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2014 AUG 25 11:10 AM  
 Harrison Executive Centre  
 1930 Harrison Street  
 Suite 308  
 Hollywood, Florida 33020  
 Telephone (954) 922-8866  
 Fax (954) 922-8884  
 www.infantecopa.com

July 7, 2014

Florida Department of Financial Services  
 Division of Rehabilitation & Liquidation  
 Ms. Sha'Ron James  
 Division Director  
 2020 Capital Circle SE  
 Suite 310  
 Tallahassee, Florida 32301

2014 AUG 25 11:10 AM  
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 I&C

**RE: National Title Insurance Company and Related Entities**

Dear Ms. James,

Pursuant to your instructions we have reviewed selected records in the possession of the Receiver and based on these records in accordance with Florida Statute 631.398 (3), we provide the attached summary report relative to the history and causes of the captioned Company's insolvency.

We wish to thank you for retaining us to assist in this endeavor. Kindly advise if you have any questions or comments regarding the enclosed report.

Very truly yours,

Infante & Company

BY:   
 Roger Infante, CPA

<b>Name of Receivership</b>	National Title Insurance Company
Receivership Number	522
Date of Conservation	N/A
Date of Rehabilitation	July 6, 2009
Date of Liquidation	N/A

## **SCOPE**

Pursuant to Ms. James' instructions, during June 2014, we reviewed records in the possession of the Receiver at our office in Hollywood, Florida. A. Roger Infante, Ronald Weinbaum and Svetlana Rozova conducted this review. In accordance with Florida Statute 631.398(3), we provide below a summary report based on these records supplemented by information generated from other sources (i.e. Company's annual and quarterly statements), relative to the history and causes of the Company's insolvency.

## **BUSINESS**

National Title Insurance Company ("NTIC", "the Company"), was incorporated on July 31, 1936 in the state of Florida. The Company received its Certificate of Authority and commenced insurance operations on September 30, 1936. The Company was owned by private investors, with majority owners consisting of members of the Hoover and Randol families.

The Company was authorized to write title insurance policies in Florida, Alabama, Georgia, Louisiana, Mississippi, South Carolina and Tennessee. No policies were written in Louisiana, Mississippi or South Carolina. The Company attempted to mitigate its exposure to losses from faulty title by obtaining reinsurance coverage.

Effective December 31, 2007, NTIC completed the Plan and Agreement of Merger between NTIC and its wholly-owned subsidiary, National Title Abstract Company ("NTAC"). The Company exchanged an intercompany receivable and its investment in its subsidiary (NTAC) for the net assets of NTAC. In connection with the merger, the Company reported the combined financial information of both entities as if the merger occurred on January 1, 2007.

<u>NAIC Company Code</u>	<u>Federal ID Number</u>	<u>Names of Insurers and Parent, Subsidiaries or Affiliates</u>
50695	59-0373580	National Title Insurance Company (insurance company)
	59-0373560	National Title Company (affiliate)

## **MANAGEMENT**

The affairs of the Company were under the direction of William L Randol, Jr., Elizabeth R. Marcus and Jose A. Alonso. Randol was the President, Marcus was the Secretary and Alonso was the Treasurer.

## **BACKGROUND/EVENTS OF IMPACT**

The Company was placed into Rehabilitation on July 6, 2009. The Department found the Company was about to become insolvent under Chapter 631 of the Florida Statutes. The specific cause of NTIC's insolvency could not be determined from the records provided, though insufficient capitalization and the downturn in the stock market in 2008 may have been the reasons for its insolvency. Included at the end of this report is an order appointing the Florida Department of Financial Services as Receiver for purposes of rehabilitation, injunction and automatic stay.

## **OPERATING RESULTS**

For each year since 2004, NTIC reported a net operating loss. The investment income mitigated the operating results to some extent as NTIC held mortgage notes as investments.

## **REINSURANCE**

Since March 9, 1990, the Company had an automatic reinsurance agreement for title insurance with Old Republic National Title Company. The Company retains the first \$250,000 of the fixed policy liability. The Company pays the reinsurer \$.40 and \$.30 per one thousand dollars of the policy liability for Florida and non-Florida policies, respectively, in excess of the Company's retention. Effective November 26, 2008, the Company ceded 100% of its premium (from dollar one) to the reinsurer.

