

1 CALIFORNIA DEPARTMENT OF INSURANCE  
LEGAL DIVISION

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5 Attorneys for  
California Department of Insurance

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7  
8 **BEFORE THE INSURANCE COMMISSIONER**  
9 **OF THE STATE OF CALIFORNIA**  
10 **SAN FRANCISCO**

11  
12 In the Matter of the Licenses and Licensing  
13 Rights of:

File No. DISP-2011-00611

14 CHICAGO TITLE INSURANCE  
15 COMPANY;

**STIPULATION AND WAIVER**

16 FIDELITY NATIONAL TITLE  
17 INSURANCE COMPANY;

18 TICOR TITLE INSURANCE COMPANY;

19 SECURITY UNION TITLE INSURANCE  
CORPORATION;

20 LAWYERS TITLE INSURANCE  
21 CORPORATION;

22 FIDELITY NATIONAL TITLE  
COMPANY; and

23 FIDELITY NATIONAL HOME  
24 WARRANTY COMPANY,

25  
26 Respondents.  
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1 Respondents, CHICAGO TITLE INSURANCE COMPANY, FIDELITY NATIONAL  
2 TITLE INSURANCE COMPANY, TICOR TITLE INSURANCE COMPANY, SECURITY  
3 UNION TITLE INSURANCE CORPORATION, LAWYERS TITLE INSURANCE  
4 CORPORATION, FIDELITY NATIONAL TITLE COMPANY, and FIDELITY NATIONAL  
5 HOME WARRANTY COMPANY, and the California Department of Insurance (“Department”),  
6 stipulate as set forth herein:  
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8 1. Respondent, CHICAGO TITLE INSURANCE COMPANY (“CHICAGO  
9 TITLE”), holds a Certificate of Authority to transact the business of title insurance in the State of  
10 California, pursuant to § 700 et seq. of the California Insurance Code<sup>1</sup>; and,  
11

12 2. Respondent, FIDELITY NATIONAL TITLE INSURANCE COMPANY  
13 (“FIDELITY NATIONAL”), holds a Certificate of Authority to transact the business of title  
14 insurance in the State of California, pursuant to § 700 et seq. of the California Insurance Code;  
15 and,  
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17 3. Respondent, TICOR TITLE INSURANCE COMPANY (“TICOR”), held a  
18 Certificate of Authority to transact the business of title insurance in the State of California,  
19 pursuant to § 700 et seq. of the California Insurance Code, during the relevant time period until it  
20 merged with and into CHICAGO TITLE on or about June 30, 2010, and became inactive; and,  
21

22 4. Respondent, SECURITY UNION TITLE INSURANCE CORPORATION  
23 (“SECURITY UNION”), held a Certificate of Authority to transact the business of title insurance  
24 in the State of California, pursuant to § 700 et seq. of the California Insurance Code, during the  
25 relevant time period until it merged with and into CHICAGO TITLE on or about June 30, 2010,  
26 and became inactive; and,  
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28 <sup>1</sup> Unless otherwise stated, all references are to the California Insurance Code. Pursuant to § 12743, references to  
“insurer” shall also mean a home protection company.

1           5.       Respondent, LAWYERS TITLE INSURANCE CORPORATION (“LAWYERS  
2 TITLE”), held a Certificate of Authority to transact the business of title insurance in the State of  
3 California, pursuant to § 700 et seq. of the California Insurance Code, during the relevant time  
4 period until it merged with and into FIDELITY NATIONAL on or about June 30, 2010, and  
5 became inactive; and,

6           6.       Respondent, FIDELITY NATIONAL TITLE COMPANY (“FIDELITY TITLE”),  
7 holds a license to act as an underwritten title company in the State of California, pursuant to  
8 §§700 and 12389 of the California Insurance Code; and,

