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BY E-MAIL

July 2, 2008

The Honorable Bruce Range
Chair, Market Regulation Handbook Working Group
c/o Ms. Petra Wallace, ACP
Market Regulation Specialist
National Association of Insurance Commissioners
2301 McGee Street, Suite 800
Kansas City, MO 64108-2662

RE: Market Regulation Handbook Title
Insurance Proposed Changes

Dear Mr. Range:

Thank you for the opportunity to comment on the latest draft of Chapter 18 of the Market Regulation Handbook with regard to examinations of title insurance companies and agents. We appreciate the Working Group's efforts to improve this chapter. However, we do have two concerns that we wish to bring to the attention of the Working Group.

First, the word "agent" is being replaced by the word "producer" throughout the chapter. As you know, title insurance is often different than other lines of insurance. While it might make sense in some lines of insurance to refer to agents as producers, the latter word has a different meaning in the title insurance industry. The title insurance industry refers to producers as those entities which produce or bring title insurance business to agents and underwriters. This is a term used quite frequently in state statutes having to do with title insurance. Conversely, only a very few states refer to title agents as producers.

Our second issue concerns Standard No. 3 in Section H (Escrow, Settlement, Closing or Security Deposit Funds). Standard 3 discusses disbursements and says that disbursements should only be made from "collected funds." Collected funds are defined as cash; wire transfers that are unconditionally received; certified, cashier and teller checks from an institution insured by the FDIC or the National Credit Union Share Insurance Fund; U.S. Treasury checks; or checks that have cleared the banking system. While the goal of having a universal requirement for "good funds" or "collected funds" is laudable, and would help safeguard consumers' deposits, it is important to note that many states do not have such statutes. Therefore, there should be no requirement to disburse only after receipt of collected funds in those states.

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In addition, many states that have a collected funds statute make an exception for checks coming from a title insurance company or agency, since many buyers of property come with the check they received from their sale transaction. States also often make an exception for small amounts of funds (from one thousand up to a few thousand dollars) coming from purchasers, allowing them to pay such amounts by personal check. Still others permit checks from real estate brokers who have been holding money in escrow. These are all practical exceptions which help facilitate the buying and selling of real estate without adding significant risk.

Thank you again for examining these potential changes to the Handbook and for the opportunity to comment. Should you have any questions, please feel free to contact me.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Ronald J. Blitenthal".

Ronald J. Blitenthal