## **FINANCIAL**

The Company began business with an authorized capital of \$250,000 divided into 1,500 shares of common stock and 1,000 shares of 7% preferred stock, both with a par value of \$100 per share. There was no paid capital. On September 22, 1959, the authorized capital was increased to \$600,000, by Charter amendments, divided into 5,000 shares of common stock and 1,000 shares of preferred stock both with a par value of \$100 per share. In 1959, a stock dividend was declared wherein 1.5 shares were issued for each share owned. In 1960 all of the preferred stock was retired. By a Charter amendment, in 1975, the authorized capital was increased to \$1,000,000, divided into 10,000 shares of common stock with a par value of \$100 per share. On June 7, 2004, the Board of Directors approved the increase of the total authorized capital stock to \$2,000,000, and the total authorized shares of common stock to 20,000 shares. As of December 31, 2007, 7,894 shares were issued and outstanding representing capital paid up to \$1,025,000. During 2008, the Company amended its authorized capital stock structure by dividing stock into 2 classes – 16,000 shares of common and 4,000 of preferred. Dividends on the

preferred stock are set at 12% per annum, cumulative if not paid. Preferred stock dividend should be payable before any dividend on common stock are paid. During 2008, the Company's shareholders contributed land valued at \$500,000 in exchange for shares of common stock.

The Company's surplus as regards policyholders at December 31, 2008 was \$1,538,622, which was above the required minimum surplus by only \$38,622. During the 2009 operating year, the Company incurred a net operating loss of \$1,933,502, of which losses and loss adjustment expenses incurred were \$460,414 compared to earned premium of \$1,002,383. In July 2009, NTIC was placed into rehabilitation and the December 31, 2009 audited financial statements reflected surplus as regards to policyholders of negative \$148,556.

### **CONCLUSION**

Based on our review of the business history of National Title Insurance Company, as provided in the documents available for our review, we indicate below the potential causes of the failure of this Company, which may have led to its insolvency:

1. Failure to sell investments in common stock before the significant downturn in the stock market
2. Inadequate capital and surplus
3. Deficient loss reserves

### **REFERENCES**

We relied on various documents that were provided by the Receiver, which included reinsurance agreements and annual and quarterly statements. We believe that all documents provided are in the Receivers electronically maintained master files.

Prepared by: Infante & Company  
Date: July 7, 2014

**COPY**

IN THE CIRCUIT COURT OF THE  
SECOND JUDICIAL CIRCUIT IN AND  
FOR LEON COUNTY, FLORIDA

State of Florida, ex rel., the  
Department of Financial Services of  
the State of Florida,

Relator,

v.

CASE NO.: 2009- CA-002577

National Title Insurance Company,  
a Florida corporation,

Respondent.

---

FILED  
CLERK OF COURT  
LEON COUNTY, FLORIDA

09 JUL -2 PM 3:22

FILED

**PETITION FOR ORDER APPOINTING THE FLORIDA DEPARTMENT OF  
FINANCIAL SERVICES AS RECEIVER FOR PURPOSES OF REHABILITATION,  
INJUNCTION, AND NOTICE OF AUTOMATIC STAY**

The Florida Department of Financial Services (hereinafter the "Department") hereby petitions this Court pursuant to Sections 631.031 and 631.051, Florida Statutes, for a consent order of rehabilitation of National Title Insurance Company (hereinafter the "Respondent"). In support of its petition, the Department states:

1. This Court has jurisdiction pursuant to Section 631.021 (1), Florida Statutes, and venue is proper pursuant to Section 631.021(2), Florida Statutes.
2. Respondent is a corporation authorized pursuant to the Florida Insurance Code to transact business in the state of Florida as a title insurer. Respondent's principal place of business is located at 151 SW 27<sup>th</sup> Avenue, Miami, FL 33135.

3. Section 631.021(3), Florida Statutes, provides that a delinquency proceeding pursuant to Chapter 631, Florida Statutes, constitutes the sole and exclusive method of liquidating, rehabilitating, reorganizing, or conserving a Florida domiciled insurer.

4. Pursuant to Section 631.031(2), Florida Statutes, the Department is empowered to apply to this Court for a Consent Order of rehabilitation.

5. Respondent has consented to the appointment of the Department as Receiver for the purposes of rehabilitation pursuant to Section 631.051(11) and if subsequently determined necessary by the Receiver, entry of an Order of liquidation. A copy of the Consent Order and Resolution of the Board of Directors of National Title Insurance Company is attached as composite Exhibit "A."

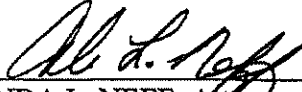
6. Accordingly, it is in the best interests of Respondent and its creditors and insureds that the relief requested in the petition be granted.

7. Pursuant to Section 631.031(1), Florida Statutes, Kevin McCarty, the Commissioner of the Office of Insurance Regulation, has written a letter to the Chief Financial Officer Alex Sink stating grounds for the initiation of delinquency proceedings against National Title Insurance Company. A copy of the letter is attached as Exhibit "B."

8. National Title Insurance Company is no longer writing new or renewal insurance policies, except for the issuance of policies for which the closing on real property occurred on or before June 30, 2009.

WHEREFORE, the Florida Department of Financial Services respectfully petitions this Court for entry of its Order of rehabilitation attached to this Petition as Exhibit "C."

