



OFFICE OF
INSURANCE COMMISSIONER

FILED

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In Re the Matter of

COMMONWEALTH LAND TITLE
INSURANCE COMPANY,

An authorized insurer.

NO. D07-306

NOTICE OF HEARING

Hearings Unit, DIC
Patricia D. Petersen
Chief Hearing Officer

TO: Jerry Kindinger, Esq.
Ryan Swanson & Cleveland, PLLC
1201 Third Avenue, Suite 3400
Seattle, Washington 98101-3034

The Honorable Mike Kreidler, Insurance Commissioner of the State of Washington, proposes disciplinary action against Commonwealth Land Title Insurance Company and hereby issues this Notice of Hearing. The Insurance Commissioner submits the following as the basis of this Notice of Hearing in accordance with RCW 48.04.010.

1. PARTIES AND JURISDICTION

1.1 Pursuant to the Insurance Code, Title 48 RCW, the Insurance Commissioner is authorized to regulate the business of insurance and enforce the insurance laws of Washington State in order to protect the public interest.

1.2 Commonwealth Land Title Insurance Company ("Commonwealth Title") is authorized to transact the business of insurance in Washington State and, therefore, is subject to Title 48 RCW and Chapter 284 WAC.

1.3 Jurisdiction and venue are appropriate under, among other provisions, RCW 48.02.060, RCW 48.05.185, and RCW 48.04.010.

2. FACTS

2.1 Commonwealth Title appointed Rainier Title, LLC ("Rainier Title") as its agent, pursuant to RCW 48:17.010, to solicit and effectuate Commonwealth Title's business of title insurance on Commonwealth Title's behalf. All contracts of insurance effectuated by Rainier Title on properties in Pierce County, Washington, are placed with Commonwealth Title.

2.2 On or about May 15, 2007, the Office of the Insurance Commissioner ("OIC") initiated an investigation of several title insurers, including Commonwealth Title. The Commonwealth Title investigation commenced with the OIC auditing its agent, Rainier Title, at its business office in Puyallup, Washington. OIC investigators obtained a copy of Rainier Title's general ledger, expense account documents, and realtor continuing education class expenses, from December 1, 2006 through March 31, 2007.

2.3 The investigation revealed multiple violations of WAC 284-30-800. In particular, between December 1, 2006 and March 31, 2007, Rainier Title provided the following items and services to real estate offices, real estate agents, and a lender while acting as a representative of Commonwealth Title and soliciting insurance business on Commonwealth Title's behalf:

- \$55.76 for refreshments for a Coldwell Banker Bain meeting
- \$37.45 for candy for the office of Windermere Canyon
- \$74.87 for pizza for Allied Home Mortgage
- \$124.80 for muffins for Coldwell Banker Bain, Gig Harbor
- \$100.00 for a gift card for the John L. Scott Christmas charity raffle
- \$550.68 for ornaments, gift wrap, and a spa gift for the John L. Scott Christmas party
- \$40.00 for raffle tickets for the John L. Scott Christmas charity raffle

- \$1,500.00 for a "Ruby Sponsorship" of the Pierce County Association of Realtors' 100th anniversary celebration.

2.4. Further, Rainier Title offered five "clock hour" classes to real estate agents for which it charged a fee, usually between \$30.00 to \$48.00 dollars per person. In setting the price for the classes, however, Rainier Title included only the cost of hiring the outside instructor, and failed to include the cost of advertisement, mailing, the classroom, class materials, or staff time.

2.5. In addition, on January 30, 2007, Rainier Title provided a free class on Internal Revenue Code § 1031 Tax Exchanges for eleven real estate agents. Light refreshments were also served.

3. APPLICABLE LAW AND ALLEGED VIOLATIONS

3.1 Pursuant to WAC 284-30-800(2), Commonwealth Title may not, directly or indirectly, offer, promise, allow, give, set off, or pay anything of value exceeding twenty-five dollars, calculated in the aggregate over a twelve-month period, on a per person basis in the manner specified in RCW 48.30.140, to any person as an inducement, payment, or reward for placing or causing title insurance business to be given to Commonwealth Title.

3.2 Pursuant to WAC 284-30-800(3), Commonwealth Title may not give inducements, payments or rewards to real estate agents and brokers, lawyers, mortgagees, mortgage loan brokers, financial institutions, escrow agents, persons who lend money for the purchase of real estate or interests therein, building contractors, real estate developers and subdividers, or any other person who is or may be in a position to influence the selection of a title insurer.

3.3 Commonwealth Title, by and through its agent Rainier Title, violated WAC 284-30-800 in the above-referenced instance by giving inducements, payments, or rewards exceeding twenty-five dollars in value, per person per year, to real estate agents and brokers, mortgage loan brokers or lenders, and builders.

4. SANCTIONS REQUESTED

Pursuant to RCW 48.05.185, the Commissioner seeks imposition of a fine against Commonwealth Title in the amount of \$115,000.00.

5. NOTICE OF HEARING

The OIC will convene a hearing at a date, location, and time to be determined, to consider the allegations above and the sanctions to be imposed upon Commonwealth Title pursuant to RCW 48.04.010 and RCW 48.05.185. At the hearing, the OIC will present evidence showing that Commonwealth Title, by and through its agent Rainier Title, violated Washington's Insurance Code and regulation thereto and that the sanctions requested above are authorized under the law. Commonwealth Title may cross-examine OIC witnesses and present any defenses, evidence, or arguments it may have in opposition.

Dated this 25 day of January, 2008.

MIKE KREIDLER
Insurance Commissioner

By: 

Alan M. Singer
Staff Attorney
Legal Affairs Division

CERTIFICATE OF SERVICE

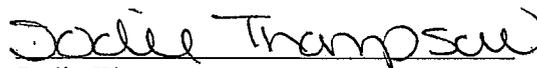
The undersigned certifies under the penalty of perjury under the laws of the State of Washington that I am now and at all times herein mentioned, a citizen of the United States, a resident of the State of Washington, over the age of eighteen years, not a party to or interested in the above-entitled matter, and competent to be a witness herein.

On the date given below I caused to be served the foregoing NOTICE OF HEARING on the following individuals in the manner indicated:

Jerry Kindinger, Esq.
Ryan Swanson & Cleveland, PLLC
1201 Third Avenue, Suite 3400
Seattle, Washington 98101-3034

(XXX) Via U.S. Mail

SIGNED this 25th day of January, 2008, at Tumwater, Washington.


Jodie Thompson