9           7.       Respondent, FIDELITY NATIONAL HOME WARRANTY COMPANY  
10 (“FIDELITY HOME WARRANTY”), holds a home protection company license to issue home  
11 protection contracts, pursuant to §§ 700 et seq. and 12744 of the California Insurance Code; and,  
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13           8.       Respondents, CHICAGO TITLE, FIDELITY NATIONAL, TICOR, SECURITY  
14 UNION, LAWYERS TITLE, FIDELITY TITLE, and FIDELITY HOME WARRANTY  
15 (collectively “FIDELITY COMPANIES”), were or are affiliates of FIDELITY NATIONAL  
16 FINANCIAL, INC. (“FNF”), a Delaware holding company with its principal place of business in  
17 Florida; and,  
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19           9.       On or about May 2011, the California Department of Insurance (“Department”)  
20 began investigating the practices of CHICAGO TITLE, FIDELITY NATIONAL, TICOR,  
21 SECURITY UNION, LAWYERS TITLE, FIDELITY TITLE, and FIDELITY HOME  
22 WARRANTY, pursuant to California Insurance Code §§ 730, 12407, 12752, and 12924, to  
23 determine whether certain sublicensing arrangements with various real estate brokers and other  
24 settlement service providers for the use of a Web-based software platform, called  
25 “TransactionPoint,” between 2003 and 2011, violated California insurance laws. The  
26 investigation included an examination of CHICAGO TITLE, FIDELITY NATIONAL, TICOR,  
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1 SECURITY UNION, LAWYERS TITLE, FIDELITY TITLE, and FIDELITY HOME  
2 WARRANTY'S documents relating to the negotiation and promotion of sublicensing  
3 arrangements; an examination of the FIDELITY COMPANIES' sublicensing agreements with  
4 various realtors and other settlement service providers; and an examination of documents  
5 received from various realtors; and,

6  
7 10. On or about December 26, 2012, the Department caused to be served upon the  
8 FIDELITY COMPANIES an Accusation, Notice of Noncompliance and Hearing, and Demand  
9 ("Accusation"), denominated "In the Matter of the Licenses and Licensing Rights of: CHICAGO  
10 TITLE INSURANCE COMPANY; FIDELITY NATIONAL TITLE INSURANCE COMPANY;  
11 TICOR TITLE INSURANCE COMPANY; SECURITY UNION TITLE INSURANCE  
12 CORPORATION; LAWYERS TITLE INSURANCE CORPORATION; FIDELITY NATIONAL  
13 TITLE COMPANY; and FIDELITY HOME WARRANTY COMPANY, Respondents,: File No.  
14 DISP-2011-00611," which is incorporated herein by reference. Said Accusation alleged, inter  
15 alia, that CHICAGO TITLE, FIDELITY NATIONAL, TICOR, SECURITY UNION,  
16 LAWYERS TITLE, and FIDELITY TITLE engaged in unlawful rebate activities in violation of  
17 Article 6, Chapter 1, Part 6, Division 2 (commencing with § 12404) of the California Insurance  
18 Code and that FIDELITY HOME WARRANTY engaged in unlawful inducement activities in  
19 violation of California Insurance Code § 12760. Said Accusation further alleged that CHICAGO  
20 TITLE, FIDELITY NATIONAL, TICOR, SECURITY UNION, LAWYERS TITLE and  
21 FIDELITY TITLE have willfully failed to comply with a final Order of the Commissioner as  
22 detailed in the Accusation; and,

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25 11. Respondents, CHICAGO TITLE, FIDELITY NATIONAL, TICOR, SECURITY  
26 UNION, LAWYERS TITLE, FIDELITY TITLE and FIDELITY HOME WARRANTY, and the  
27 Department, in order to avoid the expense, uncertainty and distractions of litigation, and without  
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1 Respondents admitting the allegations set forth herein and in the Accusation referenced herein,  
2 have undertaken discussions to resolve the issues in this proceeding and now wish to resolve  
3 those issues without the need for a hearing or further administrative action. Therefore, by this  
4 Stipulation and Waiver, CHICAGO TITLE, FIDELITY NATIONAL, TICOR, SECURITY  
5 UNION, LAWYERS TITLE, FIDELITY TITLE and FIDELITY HOME WARRANTY, waive  
6 any and all rights to a hearing in this matter, and any and all other rights related to this proceeding  
7 which may be accorded pursuant to Chapter 5, Part 1, Division 3, Title 2 (commencing with §  
8 11500) of the California Government Code, and by the California Insurance Code; and,  
9

10 12. This Stipulation and Waiver does not constitute an admission of liability,  
11 violation, wrongdoing, or of any fact alleged in the Accusation by CHICAGO TITLE, FIDELITY  
12 NATIONAL, TICOR, SECURITY UNION, LAWYERS TITLE, FIDELITY TITLE, or  
13 FIDELITY HOME WARRANTY. The FIDELITY COMPANIES deny that they have engaged  
14 in any wrongful conduct and they deny each of the allegations of wrongdoing set forth in the  
15 Accusation referenced herein; and,  
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17 13. CHICAGO TITLE, FIDELITY NATIONAL, TICOR, SECURITY UNION,  
18 LAWYERS TITLE, FIDELITY TITLE, and FIDELITY HOME WARRANTY agree to and shall  
19 Cease and Desist from engaging in sublicensing arrangements with real estate brokers and other  
20 settlement service providers which may be in violation of, or noncompliant with, California  
21 Insurance Code §§ 12404, 12405, 12406, and 12760 upon written Order of the Commissioner to  
22 be made and filed herein and without further notice to the FIDELITY COMPANIES; and,  
23

