



May 24, 2010

**VIA FEDERAL EXPRESS**

06-02-10A10:39 RCVD

Ms. Paula Sisneros  
Director of Compliance and Investigations  
Colorado Department of Regulatory Activities  
1560 Broadway Avenue  
Suite 850  
Denver, CO 80202

RE: NAIC Title Statistical Plan (C) Working Group

Dear Ms. Sisneros:

On behalf of independent title insurance agents, independent title insurance underwriters and interested title insurance industry stakeholders who are involved members of our organization, please allow me to formally introduce you to the **National Association of Independent Land Title Agents (NAILTA)**. NAILTA was formed in November, 2008 by concerned independent title insurance agents from across the country who are determined to foster transparency, promote education and understanding and preserve the value of the land title process.

According to the NAIC website, the Title Statistical Plan (C) Working Group was appointed by the Title Insurance (C) Task Force in 2010 to develop a nationwide title statistical plan that would include, if feasible, title agent data. It is my understanding that you are the Chair of the Title Statistical Plan Working Group. We understand that as part of the Title Insurance (C) Task Force, the NAIC is also seeking to modernize the Model Title Act, improve consumer choice in the production of title insurance services, combat fraud in the practice of real estate, and give regulators the tools necessary to properly understand and enforce rules related to the business of title insurance. These are ambitious steps to address an important part of the land title process and we support those efforts. NAILTA believes that it can serve a vital role in assisting your Group and the Task Force with valuable information concerning independent title agents, especially as it proposes new guidelines which will greatly impact consumers and title agents alike.

3 Dickinson Drive, Suite 204 • Chadds Ford, PA 19317  
Phone: 610 • 361 • 2655 • Fax: 610 • 361 • 2656  
[www.NAILTA.org](http://www.NAILTA.org)

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Historically, the NAIC has collected insurance data from all corners of the general insurance spectrum. However, title insurance is vastly different than most other forms of insurance. Title insurance is plagued by reverse competition, anti-competitive market behavior and a lack of consumer information concerning the value of the insurance product. We believe that in order to make important legislative changes to address these issues, the title insurance industry must be able to demonstrate concrete data that makes clear the financial impacts of these allegations.

NAILTA members are those independently-owned and operated title insurance agencies from across the United States who have no affiliation to banks, real estate firms, mortgage companies, homebuilders and developers, yet compete for the same premium business that these conflicted and controlled title insurance agencies have. In other words, NAILTA members oppose the creation of controlled business arrangements or CBAs (sometimes referred to as ABAs).

One of the greatest problems caused by the current NAIC data stems from the definition of an "independent" title insurance agent for title insurance premium reporting purposes. NAIC data currently defines those entities that obtain their business from referral sources that own or control interests in the title insurance agencies as "independent" for the purpose of title insurance premium data collection, despite the fact that these entities are anything but actual "independent" title insurance agencies. NAILTA would like the NAIC to further clarify the difference between a controlled business arrangement title insurance agency as opposed to a title insurance agency that is independently-owned and operated apart from its referral sources. The differences between CBAs and true independent title agencies are material. Thus, we believe they should not be included in the same categories for purposes of data collection.

By creating a separate data collection system for CBAs, it would allow state and federal regulators to have concrete data points concerning the amount of CBA business being conducted within a particular state and the difference between truly independent agents and CBAs. For purposes of monoline market restrictions, the addition of the CBA data would give regulators a concise idea of those states whose market infiltration by referral sources is greatest thereby allowing those states to take proactive steps to ensure that monoline requirements which prohibit banks, real estate firms and mortgage companies from skirting the state licensing statutes would not be offended. Finally, it would require title insurance companies to adequately monitor and maintain data on CBAs by separating the two for reporting purposes, enabling the industry to determine whether alleged anti-competitive practices have an impact on the economic validity of a real estate transaction.

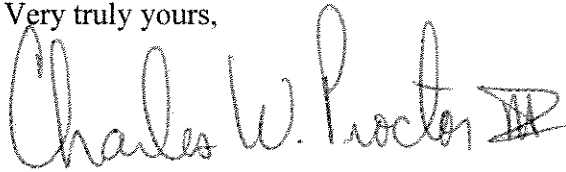
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This is just one of the many ways that NAILTA can assist you and your Working Group. We see these issues in a similar light and, as a representative body of independently-owned and operated title insurance agents we have a unique perspective on the title insurance industry from the agents' perspective.

We wish you the best in all your Working Group endeavors and we trust that you will contact me with any questions or concerns that you or your Group have about NAILTA or the title insurance industry in general and ways in which we can assist your efforts.

If you have any questions, please feel free to contact me. I can be reached via our website at [www.nailta.org](http://www.nailta.org) or via telephone at (610) 361-2655. Our email address is [info@nailta.org](mailto:info@nailta.org). I look forward to hearing from you and helping to improve our industry.

Very truly yours,

A handwritten signature in black ink that reads "Charles W. Proctor, III". The signature is written in a cursive style with a large initial "C" and a stylized "P".

Charles W. Proctor, III, J.D., C.L.T.P.  
President,  
National Association of Independent Land Title Agents