SUBMITTED on this 2<sup>nd</sup> day of July, 2009.



---

AMANDA L. NEFF, Attorney  
Florida Bar No. 0034073  
Florida Department of Financial Services  
Division of Rehabilitation and Liquidation  
Post Office Box 110  
Tallahassee, Florida 32302-0110  
(850) 413-4474 – Telephone  
(850) 488-1510 – Facsimile



**FILED**

JUN 30 2009

OFFICE OF  
INSURANCE REGULATION

Docketed by: 25

OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY  
COMMISSIONER

IN THE MATTER OF:

Case No.: 104759-09-CO

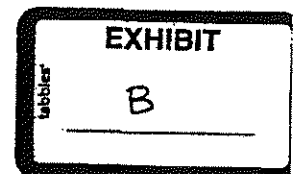
NATIONAL TITLE INSURANCE COMPANY

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between NATIONAL TITLE INSURANCE COMPANY (hereinafter referred to as "NATIONAL TITLE"), and the OFFICE OF INSURANCE REGULATION (hereinafter referred to as the "OFFICE"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter and parties to this proceeding.
2. NATIONAL TITLE is a Florida corporation licensed as a title insurer on July 31, 1936.
3. By letter dated November 26, 2008, the OFFICE granted NATIONAL TITLE permission to admit \$500,000 in real property through March 15, 2009. The OFFICE granted NATIONAL TITLE permission to do this pursuant to Section 625.333, Florida Statutes.
4. Effective March 15, 2009, NATIONAL TITLE's permission to admit the \$500,000 in real estate at the value of \$500,000 expired. This caused NATIONAL TITLE's

Exhibit "A"





surplus as regards policyholders to be below the minimum required surplus of \$1,500,000, as prescribed by Section 624.408(1)(a)1., Florida Statutes.

5. NATIONAL TITLE has made several attempts to find a suitable company to partner with to recapitalize allowing NATIONAL TITLE to remain in business. On April 9, 2009 the OFFICE was informed that one of those companies had an interest in acquiring or recapitalizing NATIONAL TITLE. However, on May 13, 2009 that company informed the OFFICE that it would not be acquiring or recapitalizing NATIONAL TITLE.

6. NATIONAL TITLE had an additional loss of \$160,000 in the first quarter of 2009, resulting in a surplus of \$1,306,571, which was \$193,427 below the minimum required surplus. The non-admission of the \$500,000 in real property further increases NATIONAL TITLE's deficiency in surplus. In order to protect the assets of NATIONAL TITLE and to protect the interests of NATIONAL TITLE's policyholders, the parties agree that:

(a) NATIONAL TITLE's Certificate of Authority is hereby suspended as of the date of this Consent Order;

(b) NATIONAL TITLE will cease writing or issuing any new title policies, except for the issuance of policies for which the closing on the real property has already occurred;

(c) Any commitments issued by NATIONAL TITLE on or before May 13, 2009, shall be honored by the issuer of a title policy from a different title issuer licensed in Florida;

7. NATIONAL TITLE admits that grounds exist for the appointment of a Receiver under Section 631.051, Florida Statutes.

8. Pursuant to Section 631.051, Florida Statutes, NATIONAL TITLE consents through a majority of its directors, stockholders, members, or subscribers, to the entry of an order of Rehabilitation appointing the Department of Financial Services as receiver for purposes of Rehabilitation and consents to any injunctions this Court deems necessary and appropriate. The Resolution of the Board of Directors of National Title Insurance Company is attached hereto as Attachment "A".

9. NATIONAL TITLE consents and agrees to the entry of the Order Appointing the Florida Department of Financial Services as Receiver for Purposes of Rehabilitation, Injunction, and Notice of Automatic Stay.

10. If the Receiver determines that further efforts to rehabilitate NATIONAL TITLE would be useless, the Receiver may apply to the Court for entry of an order of liquidation of NATIONAL TITLE, without further notice or hearing. NATIONAL TITLE consents to the entry of such an order, and waives any and all rights to notice and hearing.

11. NATIONAL TITLE expressly waives a hearing in this matter, the making of Findings of Fact and Conclusions of Law by the OFFICE and all further and other proceedings herein to which it may be entitled by law or rules of the OFFICE.

12. NATIONAL TITLE hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order, in any forum now or in the future available to it, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

13. The parties agree that this Consent Order will be deemed to be executed when the OFFICE has executed a copy of this Consent Order bearing the signature of NATIONAL TITLE and/or its authorized representative, notwithstanding the fact that the copy was transmitted to the

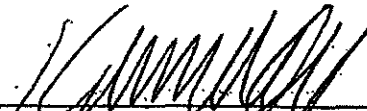
OFFICE electronically or via facsimile machine. Further, NATIONAL TITLE agrees that its signature as affixed to this Consent Order shall be under the seal of a Notary Public.

