

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

In the Matter of **Key Title Company.**) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 00-04-011
) File No. 2132 IV

STIPULATION

The Director of the Department of Consumer and Business Services (Director) has commenced the above entitled administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256(1), to take action against Key Title Company (Key Title) for violating, not complying with or otherwise being subject to, certain provisions of the Oregon Insurance Code or related administrative rules.

Key Title enters into this stipulation to conclude this proceeding without further administrative or judicial proceedings pursuant to ORS 183.415(5).

Key Title waives the right to receive a notice of proposed action, notice of rights and notice of judicial review, to have a hearing and to be represented by an attorney at the hearing, and to judicial review of the final order.

Key Title admits and agrees to the following:

Facts

Licensing

Key Title is an Oregon corporation. Mark K. Holmes is the Chief Executive Officer of Key Title. Key Title's administrative office is located at 465 Commercial Street SE, Salem, OR 97301. Key Title's administrative office's mailing address is PO Box 2717, Salem, OR 97308-2717. Key Title conducts title insurance and escrow business in various communities throughout western Oregon. Key Title has been licensed in Oregon as a resident corporate title insurance agent since October 4, 1979. Key Title's license number is 803761.

Title Insurance Discount Rebate

On or about June 23, 1999, Key Title offered to issue an owners title insurance policy, order number 22-21662, to be issued by Chicago Title Insurance Company of

Oregon, to C A Galpin LLC to insure a parcel of real property located at 3005 NW Stewart Parkway, Roseburg, Oregon. Key Title offered to reduce the premium for the policy from the basic rate of \$4,500 to the reissue rate of \$4,276 pursuant to section 9.b.15 of Chicago Title's rate manual. However, the reissue rate applied only if the parcel "to be insured has been previously insured by any company within three years of the date of issuance of the proposed policy." Key Title knew or should have known that the parcel to be insured in this transaction had not been insured within the previous three years.

Giving a Thing of Value to an Intermediary

Sometime in 1999, Judy Roberts (Roberts), then the Manager of Key Title's branch office in Corvallis, Oregon, agreed to pay for the decorations to be used by the Willamette Association of Realtors (WAR) at its annual holiday banquet to be held on December 9, 1999 at the Oregon State University Alumni Center in Corvallis, Oregon. The decorations were expected to cost about \$600.

On or about December 3, 1999, Key Title's corporate office advised Roberts that Key Title could not pay for the decorations because the expected cost exceeded the amount permitted by Oregon Administrative Rules (OAR) 836-080-0325(5).

Subsequently, Roberts informed WAR that Key Title could not pay for the decorations.

Subsequently, without the knowledge or consent of Key Title's corporate office, Roberts arranged with her father-in-law to pay for the decorations and informed WAR of the arrangement.

On December 31, 1999, Roberts reimbursed her father-in-law for pay for the decorations.

On or about January 20, 2000, while preparing to respond to an inquiry from the Insurance Division, Key Title's corporate office discovered that Roberts had reimbursed her father-in-law. On January 25, 2000, Key Title demoted Roberts from Manager to an Escrow Officer and took other remedial measures to attempt to prevent this violation from reoccurring. Roberts did not ask for or receive reimbursement from Key Title.

Ultimate Facts

Key Title offered to allow a discount on a title insurance premium to a person having an interest in real property which was the subject of the title insurance involved.

Key Title gave to an intermediary a thing of value that was prohibited by OAR 836-080-0315 and not permitted by OAR 836-080-0320 to 836-080-0340.

Conclusions

Key Title violated ORS 746.055 and OAR 836-080-0315.

Action

Key Title shall pay a civil penalty of \$6,500 for violating ORS 746.055 and \$1,000 for violating OAR 836-080-0315, for a total of \$7,500, pursuant to ORS 731.988, on or before the date of the Final Order.

Dated May 10, 2000.

/s/ Mark K. Holmes
Mark K. Holmes
Chief Executive Officer
Key Title Company

FINAL ORDER

The Director adopts, and incorporates herein by this reference, the Facts, Ultimate Facts, Conclusions and Action in the above Stipulation as the Findings of Fact, Ultimate Findings of Fact, Conclusions of Law and Order, respectively, of this Final Order.

Dated May 31, 2000.

/s/ Mary C. Neidig
Mary C. Neidig
Director
Department of Consumer and Business Services

CERTIFICATE OF SERVICE

I certify that on May 31, 2000 I served the above Stipulation and Final Order by mailing a copy thereof in a sealed envelope, with first class postage prepaid, to the party named therein.

/s/ Mitchel D. Curzon
Mitchel D. Curzon
Administrative Law Specialist
Insurance Division