OUR MEETING WILL BEGIN SHORTLY

WELCOME TO THE TITLE INSURANCE (C) TASK GROUP

12/14/22

IN-PERSON ATTENDEES
Wi-Fi Network: NAIC2022; Password (case sensitive): Fall2022

VIRTUAL ATTENDEES
• Audio will be muted upon entry
• If virtual attendees would like to speak, please use the "Raise Hand" feature and we will let the Chair know you’d like to speak
• Enter with video on or off (your choice)
• Use the “Chat” feature for questions, comments, or assistance
• If you have joined by phone, to mute and unmute your line, press *6
• For additional help, please contact NAIC Technical Support team at MeetingTechHelp@naic.org or call (866) 874-4905
Date: 12/10/22

2022 Fall National Meeting
Tampa, Florida

TITLE INSURANCE (C) TASK FORCE
Wednesday, December 14, 2022
3:45 – 5:00 p.m.
Tampa Bay Ballroom 1 - 4 - Level 4 - JW Marriott

ROLL CALL

Eric Dunning, Chair
Kevin Gaffney, Vice Chair
Mark Fowler
Peni Itula Sapini Teo
Michael Conway
Karima M. Woods
David Altmaier
Colin M. Hayashida
Vicki Schmidt
James J. Donelon
Kathleen A. Birrane
Grace Arnold

Nebraska
Vermont
Alabama
American Samoa
Colorado
District of Columbia
Florida
Hawaii
Kansas
Louisiana
Maryland
Minnesota

Chlora Lindley-Myers
Troy Downing
Barbara D. Richardson
Mike Causey
Judith L. French
Glen Mulready
Michael Humphreys
Elizabeth Kelleher Dwyer
Michael Wise
Larry D. Deiter
Cassie Brown
Scott A. White

Missouri
Montana
Nevada
North Carolina
Ohio
Oklahoma
Pennsylvania
Rhode Island
South Carolina
South Dakota
Texas
Virginia

NAIC Support Staff: Anne Obersteadt/Aaron Brandenburg

AGENDA

1. Adopt Oct. 24, 2022, Meeting Minutes—Eric Dunning (Nebraska)

2. Hear a Presentation on New Title Insurance-Like Alternatives that Use Attorney Opinion Letters Backed by an Enhanced Errors and Omissions Policy Through the Surplus Lines Market — Stacy Mestayer (Voxtur)

3. Hear a Presentation on Closing Trends, Including Results from ALTA’s Recent Digital Closing Survey — Steve Gottheim (American Land Title Association—ALTA)
Agenda Item #1

Consider Adoption of its Oct. 24th Meeting Minutes

—Eric Dunning (Nebraska)
Title Insurance (C) Task Force
E-Vote
October 24, 2022

The Title Insurance (C) Task Force conducted an e-vote that concluded Oct. 24, 2022. The following Task Force members participated: Eric Dunning, Chair (NE); Mark Fowler represented by Erick Wright (AL); Colin M. Hayashida represented by Martha Im (HI); Vicki Schmidt represented by Julie Holmes (KS); Kathleen A. Brrane represented by Mary Kwei (MD); Chlora Lindley-Myers represented by Carrie Couch (MO); Troy Downing represented by Ole Olson and Sharon Richetti (MT); Mike Causey represented by Timothy Johnson (NC); Barbara D. Richardson and Erin Summers (NV); Judith L. French represented by Michelle Brugh Rafeld (OH); Michael Humphreys, Mark Lersch, and Michael McKenney (PA); Michael Wise represented by Daniel Morris (SC); and Cassie Brown represented by David Muckerheide (TX).

1. Adopted its 2023 Proposed Charges

The Task Force conducted an e-vote to consider adoption of its 2023 proposed charges (Attachment One-A). The motion passed unanimously.

Having no further business, the Title Insurance (C) Task Force adjourned.
Agenda Item #2

Hear a Presentation on New Title Insurance-Like Alternatives that Use Attorney Opinion Letters Backed by an Enhanced Errors and Omissions Policy Through the Surplus Lines Market

—Stacy Mestayer (Voxtur)
Agenda Item #2

Q&A
Agenda Item #3

Hear a Presentation on Closing Trends, Including Results from ALTA’s Recent Digital Closing Survey

—Steve Gottheim (American Land Title Association—ALTA)
American Land Title Association
Protect your property rights

2022 Digital Closing
State of the Union
IPEN = In Person Electronic Notarization with one or more digital documents (used as part of a full digital or hybrid closing)

RON = Remote Online Notarization with one or more digital documents (used as part of a full digital or hybrid closing)

RIN = Remote Ink Notarization with single factor authentication of the signer and all paper documents

PRON = Paper RON with multifactor authentication of a signer and all paper documents

TWIN = In person wet ink notarization with all paper documents
Sample Size and Demographic Data

- 390 Surveys
- 68% < 10 Employees
- 40% < $500k Revenue Annually
- 79% Operate in 1 State
- 43 States Represented
2021 Closings

93% Paper
5% RON
1% IPEN
1% PRON/RIN
2020 = 22% of title companies used IPEN
2021 = 6% of title companies used IPEN

Analysis:
ALTA’s previous survey indicated 37% of title companies anticipated a reduction in IPEN usage after COVID.

15% of title companies plan to begin offering IPEN within the next 2 years.