WHEREFORE, the agreement between NATIONAL TITLE and the OFFICE, the terms and conditions of which are set forth above, is APPROVED.

FURTHER, all terms and conditions above are hereby ORDERED.

DONE AND ORDERED this 30<sup>th</sup> day of June, 2009.



  
\_\_\_\_\_  
Kevin M. McCarty, Commissioner  
Office of Insurance Regulation

By execution hereof, NATIONAL TITLE INSURANCE COMPANY, consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents he/she has the authority to bind NATIONAL TITLE INSURANCE COMPANY, to the terms and conditions of this Consent Order.

NATIONAL TITLE INSURANCE COMPANY

By: Will L Randol Jr

Corporate Seal

Print Name: William L. Randol Jr

Title: PRESIDENT

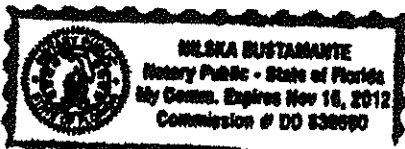
Date: 6/29/09

STATE OF Florida  
COUNTY OF Miami-Dade

The foregoing instrument was acknowledged before me this 29<sup>th</sup> day of June 2009,

by William L. Randol, Jr. as President  
(name of person) (type of authority .... e.g. officer, trustee attorney in fact)

for National Title Insurance Co.  
(company name)



Niliska Bustamante  
(Signature of the Notary)

Niliska Bustamante  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known  OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

**COPIES FURNISHED TO:**

**William Randol, President  
National Title Insurance Company  
151 S.W. 27<sup>th</sup> Ave, Suite 100  
Miami, FL 33021  
William@nationaltitleinsurance.com**

**Robin Westcott, Director  
Property & Casualty Financial Oversight  
Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, Florida 32399-4206**

**Amanda Parnell, Assistant General Counsel  
Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, Florida 32399-4206  
Amanda.Parnell@fioir.com**

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
NATIONAL TITLE INSURANCE COMPANY**

The undersigned, being all of the Directors of National Title Insurance Company, hereby make the following resolutions as follows:

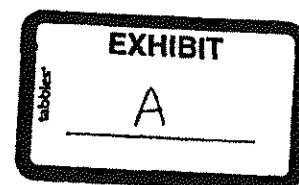
RESOLVED, that the Directors consent to the entry of the Order Appointing the Florida Department of Financial Services as Receiver for Purposes of Rehabilitation, Injunction, and Notice of Automatic Stay;

FURTHER RESOLVED, that if the Receiver determines that further efforts to rehabilitate National Title Insurance Company, would be useless, the Receiver may apply to the Court for entry of an order of liquidation of National Title Insurance Company, without further notice or hearing. The Directors consent to the entry of such an order, and waive any and all rights to notice and hearing.

FURTHER RESOLVED, that the President and the other Officers of National Title Insurance Company, are hereby authorized to execute any and all consent agreements or other documents on behalf of National Title Insurance Company, to obtain entry of the Order of Rehabilitation and are authorized to take any and all additional actions deemed necessary or appropriate by the Department of Financial Services to effectuate the foregoing or to comply with the Order, without further approval of the Shareholders or Directors.

Dated this 29<sup>th</sup> day of June, 2009.

(Corporate Seal)



Directors of National Title Insurance Company

William L. Randol Jr.  
William L. Randol Jr.

Herbert E. Behrens  
Herbert E. Behrens

Elizabeth R. Marcus  
Elizabeth R. Marcus

Elizabeth J. Hoover  
Elizabeth J. Hoover

Brenda Randol  
Brenda Randol



## OFFICE OF INSURANCE REGULATION

**KEVIN M. McCARTY**  
COMMISSIONER

FINANCIAL SERVICES  
COMMISSION

**CHARLIE CRIST**  
GOVERNOR

**ALEX SINK**  
CHIEF FINANCIAL OFFICER

**BILL McCOLLUM**  
ATTORNEY GENERAL

**CHARLES BRONSON**  
COMMISSIONER OF  
AGRICULTURE

July 2, 2009

The Honorable Alex Sink  
Chief Financial Officer  
Department of Financial Services  
The Capitol, PL-11  
Tallahassee, FL 32399

**Via Email**

Re: National Title Insurance Company

Dear Chief Financial Officer Sink:

Please be advised that the Office of Insurance Regulation (hereinafter referred to as the "Office") has determined that one or more grounds exist for the initiation of delinquency proceedings, pursuant to Chapter 631, Florida Statutes, against National Title Insurance Company (hereinafter referred to as "National Title"). National Title is a Florida corporation licensed to do title insurance business in Florida. As specified in Section 631.051, Florida Statutes, among the grounds that allow a petition for an order to rehabilitate a domestic insurer include:

- (1) Is impaired or insolvent.

