

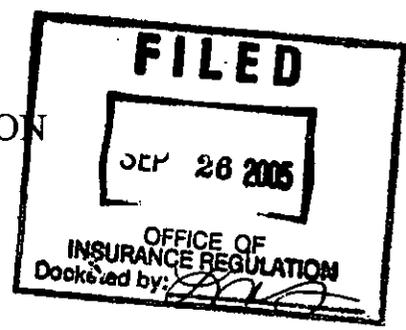


OFFICE OF INSURANCE REGULATION

KEVIN M. McCARTY
COMMISSIONER

IN THE MATTER OF:

Received by Office of
Insurance Regulation



SEP 27 2005 CASE NO.: 83270-05-CO

**FIDELITY NATIONAL TITLE
INSURANCE COMPANY**

**Bureau of
Market Investigations**

Market Conduct Examination

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between FIDELITY NATIONAL TITLE INSURANCE COMPANY (hereinafter referred to as "FIDELITY") and the OFFICE OF INSURANCE REGULATION (hereinafter referred to as the "OFFICE"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter of, and parties to, this proceeding.
2. FIDELITY is a domestic insurer authorized to transact title insurance business in Florida, and is subject to the jurisdiction and regulation of the OFFICE pursuant to the Florida Insurance Code.
3. The OFFICE conducted an market conduct examination of FIDELITY pursuant to Section 624.3161, Florida Statutes, resulting in the issuance of the July 1, 2005, Market Examination Report, which is attached hereto as Exhibit A and fully incorporated herein by

reference. As a result of such investigation, the OFFICE determined that FIDELITY violated the following provisions of the Florida Statutes and/or the Florida Administrative Code as specifically and more fully detailed in Exhibit A:

(a). Rule 69O-186.003(1)(a), Florida Administrative Code – A title insurer shall receive and retain at least 30% of the risk premium for policies sold by agents in accordance the Minimum Insurance Retention Schedule, including risk premium for endorsements.

(b). Section 624.318, Florida Statutes – Failure to make freely available to the Office or its examiners the accounts, records, documents files, information assets and matters in the their possession or control relating to the subject of the examination.

(c) Section 624.424(1)(a), Florida Statutes – Each insurer shall file with the OFFICE full and true statements of its financial condition, transactions and affairs. FIDELITY'S failure to collect the minimum risk premium from its agents for sale of policy endorsements as referenced in paragraph 3(a) of this Consent Order led to the filing of an inaccurate annual statement.

(d). Section 626.9541 (1)(h)3.a. Florida Statutes – Entering into affiliated business arrangements for the sole purpose of providing inducements in the form of rebates to realtors, lenders and/or builders.

(e) Section 626.9541 (1)(h)3.a., Florida Statutes – Entering into captive reinsurance arrangements for the sole purpose of providing inducements in the form of rebates to realtors, lenders and/or builders.

(f). Section 627.7776, Florida Statutes – A title insurer may not furnish to any person any blank forms, applications, stationery, or other supplies to be used in soliciting, negotiation, or effecting contracts of title insurance on its behalf until that person has

received from the insurer a contract to act as a title insurance agent or agency and has been licensed by the department.

(g) Section 626.8412(2), Florida Statutes – Use of an unlicensed or unappointed title agency.

4. The OFFICE and FIDELITY expressly waive a hearing in this matter and the making of Findings of Fact and Conclusions of Law by the OFFICE and all further and other proceedings herein to which the parties may be entitled by law or rules of the OFFICE. FIDELITY hereby knowingly and voluntarily waives all rights to challenge or to contest this Order, in any forum now available to it, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

5. FIDELITY agrees that the failure to adhere to one or more of the terms and conditions of this Order shall constitute a violation of a lawful order of the OFFICE, and shall subject FIDELITY to such administrative action as the OFFICE may deem appropriate.

6. FIDELITY agrees that upon the execution of this Consent Order, it shall be subject to the following terms and conditions:

(a). FIDELITY shall immediately cease and desist from engaging in the conduct described in the exam report and take corrective action on each of the above referenced violations as outlined in the body of the July 1, 2005, Market Conduct Examination Report .

(b). FIDELITY shall make available to the OFFICE or its examiner any and all documents in its possession or under its control, including documents held by its agents. In particular, FIDELITY shall make available copies of all "HUD 1" forms from each and every title insurance transaction completed directly or made by its agent force.

