported the errors found in individual files, the examiners also focused on general business practices of the Company.

The Company identified the universe of files for each segment of the review. Based on the universe sizes identified, random sampling was utilized to select the files reviewed for this examination.

Delaware Market Conduct Examination Reports generally note only those items to which the Department, after review, takes exception. An exception is any instance of Company activity that does not comply with an insurance statute or regulation. Exceptions contained in the Report may result in imposition of penalties. Generally, practices, procedures, or files that were reviewed by Department examiners during the course of an examination may not be referred to in the Report if no improprieties were noted. However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review these areas of concern in order to determine the potential impact upon Company operations or future compliance.

Throughout the course of the examination, Company officials were provided status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested, as warranted, to clarify apparent violations. An exit conference was conducted with Company officials to discuss the various types of exceptions identified during the examination and to review written summaries of the exceptions found.

## **COMPANY HISTORY AND PROFILE**

Chicago Title Insurance Company was incorporated in Missouri on August 31, 1961, as a wholly owned subsidiary of Chicago Title and Trust Company (CT&T), an Illinois corporation, which was a publicly held corporation until it was acquired by Lincoln National Corporation, an Indiana corporation, on September 12, 1969.

On June 27, 1985, Lincoln National Corporation sold CT&T to Allegheny Corporation, a Delaware corporation, wherein Allegheny acquired 3,719 shares of CT&T, representing all of the shares issued and outstanding.

Effective June 17, 1998, "CT&T" became a subsidiary of Chicago Title Corporation, a newly formed Delaware corporation that was an independent publicly traded company spun off to the stockholders of Alleghany Corporation.

On March 20, 2000, Fidelity National Financial, Inc. (FNF), a Delaware corporation that is publicly traded on the New York Stock Exchange under the symbol FNF, acquired CT&T, and its subsidiaries including CTIC, as a result of the merger of Chicago Title Corporation with and into FNF, with FNF surviving the merger. CTIC re-domesticated from Missouri to Nebraska effective October 1, 2007.

On December 31, 2010, CT&T contributed to its subsidiary FNF Control I, Inc., a Delaware corporation, all of the stock of CTIC. On January 31, 2011, CTIC became a subsidiary of Fidelity National Title Group, Inc., a Delaware corporation, when FNTG Holdings, Inc. (formerly named FNF Control I, Inc.) contributed all of the stock of CTIC.

Therefore, since January 31, 2011, CTIC is a wholly owned subsidiary of Fidelity National Title Group, Inc. (FNTG), a Delaware corporation, which in turn, is a wholly owned subsidiary of FNTG Holdings, LLC, a Delaware limited liability company, which in turn, is a wholly owned subsidiary of FNF.

CTIC re-domesticated from Nebraska to Florida effective March 1, 2017.

According to the 2016 and 2017 Annual Statements, Chicago Title Insurance Company reported total direct premiums written in the amounts of \$2,080,694,312 and \$2,147,140,177, respectively, for the United States, the US territories, and Canada. According to the 2016 and 2017 Annual Statements, Chicago Title Insurance Company reported total direct premiums written in the amounts of \$3,990,031 and \$6,607,306, respectively, for the state of Delaware.

## **COMPANY OPERATIONS AND MANAGEMENT**

The Company provided documentation regarding its management and operational procedures for the lines of business conducted in the state of Delaware, which included the following categories:



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- Corporate Minutes
- Title Plant, TPA, and Third-Party Vendors
- Audited Financial Statements
- Disaster Recovery Plan
- Consumer Privacy
- Company History

The documents were reviewed to determine compliance with applicable Delaware laws and regulations.

No exceptions were noted.

### **COMPLAINT HANDLING**

No complaints were identified by the Company. No complaints were lodged with the Delaware Department of Insurance.

No exceptions were noted.

### **MARKETING AND SALES**

Due to the nature of title insurance business in Delaware, and the fact that Chicago Title Insurance Company maintains only one office location in the State, the Company's marketing and sales practices are limited. Representatives of the Company's Delaware Agency Sales team offer marketing flyers to independent third-party agents, many of which are co-branded with the agent's logo.

Additionally, Agency Sales personnel periodically send emails to the Delaware agents using Constant Contact email marketing program. Emails consist of legal bulletins, announcements, memos, and invitations to events.

The Delaware Agency maintains a few social media accounts on the following platforms – Facebook, Twitter, and LinkedIn. These are primarily used to post industry-related articles and local industry updates that agents share on their own social media pages.

The Delaware Agency staff holds monthly webinars on different underwriting or industry-related topics, which are offered to all agents. The agency also hosts live seminars once or twice per year. Since most of the agents in Delaware are Delaware licensed attorneys, the live seminars often provide Continuing Legal Education credits for the attorneys.

The advertising materials were reviewed to determine compliance with 18 *Del. C.* § 2304 - Unfair methods of competition and unfair or deceptive acts or practices defined.

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No exceptions were noted.

**PRODUCER LICENSING**

For examination purposes, producer licensing and appointment were reviewed in conjunction with Underwriting and Rating. Appointment exceptions are addressed in the Underwriting and Rating section.

**POLICYHOLDER SERVICES**

As a Delaware title insurer conducting business in an attorney state, the Company does not generally deal directly with the consumer. If, in the rare case, a consumer calls to inquire about service or rates, the local office or operation directs the individual according to their inquiry.

No exceptions were noted.

**UNDERWRITING AND RATING**

The Company identified a universe of 9,293 policies issued as new during the experience period. A random sample of 108 files was requested, received, and reviewed. The files were reviewed to determine compliance with applicable Delaware statutes and regulations.

The following exceptions were noted:

**12 Exceptions - 18 Del. C. § 1715 - Appointments.**

The Company accepted business from a producer who was not properly appointed by the Company.

*Recommendation:* It is recommended the Company revise its procedures to ensure producers are properly appointed in accordance with 18 Del. C. § 1715.

**2 Exceptions - 18 Del. C. § 2517 - Adherence to filings.**

The Company charged a premium that was inconsistent with the rates established by the Delaware Title Insurance Rating Bureau and/or rates filed with the Delaware Department of Insurance.

*Recommendation:* It is recommended the Company revise its procedures to ensure premiums for all policies issued are calculated in accordance with applicable filed rates.

## **CLAIMS**

The Company identified a universe of 76 Open/Denied Claims, 5 Paid Claims, and 52 Closed Without Pay Claims. The Paid Claims and Closed without Pay Claims universes were both reflected in the Open/Denied Claims universe due to category overlap. Due to the small universe, all of the files were requested, received, and reviewed.

No exceptions were noted:

## **CONCLUSION**

The recommendations made below identify corrective measures the Department finds necessary as a result of the exceptions noted in the Report. Location in the Report is referenced in parenthesis.

1. It is recommended the Company revise its procedures to ensure producers are properly appointed in accordance with 18 *Del. C.* § 1715. (Underwriting and Rating).
2. It is recommended the Company revise its procedures to ensure premiums for all policies issued are calculated in accordance with applicable filed rates in compliance with 18 *Del. C.* § 2517. (Underwriting and Rating).

The examination was conducted by Joseph Krug, Steve Misenheimer, and Linda Armstrong.

This report is respectfully submitted.



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Linda Armstrong, JD, MCM  
Examiner-in-Charge  
Market Conduct  
Delaware Department of Insurance