

FILED

DEC - 2 2022



Department of Insurance
State of Idaho

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:

FIRST AMERICAN TITLE INSURANCE
COMPANY, INC.
[Canyon County]

Certificate of Authority No. 899
NAIC No. 50814

Docket No. 18-4182-22

**ORDER ADOPTING REPORT
OF EXCEPTION EXAMINATION
AS OF DECEMBER 31, 2020**

The Idaho Department of Insurance (“Department”), in accordance with Idaho Code §§ 41-219(1) and (5) and 41-2710(7), has examined the affairs, transactions, assets, tract indexes, abstract records, and other records of First American Title Insurance Company, Inc., Canyon County (“First American”) for the period of January 1, 2016, through December 31, 2020. The Department has also prepared a verified Report of Examination (“Report”) per Idaho Code § 41-227. A copy of the Report is attached to this Order as Exhibit “A”.

Having reviewed the Report and record, the Director enters this Order adopting the Report as filed.

FINDINGS OF FACT

1. First American is a title agency licensed by the Department to transact title insurance in Canyon County, Idaho, under Certificate of Authority No. 899, NAIC No. 50814.
2. On or about October 03, 2022, the Department completed an exception examination of the practices and procedures of First American under Idaho Code §§ 41-2710(7) and 41-219(1) and (5). The Report sets forth the Departments findings. *See* Exhibit “A”, hereto.

3. Per Idaho Code § 41-227(4), on October 18, 2022, the Department's examiner-in-charge filed the Report with the Department and transmitted a copy of the Report to First American.

4. Per Idaho Code § 41-2710(7), First American had 28 days from the receipt of the Report to make a written submission or rebuttal with respect to matters in the Report.

5. On October 31, 2022, the Department received a Waiver from First American signed by Matthew Sager, First American's V.P. Senior Operations Counsel, and authorized signatory. A copy of the Waiver is attached hereto as Exhibit "B." By executing the Waiver, First American consented to the Director's immediate entry of a final order adopting the Report without modification. First American also waived its rights to: (1) examine the Report for not more than 28 days; (2) make a written submission or rebuttal to the Report prior to entry of a final order; (3) request a hearing; and (4) seek reconsideration or appeal from the Director's final order.

CONCLUSIONS OF LAW

6. Idaho Code § 41-227(5) requires the Director to fully consider and review the Report, together with any written submissions or rebuttals and any relevant portions of the examiner's work papers and enter an order adopting the Report as filed or with modifications or corrections, rejecting the Report and reopening the examination, or calling for an investigatory hearing.

7. Having fully considered the Report and record, the Director concludes that, regarding the matters examined, the Report's comments, findings, and recommendations are appropriate and should be incorporated herein as if set forth in full.

ORDER

NOW, THEREFORE, IT IS ORDERED that the Report is adopted as filed.

IT IS FURTHER ORDERED, that, per Idaho Code §§ and 41-227(8) and 41-2710(7), the adopted Report is a public record and shall not be subject to the exemptions from disclosure in chapter 1, title 74, Idaho Code.

IT IS FURTHER ORDERED, per Idaho Code § 41-227(6)(a), that within 30 days of the service date of this Order adopting the Report, First American must file, with the Department's chief examiner, affidavits executed by each of its directors or, if none, its principal officers, stating under oath that they have received a copy of the adopted Report and related orders.

IT IS SO ORDERED.

DATED AND EFFECTIVE this 30 day of November, 2022.

STATE OF IDAHO
DEPARTMENT OF INSURANCE



DEAN L. CAMERON
Director

NOTIFICATION OF RIGHTS

This is a final order of the agency. Any party may file a motion for reconsideration of this final order within 14 days of the service date of this order. The agency will dispose of the motion for reconsideration within 21 days of its receipt, or the motion will be considered denied by operation of law. *See* Idaho Code § 67-5246(4).

Any such motion for reconsideration shall be served on the Director of the Idaho Department of Insurance, addressed as follows:

Dean L. Cameron, Director
Idaho Department of Insurance
700 W. State Street, 3rd Floor
P.O. Box 83720
Boise, ID 83720-0043

Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order or orders previously issued in this case may file a petition for judicial review in the district court of the county in which:

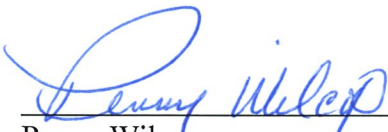
- i. A hearing was held;
- ii. The final agency action was taken;
- iii. The party seeking review of the order resides, or operates its principal place of business in Idaho; or
- iv. The real property or personal property that was the subject of the agency action is located.