(c). FIDELITY shall within forty (40) days of the entry of this Consent Order provide to the OFFICE a status report on the actions taken by FIDELITY to address the corrective action for each reference violation.

(d). Due to similarities in the findings of the OFFICE'S market conduct examination and a concurrent investigation of title agencies by the DEPARTMENT OF FINANCIAL SERVICES (hereinafter "DFS") regarding the use of affiliated business arrangements for the inducement of business referrals, the OFFICE adopts and fully incorporates herein by reference the DFS Settlement Stipulation and Consent Order in DFS Case Number 83081-05-AG, which is attached here to as Exhibit B. FIDELITY shall take corrective action on all affiliated business arrangements in a manner consistent with the provisions of the DFS Consent Order and the recommendation in the OFFICE'S examination report. FIDELITY further agrees that any violation of the referenced DFS Settlement Stipulation and Consent Order shall be considered a violation of a lawful order of the OFFICE and shall subject FIDELITY to such administrative action as the OFFICE may deem appropriate.

(e). During the pendency of the OFFICE'S market conduct examination, the OFFICE joined with other states through the National Association of Insurance Commissioners (hereinafter ("NAIC")) in reaching a multi-state settlement regarding the use of captive title reinsurance arrangements to provide inducements to realtors, lenders and builders. FIDELITY shall abide by the provisions of said agreement including meeting all obligations regarding refunds or repayments of title insurance premium that was allocated to a captive reinsurance entity. The NAIC Multi-State Regulatory Agreement is hereby adopted and fully incorporated herein by reference and attached hereto as Exhibit C.

(f). In addition to the fine paid in DFS Case Number 83081-05-AG, FIDELITY shall pay directly to the OFFICE a fine in the amount of FIFTY THOUSAND DOLLARS (\$50,000.00) within forty (40) days of the entry of this Consent Order for additional violations discovered during the OFFICE'S market conduct examination beyond those already referenced in the DFS case.

(g). FIDELITY shall fully comply with the provision of the Department of Financial Services (hereinafter "DFS") Settlement Stipulation and Consent Order in DFS Case Number 83081-05-AG, which is attached hereto as Exhibit B and fully incorporate herein by reference. FIDELITY further agrees that any violation of the referenced DFS Settlement Stipulation and Consent Order shall be considered a violation of a lawful order of the OFFICE.

(h). FIDELITY is hereby placed on notice of the requirements of the above-referenced sections of law and agrees that any future violations of these sections by FIDELITY may be deemed willful, subjecting FIDELITY to appropriate penalties.

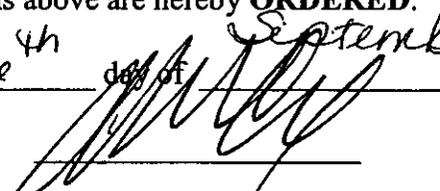
7. Except as noted above, each party to this action shall bear its own costs and attorney's fees.

THEREFORE, the agreement between FIDELITY and the OFFICE, the terms and conditions of which are set forth above, is approved.

FURTHER, all terms and conditions above are hereby **ORDERED**.

DONE AND ORDERED this 26th day of September, 2005





KEVIN M. McCARTY
Commissioner
Office of Insurance Regulation

By execution hereof FIDELITY consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents, pursuant to Section 624.310, Florida Statutes, that he/she has the authority to bind FIDELITY to the terms and conditions of this Consent Order.

FIDELITY NATIONAL TITLE INSURANCE COMPANY

By Tommye Morehead Frost
Tommye Morehead Frost
Print or Type Name

Corporate Seal

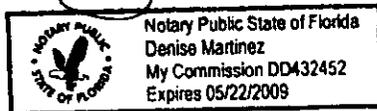
Title: SVP & Chief Regulatory Counsel
Date: 9-22-05

In the state of Florida
In the county of Duval
On September 22, 2005 before me, Denise Martinez, personally appeared Tommye Morehead Frost, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person or the entity upon behalf which the person acted, executed the instrument.

Subscribed and sworn to before me this 22nd day of September 2005.