On May 18, 2009, National Title submitted its 2009 first quarter financial statement to the Office. In that financial statement, National Title's surplus as regards policyholders was listed as \$825,356, which is \$674,644 below the minimum required surplus of \$1,500,000, as prescribed by Section 624.408, Florida Statutes. A copy of National Title's 2009 first quarter financial statement is attached as Exhibit "A".

- (2) Is found by the Office to be in such condition or is using or has been subject to such methods or practices in the conduct of its business, as to render its further transaction of insurance presently or prospectively hazardous to its policyholders, creditors, stockholders, or the public.

\*\*\*  
KEVIN M. McCARTY • COMMISSIONER  
200 EAST GAINES STREET • TALLAHASSEE, FLORIDA 32399-0305 • (850) 413-5914 • FAX (850) 488-3334  
WEBSITE: WWW.FLORIDA.COM • EMAIL: KEVIN.McCARTY@FIOR.COM

Affirmati

Exhibit "B"



The Honorable Alex Sink  
July 2, 2009  
Page 2

With an estimated impairment of \$674,644, as indicated by National Title's financial statement and further inquiry by the Office, its further transaction of insurance would be hazardous to policyholders, creditors, stockholders, or the public.

National Title has executed a Consent to Order of Receivership which includes a Board Resolution related to this matter. Those documents are attached as Exhibit "B".

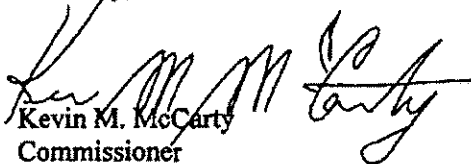
As such, I am advising you of that determination so that delinquency proceedings can be initiated by the Division of Rehabilitation and Liquidation. The following documents are attached in support of such determination:

Exhibit A – National Title Insurance Company's 2009 first quarter Financial Statement

Exhibit B – Consent to Order of Receivership and Resolution of the Board of Directors  
National Title Insurance Company

As always, the Office stands ready to provide any additional information or assistance the Department needs in order for this matter to proceed as expeditiously as possible. Thank you for your attention to this matter.

Sincerely,

  
Kevin M. McCarty  
Commissioner

cc: Ben Diamond, General Counsel  
Department of Financial Services

Wayne Johnson, Division Director  
Division of Rehabilitation and Liquidation  
Department of Financial Services

IN THE CIRCUIT COURT OF THE  
SECOND JUDICIAL CIRCUIT IN AND  
FOR LEON COUNTY, FLORIDA

State of Florida, ex rel., the  
Department of Financial Services of  
the State of Florida,

Relator,

v.

CASE NO.: 2009-\_\_\_\_\_

National Title Insurance Company,  
a Florida corporation,

Respondent.

---

**CONSENT ORDER APPOINTING THE FLORIDA DEPARTMENT OF  
FINANCIAL SERVICES AS RECEIVER FOR PURPOSES OF REHABILITATION,  
INJUNCTION, AND NOTICE OF AUTOMATIC STAY**

THIS CAUSE was considered on the Petition of the State of Florida, Department of Financial Services (hereinafter the "Department") for entry of a consent order of rehabilitation of National Title Insurance Company. The Court having reviewed the pleadings of record, having heard presentation of counsel, and otherwise being fully informed in the premises, finds:

1. National Title Insurance Company (hereinafter "Respondent") is a corporation authorized pursuant to the Florida Insurance Code to transact business in the state of Florida as a domestic title insurer. Respondent's principal place of business as listed in its 2009 For Profit Corporation Annual Report with the Florida Department of State, Division of Corporations, as 151 SW 27<sup>th</sup> Avenue, Miami, FL 33135.

2. Section 631.021(3), Florida Statutes, provides that a delinquency proceeding pursuant to Chapter 631, Florida Statutes, constitutes the sole and exclusive method of liquidating, rehabilitating, reorganizing, or conserving a Florida domiciled insurer.

3. Section 631.051(11), Florida Statutes, authorizes the Department to apply to this Court for an order directing it to rehabilitate a domestic insurer upon the ground that the insurer has consented to such an order through a majority of its directors, stockholders, members, or subscribers. Respondent has consented to the appointment of the Department as Receiver for purposes of rehabilitation. It is in the best interests of Respondent and its creditors and insureds that the relief requested in the petition be granted.

**THEREFORE, IT IS ORDERED AND ADJUDGED** as follows:

4. The Department of Financial Services of the State of Florida is appointed Receiver of Respondent for purposes of rehabilitation and that the Receiver is authorized and directed to:

A. Conduct the business of Respondent and take all steps, as the Court may direct, toward the removal of the causes and conditions which have made this Order of Rehabilitation necessary and to take such further action, as the Receiver deems necessary or appropriate, to reform and revitalize the Respondent.