A petition for judicial review must be filed within 28 days of: (a) the service date of this final order, (b) the service of an order denying motion for reconsideration, or (c) the failure within 21 days to grant or deny a motion for reconsideration, whichever is later. *See* Idaho Code § 67-5273. The filing of a petition for judicial review does not itself stay the effectiveness or enforcement of the order under appeal. Idaho Code § 67-5274.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on this 2nd day of December 2022, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXCEPTION EXAMINATION AS OF DECEMBER 31, 2020, to be served upon the following parties by the designated means:

<p>Matthew Sager Sr. Operations Counsel FIRST AMERICAN TITLE INSURANCE CO.</p> <p>Clayton Freeman Idaho Operations Mgr. FIRST AMERICAN TITLE INSURANCE CO. 2150 S. Bonito Way, Suite 100 Meridian, ID 83642</p>	<p><input type="checkbox"/> First Class Mail <input checked="" type="checkbox"/> Certified Mail (First American only) <input type="checkbox"/> Hand Delivery <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> Email: msager@firstam.com cfreeman@firstam.com</p>
<p>Karl T. Klein Deputy Attorney General IDAHO DEPARTMENT OF INSURANCE 700 W. State Street, 3rd Floor P.O. Box 83720 Boise, ID 83720-0043</p>	<p><input type="checkbox"/> First Class Mail <input type="checkbox"/> Certified Mail <input type="checkbox"/> Hand Delivery <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> Email: karl.klein@doi.idaho.gov</p>



Penny Wilcox



REPORT OF EXCEPTION EXAMINATION

For the Period January 1, 2016 to December 31, 2020

Of

First American Title Insurance Company, Inc.

(A title insurance corporation - certificate of authority #899 – title agent operation, Canyon County)

As of

December 31, 2020

Equal Opportunity Employer

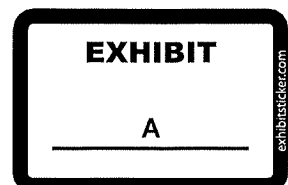


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Boise, Idaho
October 3, 2022

The Honorable Dean L. Cameron
Director of the Idaho Department of Insurance
700 West State Street
Boise, Idaho 83720

Sir:

Pursuant to your instructions and in conformity with Idaho Code §§ 41-219, 41-220, and 41-2713, an examination has been made of the administrative affairs, books, records, and financial condition of;

First American Title Insurance Company, Inc.
(Certificate of Authority #899 – Title Agent Operation, Canyon County)
2150 S Bonito Way, Suite #100
Meridian, Idaho 83642

Hereinafter referred to as “Agent”.

The following Report of Exception Examination is respectfully submitted.

FOREWORD

This is an exception examination report of the practices and procedures of First American Title Insurance Company, Inc., a title insurance company operating under an Idaho certificate of authority as a Title Agent in Canyon County. The examination was conducted remotely from the offices of the Idaho Department of Insurance (the "Department") located at 700 West State Street, 3rd Floor in Boise, Idaho.

In performing this examination, the examiner(s) reviewed a sample of the Agent's procedures, files, and documentation. Some noncompliant practices may not have been discovered during this examination. However, failure to identify or criticize specific practices, products, or files does not constitute approval thereof by the Department.

It should be recognized that the examination comments are restricted to areas of concern and are not intended as commentary on the various favorable aspects of the Agent's operations. It should be further understood that these comments should not be regarded as reflecting on the integrity or capabilities of individuals at the Agent. As such, this report may not fully reflect the procedures and practices of the Agent.

This examination report cites Idaho Statute and administrative rules promulgated by the Department. Statute and rule citations are current unless otherwise noted.

The final examination report documents consist of the examiners' report, the Agent's response, and any administrative actions based on the findings of the Department. The goal of the examination team was to produce an examination report that reflects agreement in content with the Agent. The report indicates where agreement was or was not possible.

PURPOSE AND SCOPE OF EXAMINATION

The purpose of this examination is to determine compliance with applicable Idaho Statutes, and promulgated rules issued by the Department. In addition, examiners may have documented practices and procedures that did not appear to be in the best interest of Idaho insurance consumers.

The period covered by this examination is January 1, 2016 through December 31, 2020. Specific areas examined include operations/management, claims, advertising and marketing, title file review and escrow fiduciary account and file review.

The authority of the Department to perform this examination includes, but is not limited to, Idaho Code § 41-2710(7), which grants authority to the Department to regular examinations of the tract indexes, abstract records, and any other records to ascertain compliance with title 41, Idaho Code, and related rules, of a title agent not more than every fifth year, unless the agent otherwise requests or the director has cause to believe the same does not comply with said title or the rules thereunder.