24 14. CHICAGO TITLE, FIDELITY NATIONAL, TICOR, SECURITY UNION,  
25 LAWYERS TITLE, FIDELITY TITLE and FIDELITY HOME WARRANTY agree to and shall  
26 Cease and Desist from engaging in activities in violation of the illegal rebate and inducement  
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1 provisions of the California Insurance Code and agree to comply with the provisions of §§ 12404  
2 et seq. and 12760 prohibiting unlawful rebate and inducement activities; and,

3 15. The FIDELITY COMPANIES collectively agree to and shall pay the amount of  
4 one million two hundred and fifty thousand dollars (\$1,250,000.00) to the California Department  
5 of Insurance as a monetary penalty pursuant to California Insurance Code § 12976, upon written  
6 Order of the Insurance Commissioner to be made and filed herein and without further notice to  
7 the FIDELITY COMPANIES; and

9 16. The FIDELITY COMPANIES collectively agree to and shall pay the amount of  
10 one hundred and seventy-five thousand dollars (\$175,000.00) to the California Department of  
11 Insurance for reimbursement of attorneys fees and costs, pursuant to California Insurance Code §  
12 12976, upon written Order of the Insurance Commissioner to be made and filed herein and  
13 without further notice to the FIDELITY COMPANIES; and,

15 17. This Stipulation and Waiver resolves fully, and constitutes a full and complete  
16 satisfaction of, each of the claims against the FIDELITY COMPANIES that is, or based upon the  
17 same allegations of fact could have been, alleged in the Accusation, File No. DISP-2011-00611;  
18 and,

19 18. Neither this Stipulation and Waiver nor the Order approving this Stipulation and  
20 Waiver are in any way intended to limit or waive the Commissioner's authority to bring further  
21 disciplinary action against any or all of the FIDELITY COMPANIES for violations not covered  
22 by the Accusation or this Stipulation and Waiver, whether such violations occurred prior to or  
23 subsequent to the date of this Stipulation and Waiver; and,

25 19. Nothing contained in this Stipulation and Waiver or the Order approving this  
26 Stipulation and Waiver shall prevent the Department from taking action at any time to enforce  
27 this Stipulation and Waiver or the Order approving this Stipulation and Waiver if the Department  
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1 believes that any or all of the FIDELITY COMPANIES are not in compliance with the terms and  
2 conditions of the herein Stipulation and Waiver and/or the Order approving this Stipulation and  
3 Waiver; and,

4           20. The Insurance Commissioner retains jurisdiction to ensure that each of the  
5 FIDELITY COMPANIES complies with the provisions and terms of this Stipulation and Waiver  
6 and/or Order approving this Stipulation and Waiver; and,

7           21. Each of the FIDELITY COMPANIES represents and warrants that the person  
8 executing this Stipulation and Waiver on behalf of each of the FIDELITY COMPANIES is  
9 authorized to enter into and execute this Stipulation and Waiver; and,

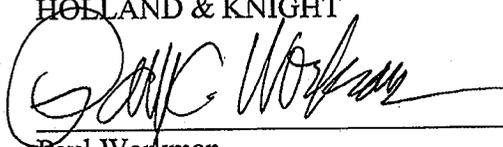
10           22. Each of the FIDELITY COMPANIES acknowledges that, pursuant to California  
11 Insurance Code § 12921, this Stipulation and Waiver is not final unless and until approved by the  
12 Insurance Commissioner as evidenced by an Order of the Commissioner expressly adopting this  
13 Stipulation and Waiver; and,

14           23. This Stipulation and Waiver is a compromise within the meaning of California  
15 Evidence Code §§ 1152 and 1154.

16 //

17 Dated: December 28, 2012

HOLLAND & KNIGHT

18 By: 

19 Paul Workman  
20 Attorneys for Respondents

21 Dated: December \_\_\_\_\_, 2012

CHICAGO TITLE INSURANCE COMPANY

22 By: \_\_\_\_\_

23 Mark E. Schiffman  
24 Senior Vice President, Deputy Chief Legal Officer  
25 Chicago Title Insurance Company

1 believes that any or all of the FIDELITY COMPANIES are not in compliance with the terms and  
2 conditions of the herein Stipulation and Waiver and/or the Order approving this Stipulation and  
3 Waiver; and,

4         20. The Insurance Commissioner retains jurisdiction to ensure that each of the  
5 FIDELITY COMPANIES complies with the provisions and terms of this Stipulation and Waiver  
6 and/or Order approving this Stipulation and Waiver; and,

7         21. Each of the FIDELITY COMPANIES represents and warrants that the person  
8 executing this Stipulation and Waiver on behalf of each of the FIDELITY COMPANIES is  
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11 Insurance Code § 12921, this Stipulation and Waiver is not final unless and until approved by the  
12 Insurance Commissioner as evidenced by an Order of the Commissioner expressly adopting this  
13 Stipulation and Waiver; and,

14         23. This Stipulation and Waiver is a compromise within the meaning of California  
15 Evidence Code §§ 1152 and 1154.

