



DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Division of Insurance

Frank H. Murkowski, Governor
William C. Noll, Commissioner
Linda S. Hall, Director

April 24, 2006

Dear Title Insurance Licensee:

I am enclosing a copy of the division's report on the title insurance examination of the Anchorage and Mat-Su Valley area. The report discusses the results of the examination in broad terms, and discusses issues raised by the examination.

As pointed out in the report, the title insurance industry has experienced significant changes in the last few years. These changes have significantly altered the corporate structure of limited producers, creating new limited producers, and impacting competition.

These changes also raise issues related to state and federal laws and regulations governing the business of title insurance. These issues are related to jurisdiction and compliance. In particular, there is some question whether these arrangements comply with state and federal law, or if they comply only under certain circumstances, or with certain protections. In addition, the participation of real estate lenders and lenders in the title insurance business raises the question of to what extent the division should exercise jurisdiction over these businesses, in particular, the manner in which the businesses, operating as real estate brokers and lenders, encourage their employees to use the title company they own.

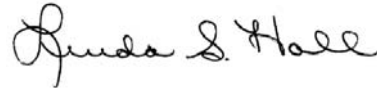
The division will hold a public meeting to seek the industry's input on these and other questions. The date and time of the meeting will be announced shortly.

Under 3 AAC 27.330, title insurance companies were required to submit financial documents to the division by March 1, 2005. Although the records are not yet complete because not all companies have fully complied, as the report notes, our preliminary review of the information provided reveals that those years were profitable. That, along with discussions with industry groups, has led the division to the conclusion that it should revisit the issue of rates, and, among other things, consider encouraging companies that wish to lower rates in order to achieve a competitive advantage to do so.

It should be noted that while the division considers regulatory action on these issues, it is committed to enforcing the anti-rebating laws. Any company or individual in violation of the anti-rebating laws should understand that violations will not be tolerated, and that they are vulnerable to enforcement action, the consequences of which can include substantial civil penalties and license forfeiture. All licensees are referred to the division's Bulletin 97-05. The division expects compliance with the terms of that bulletin. Licensees should also note that the bulletin demonstrates that the division closely scrutinizes financial relationships between title insurance licensees and real estate service providers.

I urge you to share this report with your employees. Copies of the report will be available on the division's website.

Sincerely,

A handwritten signature in cursive script that reads "Linda S. Hall".

Linda S. Hall
Director

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Enclosure