EXECUTIVE SUMMARY

Our examination of the Agent did not disclose any material adverse findings. No exceptions and recommendations were noted as a result of the examination.

HISTORY AND DESCRIPTION

First American Title Company, Inc. dba First American Title Company, Inc. of Florida was granted a certificate of authority by the Idaho Secretary of State (the "ISOS") on February 10, 2009. They became licensed in Canyon County with the Department and began operations on October 1, 2012. On June 25, 2013, they changed their name to First American Title Agency Company. On October 31, 2013, they changed their name to First American Title Company dba First American Title and Escrow Company. On or about January 1, 2019, they filed a withdrawal of their foreign registration statement with the ISOS, relinquished their Idaho Title Agent license, and began Title Agent operations in Canyon County utilizing their Idaho insurers certificate of authority as First American Title Insurance Company, Inc. They conduct business out of offices in Boise, Meridian, Eagle, and Nampa, Idaho.

PRIOR EXAMINATION

Our examination included a review to determine if the one (1) exception noted in the October 18, 2016 examination, which covered the period of October 1, 2012 to December 31, 2015 was addressed. We determined that the Agent satisfactorily addressed this exception in October of 2016.

EXAMINATION FINDINGS AND RECOMMENDATIONS

I. OPERATIONS AND MANAGEMENT

The examination included a review of the Agent's operations and management. The focus of this section of the examination includes review of management and control, contracting authority, surety bond, claims, and financial interests of the title entity management and ownership.

A. MANAGEMENT, CONTROL AND FINANCIAL INTERESTS **IDAPA 18.05.01.014 & 015**

As of April 25, 2022, the Idaho Secretary of State lists Corporation Service Company as the current Registered Agent, Kenneth D. DeGiorgio as President, Greg L. Smith as Secretary, and Matthew F. Wajner as Treasurer. The Directors are Kenneth D. DeGiorgio, Greg L. Smith, Mark E. Seaton, Christopher M. Leavell, and Ellen C. Albrecht. The Agent, First American Title Insurance Company, Inc., is a subsidiary of First American Financial Corporation, a publicly traded company on the New York Stock Exchange. Clayton Freeman is the Idaho Operations Manager. No exceptions were noted as a result of this portion of the examination.

B. CONTRACTING AUTHORITY **Idaho Code § 41-2710(2)**

The Agent is a direct issuing operation by the underwriter First American Title Insurance Company, Inc. As a direct operation, the Agent is not subject to contract high liability approval requirements or deductibles for loss. No exceptions were noted as a result of this portion of the examination.

C. SURETY BOND **Idaho Code §§ 41-2710(6), 2711** **IDAPA 18.05.01.021.07 & 08**

The Department has on file surety bond #7609965 in the amount of \$50,000.00 issued by Fidelity and Deposit Company of Maryland on behalf of the Agent. We confirmed during the examination that this bond is currently active. No exceptions were noted as a result of this portion of the examination.

D. CLAIMS **Idaho Code § 41-2708(1) & (2)**

The Agent reported ten (10) claims during the examination period. The claims appear to be related to purported missed easements and/or unintentional oversights on the part of the Agent. There does not appear to be any problem with the title plant. No exceptions were noted as a result of this portion of the examination.

II. ADVERTISING AND MARKETING

Idaho Code § 41-2708(3) & (4)

IDAPA 18.05.01.031 & Exhibit 1

The examination included a review of the Agent's marketing and sales practices. A general ledger for each year under examination for all accounts involving contributions, donations, sales expenses, travel and meal expenses, Agent/staff function expenses, as well as samples of listing packages or property profiles were requested and received. After a cursory review of the general ledgers, samples were picked within our examination parameters. Supporting documents for the samples were requested, received, and reviewed. No exceptions were noted as a result of this portion of the examination.

III. TITLE FILE REVIEW

Idaho Code §§ 41-2702, 2708 & 2709

IDAPA 18.05.01.012, 013 & Exhibit 1(9)

The title department is managed by Sean Collins and is comprised of four (4) Title Officers. The title plant is leased from Alliance Title & Escrow Corporation and is posted and maintained at their corporate offices located at 9288 W. Emerald Street in Boise, Idaho. A sample of title files were reviewed within the parameters of our examination for the rates charged, the correct insured amount of the owner's and mortgagee's policies, proper countersignatures, double sales, proper use of the Standards of Liability and liens and encumbrance rules, and unique kind or class of risk. No exceptions were noted as a result of this portion of the examination.