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17 Dated: December \_\_\_\_\_, 2012

HOLLAND & KNIGHT

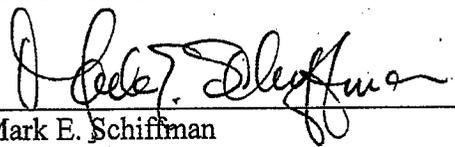
18 By: \_\_\_\_\_

19 Paul Workman  
20 Attorneys for Respondents

21 Dated: December 28, 2012

22 CHICAGO TITLE INSURANCE COMPANY

23 By: \_\_\_\_\_

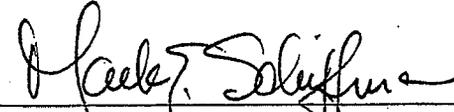
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25 Mark E. Schiffman  
26 Senior Vice President, Deputy Chief Legal Officer  
27 Chicago Title Insurance Company  
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Dated: December 28, 2012

FIDELITY NATIONAL TITLE INSURANCE CO.

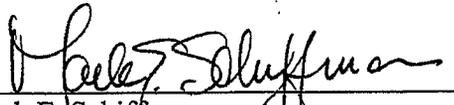
By:

  
\_\_\_\_\_  
Mark E. Schiffman  
Senior Vice President, Deputy Chief Legal Officer  
Fidelity National Title Insurance Company

Dated: December 28, 2012

TICOR TITLE INSURANCE COMPANY

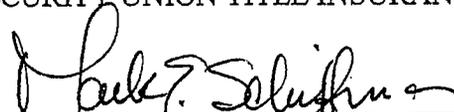
By:

  
\_\_\_\_\_  
Mark E. Schiffman  
Senior Vice President, Deputy Chief Legal Officer  
Chicago Title Insurance Co., successor by merger

Dated: December 28, 2012

SECURITY UNION TITLE INSURANCE CORP.

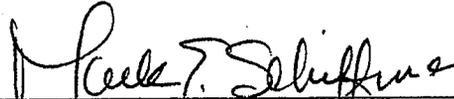
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Mark E. Schiffman  
Senior Vice President, Deputy Chief Legal Officer  
Chicago Title Insurance Co., successor by merger

Dated: December 28, 2012

LAWYERS TITLE INSURANCE CORP.

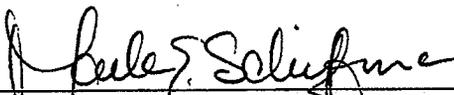
By:

  
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Mark E. Schiffman  
Senior Vice President, Deputy Chief Legal Officer  
Fidelity National Title Insurance Co., successor  
by merger

Dated: December 28, 2012

FIDELITY NATIONAL TITLE COMPANY

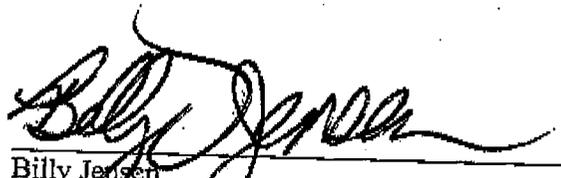
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Mark E. Schiffman  
Senior Vice President, Deputy Chief Legal Officer  
Fidelity National Title Company

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December 28, 2012

By:



Billy Jensen  
President, Chief Executive Officer  
Fidelity National Home Warranty Company

Dated: December \_\_\_\_\_, 201

CALIFORNIA DEPARTMENT OF INSURANCE  
LEGAL DIVISION

By:

\_\_\_\_\_  
Mary Ann Shulman  
Attorney III

Attorneys for California Department of Insurance

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Dated: December \_\_\_\_\_, 2012

FIDELITY NATIONAL HOME WARRANTY CO.

By:

\_\_\_\_\_  
Billy Jensen  
President, Chief Executive Officer  
Fidelity National Home Warranty Company

Dated: December 28, 2012

CALIFORNIA DEPARTMENT OF INSURANCE  
LEGAL DIVISION

By:

  
\_\_\_\_\_  
Mary Ann Shulman  
Attorney III

Attorneys for California Department of Insurance