Signature Denise Martinez [NOTARIAL SEAL]
(Signature of Notary Public)

My Commission Expires:



COPIES FURNISHED TO:

Randy Quirk, President
Fidelity National Title Insurance Company
601 Riverside Avenue, 12th Floor
Jacksonville, FL 32204

Tommye Frost, General Counsel
Fidelity National Title Group
601 Riverside Avenue, 12th Floor
Jacksonville, FL 32204

Sam Binnun, Director
Office of Insurance Regulation
Market Investigations
200 E. Gaines St.
Tallahassee, Florida 32399-4210

Jeffrey W. Joseph, Assistant General Counsel
Office of Insurance Regulation
Legal Services Office
200 East Gaines St.
Tallahassee, FL 32399-4206



FLORIDA
DEPARTMENT OF
FINANCIAL SERVICES



TOM GALLAGHER
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

FILED

SEP 6 2005

Docketed by: *mjuw*

IN THE MATTER OF:

FIDELITY NATIONAL TITLE
INSURANCE COMPANY

CASE NO.: 83081-05-AG

CONSENT ORDER

THIS CAUSE came on for consideration and final agency action. Upon consideration of the record including the Settlement Stipulation for Consent Order dated September 2, 2005, and being otherwise fully advised in the premises, the Chief Financial Officer hereby finds:

1. The Chief Financial Officer, as head of the Department of Financial Services, has jurisdiction over the subject matter of this case and parties hereto.
2. The entry of this Consent Order and compliance herewith by FIDELITY NATIONAL TITLE INSURANCE COMPANY shall conclude the administrative proceeding of Case No. 83081-05-AG before the DEPARTMENT OF FINANCIAL SERVICES.

IT IS THEREFORE ORDERED:

(a) The Settlement Stipulation for Consent Order dated September 2, 2005, is hereby approved and fully incorporated herein by reference.

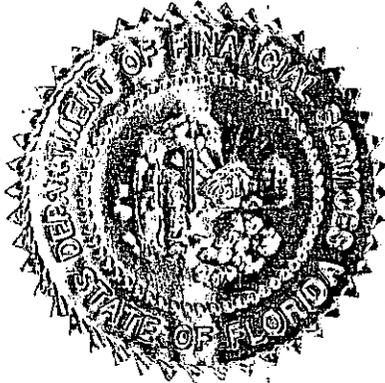
(b) Respondent shall, at its own expense, hire an individual, acceptable to the Department, who shall monitor Respondent's adherence to requirements of Respondent as set forth in this Stipulation. For a period of one year from the date of the Consent Order issued in this case, this individual shall be responsible for providing to the Department monthly reports verifying compliance with requirements of the Respondent as set forth herein. This monitor shall maintain a record of inspection activities and shall make such records available to the Department immediately as requested by the Department.

(c) Respondent for itself and each of the title insurance agencies with which it is associated, shall immediately cease and desist from engaging in the conduct described in paragraph 3 hereof or any other arrangement to effect improper payments to real estate agents or mortgage brokers or others. Respondent shall forthwith terminate all relationships, contractual, by appointment, or otherwise, with the title insurance agencies with which it is associated as listed on Exhibit A attached hereto and made a part hereof, and, Respondent shall provide evidence to the Department of having done so within 30 days following the date of a Consent Order issued in this matter.

(d) Respondent shall, through reference to its business records, determine and identify each transaction with all title insurance agencies listed in Exhibit A hereto wherein that title insurance agency received 30% of the title insurance premium paid by the

consumer, and Respondent shall immediately refund that sum to the consumer within 120 days after entry of a Consent Order issued in this case. Within 120 days after entry of Consent Order, the monitor described in paragraph 11(b) herein shall furnish evidence to the Department that such refunds have been accomplished by Respondent.

DONE and ORDERED this 6th day of September, 2005.



Karen Chandler
KAREN CHANDLER
Deputy Chief Financial Officer

Copies Furnished To:

PETER T. SADOWSKI, ESQ.
Executive Vice President
and General Counsel
Fidelity National Title
Insurance Company
601 Riverside Avenue
Jacksonville, Florida 32204

PHILIP M. FOUNTAIN, ASSISTANT DIRECTOR
Division of Agent & Agency Services
200 East Gaines Street
Tallahassee, Florida 32399-0320

DEAN ANDREWS, SENIOR ATTORNEY
Department Of Financial Services
Division of Legal Services
200 East Gaines Street
Tallahassee, Florida 32399-0333



FLORIDA
DEPARTMENT OF
FINANCIAL SERVICES



TOM GALLAGHER
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

IN THE MATTER OF:

FIDELITY NATIONAL TITLE
INSURANCE COMPANY

CASE NO.: 83081-05-AG

SETTLEMENT STIPULATION FOR CONSENT ORDER

IT IS AGREED and STIPULATED by and between FIDELITY NATIONAL TITLE INSURANCE COMPANY (hereinafter referred to as "Respondent") and the STATE OF FLORIDA, DEPARTMENT OF FINANCIAL SERVICES (hereinafter referred to "Department"):

1. Respondent, FIDELITY NATIONAL TITLE INSURANCE COMPANY, is in the business of providing contracts of title insurance. Title insurance contracts are sold by Respondent through its authorized title insurance agents and title insurance agencies. Such agents and agencies, as hereinafter identified, are under contractual relationship with Respondent and are located and doing business in the State of Florida.
2. Pursuant to Chapter 626, Florida Statutes, the Department has jurisdiction over Respondent's title insurance agents and title insurance agencies and the subject matter of this case.
3. The Department has conducted an investigation of Respondent and certain agents and agencies with which it is associated, and as a result of that investigation, has determined that:

Respondent directly participated with and assisted various real estate agents and mortgage brokers in obtaining licenses for Florida title insurance agencies. Once that title insurance agency came into authorized existence, the real estate agent or the mortgage broker would then refer their customers to that title agency to obtain owner and mortgagee title insurance. The title insurance agency would immediately direct all such business to Respondent who would then perform all services necessary for issuance of a title insurance commitment and policy, to include title search, title examination at its premises (ostensibly by an "independent contractor") to then provide issuance of title insurance through Respondent's authorized title insurance agent acting for the title agency (ostensibly in full-time charge of that agency, although acting in that same capacity for numerous other title agencies serving Respondent). The title insurance agency formed by the real estate agent or mortgage broker had no regular full-time employees, performed no title services, had no separate telephone or office location, and its business location was in name only registered to be at the business premises of the real estate agent or mortgage broker. In net effect, the title agencies created by Respondent and real estate agents and mortgage brokers were entities who performed no title services whatsoever and were utilized as a name-only pass through conduit for business referral in order to effect payment to real estate agents and mortgage brokers in return for referral of title insurance business.

4. Respondent does not admit to the conduct described in paragraph 3 above.
5. Respondent knowingly and voluntarily waives its right to receive formal administrative charges and a hearing regarding the matters which are the subject matter of this settlement. Respondent knowingly and voluntarily enters into this Settlement Stipulation for Consent Order.

6. By execution of this Settlement Stipulation for Consent Order and by the filing of the subsequent Consent Order in this case, the Department and Respondent intend to and do resolve all issues pertaining to the matters alleged in the Department's investigation as summarized in paragraph 3 herein.

7. By execution of this Settlement Stipulation for Consent Order and by the filing of the subsequent Consent Order in this case, the Department and Respondent fully understand that this settlement does not resolve any investigation involving individual title agencies which may be subject to licensure disciplinary actions by the Department and held individually responsible for Insurance Code violations.

8. No party will appeal this Settlement Stipulation for Consent Order or the Consent Order to be issued in this case, and the parties specifically waive notice of the right to appeal as provided in Section 120.569(1), Florida Statutes.

9. This document is a public record and contains information that is routinely published by the Department.

10. Each party to this proceeding shall bear its own costs and attorney's fees.

11. This Settlement Stipulation for Consent Order is subject to the approval of the Chief Financial Officer or his designee. Upon such approval, and without further notice, the Chief Financial Officer or his designee may issue a Consent Order providing for the following:

(a) Incorporation by reference of all the terms and conditions of this Settlement Stipulation for Consent Order;

(b) Respondent shall, at its own expense, hire an individual, acceptable to the Department, who shall monitor Respondent's adherence to requirements of Respondent as set forth in this Stipulation. For a period of one year from the date of the Consent Order issued in

this case, this individual shall be responsible for providing to the Department monthly reports verifying compliance with requirements of the Respondent as set forth herein. This monitor shall maintain a record of inspection activities and shall make such records available to the Department immediately as requested by the Department.

(c) Respondent for itself and each of the title insurance agencies with which it is associated, shall immediately cease and desist from engaging in the conduct described in paragraph 3 hereof or any other arrangement to effect improper payments to real estate agents or mortgage brokers or others. Respondent shall forthwith terminate all relationships, contractual, by appointment, or otherwise, with the title insurance agencies with which it is associated as listed on Exhibit A attached hereto and made a part hereof, and, Respondent shall provide evidence to the Department of having done so within 30 days following the date of a Consent Order issued in this matter.