B. Take immediate possession of all the property, assets, and estate, and all other property of every kind whatsoever and wherever located, belonging to Respondent, pursuant to Section 631.141, Florida Statutes, including but not limited to: offices maintained by the Respondent, rights of action, books, papers, evidences of debt, bank accounts, savings accounts, certificates of deposit, stocks, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment, and all real

property of Respondent, wherever situated, whether in the possession of Respondent or its officers, directors, trustees, employees, consultants, attorneys, agents, affiliates, or other persons.

C. Employ and authorize the compensation of legal counsel, actuaries, accountants, clerks, consultants, and such assistants as it deems necessary, purchase or lease personal or real property as it deems necessary, and authorize the payment of the expenses of these proceedings and the necessary incidents thereof, as approved by the Court, to be paid out of the funds or assets of the Respondent in the possession of the Receiver or coming into its possession.

D. Reimburse such employees, from the funds of this receivership, for their actual necessary and reasonable expenses incurred while traveling on the business of this receivership.

E. Not defend or accept service of process on legal actions wherein the Respondent, the Receiver, or the insured is a party defendant, commenced either prior to or subsequent to the order, without authorization of this Court; except, however, in actions where Respondent is a nominal party, as in certain foreclosure actions, and the action does not affect a claim against or adversely affect the assets of Respondent, the Receiver may file appropriate pleadings in its discretion.

F. Commence and maintain all legal actions necessary, wherever necessary, for the proper administration of this receivership proceeding.

G. Collect all debts that are economically feasible to collect which are due and owing to the Respondent.

H. Deposit funds and maintain bank accounts.

I. Take possession of all Respondent's securities and certificates of deposit on deposit with the Chief Financial Officer of Florida, if any, and convert to cash as much as may be necessary, in its judgment, to pay the expenses of administration of this receivership or otherwise best benefit the estate.

J. Apply to this Court for further instructions in the discharge of its duties as may be necessary.

K. For purposes of this Order, the term "affiliate" shall be defined in accordance with Section 631.011(1), Florida Statutes.

**IT IS FURTHER ORDERED AND DIRECTED:**

5. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of Respondent's affairs or the affairs of its affiliates is required to fully cooperate with the Receiver, pursuant to Section 631.391, Florida Statutes. Any person who fails to cooperate with the Receiver, interferes with the Receiver, or fails to follow the instructions of the Receiver, may be excluded from the building where the Respondent's offices are located at the Receiver's discretion.

6. Title to all property, real or personal, all contracts, rights of action and all books and records of Respondent, wherever located, is vested in the Receiver pursuant to Section 631.141, Florida Statutes.

7. The Receiver is granted all of the powers of the Respondent's directors, officers, and managers, whose authority shall be suspended, except as such powers are re-delegated in writing by the Receiver. The Receiver has full power to direct and manage the affairs of

Respondent, to hire and discharge employees, and to deal with the property and business of the Respondent.

8. All attorneys employed by Respondent as of the date of the Order, within 10 days of receiving notice of this Order, are required to report to the Receiver on the name, company claim number and status of each file they are handling on behalf of the Respondent. Said report should also include an accounting of any funds received from or on behalf of the Respondent. All attorneys employed by Respondent are advised that pursuant to Sections 631.011(17) and 631.011(21), Florida Statutes, a claim based on mere possession does not create a secured claim and all attorneys employed by Respondent, pursuant to In Re the Receivership of Syndicate Two, Inc., 538 So.2d 945 (Fla. 1<sup>st</sup> DCA 1989), who are in possession of litigation files or other material, documents or records belonging to or relating to work performed by the attorney on behalf of Respondent are required to deliver such litigation files, material, documents or records intact and without purging to the Receiver, on request, notwithstanding any claim of a retaining lien which, if otherwise valid, should not be extinguished by the delivery of these documents.

9. All agents, brokers or other persons having sold policies of insurance and/or collected premiums on behalf of the Respondent are required to account for and pay all premiums and commissions unearned due to cancellation of policies in the normal course of business owed to the Respondent directly to the Receiver within 30 days of demand by the Receiver or appear before this Court to show cause, if any they may have, as to why they should not be required to account to the Receiver or be held in contempt of Court for violation of the provisions of the Order. No agent, broker, premium finance company or other person should use premium monies owed to the Respondent for refund of unearned premium or for any purpose other than payment to the Receiver.

10. Any premium finance company, which has entered into a contract to finance a premium for a policy, which has been issued by the Respondent, is required to pay any premium owed to the Respondent directly to the Receiver.