IV. ESCROW FIDUCIARY ACCOUNTS AND FILE REVIEW

The escrow department is managed by Tasha Fermantez and is comprised of twelve (12) Escrow Officers.

A. FIDUCIARY ACCOUNTS

IDAPA 18.05.01.021.04, 05 & 09

The examination included a review of the fiduciary accounts utilized during the examination period. The accounts were reviewed for correct labeling, separation from operating funds, reconciliation, and negative balances. The fiduciary accounts are balanced on a daily basis and reconciled on a monthly basis by its Corporate Accounting Team. No exceptions were noted as a result of this portion of the examination.

B. ESCROW FILE REVIEW

Idaho Code § 41-2705(3)

IDAPA 18.05.01.021 & 022

The examination included a review of the escrow files opened during the examination period. A sample of the escrow files were reviewed within the parameters of our examination for adequate written instructions, conformity to the written instructions, rates charged as filed, signed settlement statements, receipt and disbursement ledgers, evidence of receipts and disbursements made, file overdrafts, and business interests of the escrow officers. No exceptions were noted as a result of this portion of the examination.

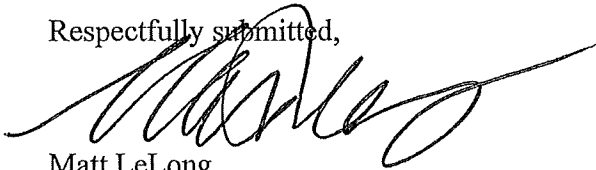
SUMMARY OF RECOMMENDATIONS

There were no recommendations as a result of the examination.

AFFIDAVIT OF EXAMINER

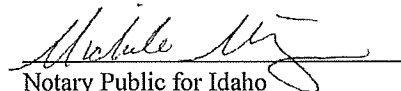
I certify and attest that I have examined the Agent's tract indexes, abstract records, as well as other records, and the operation of the Agent's business and other matters relevant to the affairs of the Agent. I further certify that I have no relationship, other than in my capacity as examiner and/or regulator, with the Agent or its employees and that no conflict of interest exists that would prevent me from conducting the examination. I acknowledge the assistance and cooperation of the Agent and its employees during the examination. Based on my examination, I prepared this Examiner's Report of Exceptions (the "Report") in accordance with Idaho Code § 41-2710(7). I confirm that the findings, conclusions, and recommendations contained in this Report are my own.

Respectfully submitted,

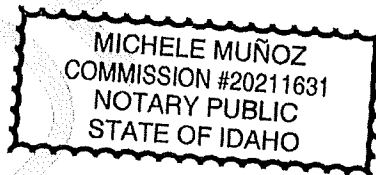


Matt LeLong
Market Examiner and Title Insurance Specialist
Idaho Department of Insurance

SUBSCRIBED AND SWORN to before me this 18th day of October, 2022.



Notary Public for Idaho
Residing at: Boise
Commission Expires: 03-30-2027



State of Idaho
DEPARTMENT OF INSURANCE

BRAD LITTLE
Governor

700 West State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720-0043
Phone 208-334-4250
Fax 208-334-4398
Website: <https://doi.idaho.gov>

DEAN L. CAMERON
Director

WAIVER

In the matter of the Report of Examinations as of December 31, 2020, of:

First American Title Insurance Company, Inc.
Certificate of Authority #899
(Title Agent Operation, Ada County & Canyon County)
2150 S Bonito Way, Suite #100
Meridian, Idaho 83642

By executing this Waiver, the Agent hereby acknowledges receipt of the above-described examination report, verified as of the 18th day of October 2022, and by this Waiver hereby consents to the immediate entry of a final order by the Director of the Department of Insurance adopting said report without any modifications.

By executing this Waiver, the Company also hereby waives:

1. its right to examine the report for up to twenty-eight (28) days as provided in Idaho Code section 41-2710(7),
2. its right to make additional written submissions or rebuttals to the report prior to entry of a final order as provided in Idaho Code section 41-2710(7) and,
3. any right to request a hearing under Idaho Code sections 41-227(5) and (6), 41-232(2)(b), or elsewhere in the Idaho Code, and
4. any right to seek reconsideration and appeal from the Director's order adopting the report as provided by section 41-227(6), Idaho Code, or elsewhere in the Idaho Code.

Dated this 31st day of October, 2022

FIRST AMERICAN TITLE INSURANCE COMPANY, INC.

Matthew Sager

Name (print)

Matt Sager

Name (signature)

V.P., Senior Operations Counsel

Title