(d) Respondent shall, through reference to its business records, determine and identify each transaction with all title insurance agencies listed in Exhibit A hereto wherein that title insurance agency received 30% of the title insurance premium paid by the consumer, and Respondent shall immediately refund that sum to the consumer within 120 days after entry of a Consent Order issued in this case. Within 120 days after entry of Consent Order, the monitor described in paragraph 11(b) herein shall furnish evidence to the Department that such refunds have been accomplished by Respondent.

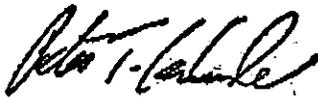
(e) Respondent shall pay to the Department a fine in the amount of ONE MILLION DOLLARS (\$1,000,000.00) within thirty (30) days of the issuance of the Consent Order. Failure to pay said fine within the time allowed shall result in immediate enforcement order in the

Circuit Court of Leon County, Florida, and the Department shall be entitled to an award of attorney's fees if required to enforce this Order.

12. This agreement may be executed in counterparts and via facsimile transmissions and each counterpart and facsimile transmission shall be deemed an original and have full force and effect and be binding and effective to all parties hereto.

13. Respondent certifies that the addresses below their respective signatures are valid addresses at which each will receive the Consent Order when mailed to that address.

DATED and SIGNED this 2 day of September 2005.



FIDELITY NATIONAL TITLE
INSURANCE COMPANY
601 Riverside Avenue
Jacksonville, Florida 32204

Title: EVP, General Counsel



DEAN ANDREWS, ESQ.
FLORIDA DEPARTMENT OF
FINANCIAL SERVICES
200 East Gaines Street
Tallahassee, Florida 32399-0333

Attorney for the Department

Exhibit "A" to Stipulation for Entry of Consent Order
 Between Department of Financial Services and Fidelity
 National Title Insurance Company Dated 09/02/2005

Cancelled Affiliated Agents		
21st Century Title		
Advantage Title		
Airtrn Title		
Allied Title		
American Dream Title		
American Owners Title		
American Signature Title		
Americas Source Title		
Atlantic Select Title		
Bayway Title		
BCH Title		
Brad Limited Title		
Buckingham, Charleston & Lloyds		
Buyers & Sellers Title		
Capital Title		
CJ Title		
Cathay Limited Title		
Chase Capital Title		
Clear Title Agency		
CSD Title		
Daytona Beach Title		
DBM Title		
First Florida Title		
FN Title		
Galleria Home Title		
Gulf Coast Title		
Greater Orlando Title		
Home Express Title		
Hurons Limited Title		
Landmark National Title		
Meridian Creek Title		
Metro Realty Title		
Nation Title		
Orlando Real Estate Title		
Park Avenue Title		
Penny Limited Title		
Quality Florida Title		
R & G Title		
Results Limited Title		
Saint Lawrence Title		
Seminole Limited Title		
Shell Title		
Southeast Title		
Southam Prestige Title		
Southern Sky Title		
Sun Resorts Title		
Task Title		
The Only Limited Title		
Title Direct		
Title Nation		
Title Solutions		
Treasure Coast Title		
Winter Park Title		
Joint Venture Affiliated Agents		
Florida Title Insurance Professionals		
Florida West Title		
Focus Title		
Liberty National Title		
(Cancelled 12-31-04)		
Southeast Funding Title Associates		
SunCoast Team Title		
Village Title		
Wentworth Title		

INVOICE

ADMINISTRATIVE PENALTY IMPOSED BY CONSENT ORDER

In order to ensure that your payment is received and properly credited, please make your check payable to:

Department of Financial Services
Division of Legal Services
Revenue Processing Section
Post Office Box 6100
Tallahassee, FL 32399-6100

REFERENCE

NAME Fidelity National Title Insurance Company
ADDRESS: 601 Riverside Avenue
CITY, STATE, ZIP: Jacksonville, Florida 32204
FEIN 86-0417131
Case #: 83081-05-AG
Attorney: Dean Andrews
Source: Agent & Agency Investigation

Fine Due:	\$	1,000,000.00
Cost Due:	\$.00
Total Amount Due:	\$	<u>1,000,000.00</u>
Amount remitted:	\$	<u> </u>

OFFICIAL USE ONLY - PLEASE, DO NOT MARK BELOW THIS LINE

B/T T/C F/T INV AMT (inserted by operator)
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