

November 28, 1960

SUBJECT: INSURANCE

TO ALL AUTHORIZED TITLE INSURANCE COMPANIES

Gentlemen:

A recent examination of an abstract company, performed in connection with a statutory examination of a domestic title insurance corporation, disclosed a number of procedural deficiencies, including the following:

1. Funds pertaining to title insurance, including escrow deposits, were commingled by the abstract company with its own funds;
2. Title charges deviated from filed rates;
3. Title examination procedures were not in accord with standards prevailing in the industry.

The servicing of applications for title insurance and the processing of title insurance policies remains the responsibility of title insurers, even though functions pertaining thereto have been delegated. If you employ the facilities of abstract companies, it is therefore necessary that you institute appropriate supervisory procedures to prevent situations such as those described.

Please acknowledge receipt of this letter, stating whether or not your company is presently employing abstract company services, and setting forth the steps you have taken or propose to take to guard against the foregoing deficiencies.

Very truly yours,

(Signed) MATTHEW A. CAMPBELL

Deputy Superintendent of Insurance