11. Reinsurance premiums due to or payable by the Respondent shall be remitted to, or disbursed by, the Receiver. The Receiver shall handle reinsurance losses recoverable or payable by the Respondent. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary.

12. Upon request by the Receiver, any company providing telephonic services to the Respondent is directed to provide a reference of calls from the number presently assigned to the Respondent to any such number designated by the Receiver or perform any other services or changes necessary to the conduct of the receivership.

13. Any bank, savings and loan association, financial institution or other person which has on deposit, in its possession, custody or control any funds, accounts and any other assets of the Respondent is directed to immediately transfer title, custody and control of all such funds, accounts and other assets to the Receiver. The Receiver is authorized to change the name of such accounts and other assets, withdraw them from such bank, savings and loan association or other financial institution, or take any lesser action necessary for the proper conduct of this receivership. No bank, savings and loan association or other financial institution shall be permitted to exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control unless and until obtaining an order from this Court authorizing such action.

14. Any entity furnishing telephone, water, electric, sewage, garbage or trash removal services to the Respondent is required to maintain such service and transfer any such accounts to the Receiver as of the date of the Order, unless instructed to the contrary by the Receiver.

15. Any data processing service not affiliated with National Title Insurance Company which has custody or control of any data processing information and records including but not limited to source documents, data processing cards, input tapes, all types of storage information, master tapes or any other recorded information relating to the Respondent is directed to transfer custody and control of such records to the Receiver. The Receiver is authorized to compensate any such entity for the actual use of hardware and software, which the Receiver finds to be necessary to this proceeding. Compensation should be based upon the monthly rate provided for in contracts or leases with Respondent which were in effect when this proceeding was instituted, or based upon such contract as may be negotiated by the Receiver, for the actual time such equipment and software is used by the Receiver.

16. The United States Postal Service is directed to provide any information requested by the Receiver regarding the Respondent and to handle future deliveries of Respondent's mail as directed by the Receiver.

17. All insurance policies, bonds or similar contracts of coverage issued by the Respondent shall remain in full force and effect until they are cancelled.

18. All affiliated companies and associations are directed to make their books and records available to the Receiver, to include all records located in any premises occupied by said affiliate, whether corporate records or not, and to provide copies of any records requested by the Receiver whether or not such records are related to Respondent. The Receiver has title to all policy files and other records of, and relating to Respondent, whether such documents are kept in



offices occupied by an affiliate company or any other person, corporation, or association. The Receiver is authorized to take possession of any such records, files, and documents, and to remove them to any location in the Receiver's discretion. Any disputed records shall not be withheld from the Receiver's review, but should be safeguarded and presented to this Court for review prior to removal by the Receiver.

19. The Receiver shall have complete access to and control of all computer records of the Respondent and its affiliates at all times. Each affiliate shall be given reasonable access to such records for the purpose of carrying out its business operations.

20. Any person, firm, corporation or other entity having notice of the Order that fails to abide by its terms is directed to appear before this Court to show good cause, if any they may have, as to why they should not be held in contempt of Court for violation of the provisions of this Order.

21. Pursuant to Sections 631.041(3) and (4), Florida Statutes, all persons, firms, corporations and associations within the jurisdiction of this Court, including, but not limited to, Respondent and its officers, directors, stockholders, members, subscribers, agents and employees, are enjoined and restrained: from the further transaction of the insurance business of the Respondent; from doing, doing through omission, or permitting to be done any action which might waste or dispose of the books, records and assets of the Respondent; from by any means interfering with the Receiver or these proceedings; from the transfer of property and assets of Respondent without the consent of the Receiver; from the removal, concealment, or other disposition of Respondent's property, books, records, and accounts; from the commencement or prosecution of any actions against the Respondent or the Receiver together with its agents or employees, the service of process and subpoenas, or the obtaining of preferences, judgments,

writs of attachment or garnishment or other liens; and, from the making of any levy or execution against Respondent or any of its property or assets. Notwithstanding the provisions of this paragraph, the Receiver is permitted to accept and be subpoenaed for non-party production of claims files in its possession, including medical records, which may be contained therein. In such cases, the requesting party must submit an affidavit to the Receiver stating that notice of the non-party production was appropriately issued and provided to the patient and that the patient was given the opportunity to object and either did not object to the non-party production, or objected and the Court overruled the objection, in which case a copy of the Court's ruling must be attached to the affidavit. The Receiver is authorized to impose a charge for copies of such claim files pursuant to the provisions of Sections 119.07, and 624.501, Florida Statutes.

22. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with National Title Insurance Company shall fully cooperate with the Receiver in the effort to rehabilitate National Title Insurance Company.

23. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with National Title Insurance Company having any interest in the building located at: 151 SW 27<sup>th</sup> Avenue, Miami, FL 33135, or any other facility in which National Title Insurance Company may operate, shall make available, at that location and at no charge to the Receiver or to National Title Insurance Company, office space, and related facilities (telephone service, copiers, computer equipment and software, office supplies, parking, etc.) to the extent deemed necessary by the Receiver in its sole discretion.

24. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with National Title Insurance Company having any interest in the computer equipment and software currently used by or for National Title Insurance Company

shall make such computer equipment and software available to the Receiver at no charge to the Receiver or National Title Insurance Company to the extent deemed necessary by the Receiver in its sole discretion.

25. Except for contracts of insurance, all executory contracts to which the Respondent was a party shall be cancelled and stand cancelled unless specifically adopted by the Receiver within ninety (90) days of the date of this Order or from the date of the Receiver's actual knowledge of the existence of such contract, whichever is later. "Actual Knowledge" means the Receiver has in its possession the original of a written contract to which the Respondent is a party, and the Receiver has notified the vendor in writing acknowledging the existence of the contract. **Any vendor, including but not limited to, any and all employees and contractors of insurer, claiming the existence of a contractual relationship with the insurer shall provide notice to the Receiver of such relationship.** This notice shall include any and all documents and information regarding the terms and conditions of the contract, including a copy of the written contract between the vendor and the insurer, if any, what services or goods were provided pursuant to the contract, any current, future and/or past due amounts owing under the contract, and any supporting documentation for third party services or goods provided. Failure to provide the required information may result in vendors' contractual rights not being recognized by the Receiver. The rights of the parties to any such contracts are fixed as of the date of the Order and any cancellation under this provision shall not be treated as an anticipatory breach of such contracts.

#### **CONTINUATION OF INVESTIGATION**

26. The Receiver is authorized to conduct an investigation of Respondent and its affiliates, as defined above, to uncover and make fully available to the Court the true state of Respondent's financial affairs. In furtherance of this investigation, Respondent's parent

corporations, its subsidiaries, and affiliates are required to make all books, documents, accounts, records, and affairs, which either belong to or pertain to the Respondent, available for full, free and unhindered inspection and examination by the Receiver during normal business hours (8:00 a.m. to 5:00 p.m.) Monday through Friday, from the date of the Order. The above-specified entities are required to cooperate with the Receiver to the fullest extent required by Section 631.391, Florida Statutes. Such cooperation should include, but not be limited to, the taking of oral testimony under oath of Respondent's officers, directors, managers, trustees, agents, adjusters, employees, or independent contractors of Respondent, its affiliates and any other person who possesses any executive authority over, or who exercises any control over, any segment of the affairs of Respondent in both their official, representative and individual capacities and the production of all documents that are calculated to disclose the true state of Respondent's affairs.

27. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of the affairs of Respondent or its affiliates is directed to fully cooperate with the Receiver as required by Section 631.391, Florida Statutes, and as set out in the preceding paragraph. Upon receipt of a certified copy of the Order, any bank or financial institution is directed to immediately disclose to the Receiver the existence of any accounts of Respondent and any funds contained therein and any and all documents in its possession relating to Respondent for the Receiver's inspection and copying.

28. All Sheriffs and all law enforcement officials of this state shall cooperate with and assist the Receiver in the implementation of this Order.

29. In the event the Receiver determines that reorganization, consolidation, conversion, reinsurance, merger, or other transformation of the Respondent is appropriate, the Receiver shall prepare a plan to effect such changes and submit the plan to this Court for consideration.

30. Upon petition by the Receiver stating that further efforts to rehabilitate Respondent would be useless, this Court will consider entry of an order of liquidation of Respondent.

#### NOTICE OF AUTOMATIC STAY

31. Notice is hereby given that, pursuant to Section 631.041(1), Florida Statutes, the filing of the Department's initial petition herein operates as an automatic stay applicable to all persons and entities, other than the Receiver, which shall be permanent and survive the entry of the order, and which prohibits:

- A. The commencement or continuation of judicial, administrative or other action or proceeding against the insurer or against its assets or any part thereof;
- B. The enforcement of a judgment against the insurer or an affiliate obtained either before or after the commencement of the delinquency proceeding;
- C. Any act to obtain possession of property of the insurer;
- D. Any act to create, perfect or enforce a lien against property of the insurer, except a secured claim as defined in Section 631.011(21), Florida Statutes;
- E. Any action to collect, assess or recover a claim against the insurer, except claims as provided for under Chapter 631;
- F. The set-off or offset of any debt owing to the insurer except offsets as provided in Section 631.281, Florida Statutes.

32. This Court retains jurisdiction of this cause for the purpose of granting such other and further relief as from time to time shall be deemed appropriate.

**DONE and ORDERED** in Chambers at the Leon County Courthouse in Tallahassee, Leon County, Florida this \_\_\_\_\_ day of July, 2009.

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CIRCUIT JUDGE