Title company planning timelines reflect a priority to adopt RON vs IPEN.
Analysis:
There is a **decline** in the perceived **staff efficiencies** associated with IPEN.

There is an **increase** in the perception of **cost savings** related to IPEN.
**Significant Barriers to IPEN Adoption**

Lender Acceptance = 56%
Insufficient Testing with Lenders = 50%
State Laws and Regulations = 49%
Success with Other Closing Methods = 47%
Lack of Software Integrations = 46%
Difficulties Managing Late Document Revisions = 45%

**Analysis:**

*Continued alignment on title and lender communications, technology integrations and goals is needed.*

*Clarity on state laws and a uniform approach to IPEN regulation could increase adoption.*
Analysis:
While the percentage of RON transactions has remained steady, the number of title companies currently utilizing RON has decreased.

Title companies currently are much more likely to offer RON vs IPEN.

20% of title companies plan to begin offering RON within the next 2 years.
Analysis:

ALTA’s previous survey indicated 28% of title companies anticipated a reduction in RON usage after COVID.

Projections indicate a more positive outlook for RON growth in 2022.
### What factors would speed up your adoption of RON?

- Lender Requests = **39%**
- Change to State Laws or Regulation = **37%**
- Consumer Requests = **24%**
- Realtor Requests = **14%**
- Implementation by a Competitor = **9%**

**Analysis:**

Requests for RON transactions from consumers and industry partners will significantly speed up RON adoption.

45% of title companies offering RON actively market it to customers, but it is not viewed as a competitive issue by those not offering RON.
Analysis:

Cash and seller side transactions remain the most approachable way for title companies to begin offering RON.

Transactions involving a mortgage represent a growth opportunity if barriers can be addressed.

### Percentage of RONs Used by Transaction Type

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash only</td>
<td>34%</td>
</tr>
<tr>
<td>Seller side only</td>
<td>41%</td>
</tr>
<tr>
<td>Refinance</td>
<td>9%</td>
</tr>
<tr>
<td>Purchase</td>
<td>12%</td>
</tr>
<tr>
<td>Other type of transaction</td>
<td>4%</td>
</tr>
</tbody>
</table>
### RON Efficiencies

<table>
<thead>
<tr>
<th>Statement</th>
<th>Year</th>
<th>STRONGLY DISAGREE</th>
<th>SOLEMELY DISAGREE</th>
<th>NEITHER AGREE NOR DISAGREE</th>
<th>SOMEWHAT AGREE</th>
<th>STRONGLY AGREE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fewer errors</td>
<td>2022</td>
<td>12.05%</td>
<td>18.07%</td>
<td>34.94%</td>
<td>19.28%</td>
<td>15.66%</td>
</tr>
<tr>
<td></td>
<td>2021</td>
<td>13.16%</td>
<td>11.84%</td>
<td>38.16%</td>
<td>15.79%</td>
<td>21.05%</td>
</tr>
<tr>
<td>Reduced processing time</td>
<td>2022</td>
<td>12.20%</td>
<td>25.61%</td>
<td>26.83%</td>
<td>19.51%</td>
<td>15.85%</td>
</tr>
<tr>
<td></td>
<td>2021</td>
<td>19.74%</td>
<td>13.16%</td>
<td>25.00%</td>
<td>27.63%</td>
<td>14.47%</td>
</tr>
<tr>
<td>Cost savings (digital vs paper)</td>
<td>2022</td>
<td>10.98%</td>
<td>19.51%</td>
<td>30.49%</td>
<td>19.51%</td>
<td>19.51%</td>
</tr>
<tr>
<td></td>
<td>2021</td>
<td>14.47%</td>
<td>18.42%</td>
<td>23.68%</td>
<td>26.32%</td>
<td>17.11%</td>
</tr>
<tr>
<td>Decreased closing time (documents pre-signed)</td>
<td>2022</td>
<td>10.98%</td>
<td>12.20%</td>
<td>23.17%</td>
<td>29.27%</td>
<td>24.39%</td>
</tr>
<tr>
<td></td>
<td>2021</td>
<td>13.16%</td>
<td>15.79%</td>
<td>18.42%</td>
<td>35.53%</td>
<td>17.11%</td>
</tr>
<tr>
<td>Decreased closing time (documents reviewed early)</td>
<td>2022</td>
<td>9.76%</td>
<td>17.07%</td>
<td>26.83%</td>
<td>24.39%</td>
<td>21.95%</td>
</tr>
<tr>
<td></td>
<td>2021</td>
<td>10.53%</td>
<td>13.16%</td>
<td>28.95%</td>
<td>35.53%</td>
<td>11.84%</td>
</tr>
</tbody>
</table>

**Analysis:**

There is a YoY trend that a third of companies gain efficiencies, a third perceive no difference, and the final third expend additional resources on RON transactions.
Number of RON Platforms Used

Analysis:
A majority of title companies are only using one RON platform provider, a complete reversal of previous data.

87% of title companies offering RON have between one and five RON notaries on staff.

60% of title companies prefer to use in-house notaries, while 22% prefer a combination of in-house and outsourced notaries.

<table>
<thead>
<tr>
<th>Number</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percentage of responses</td>
<td>Percentage of responses</td>
</tr>
<tr>
<td>1</td>
<td>64.29%</td>
<td>36.36%</td>
</tr>
<tr>
<td>2</td>
<td>23.81%</td>
<td>22.08%</td>
</tr>
<tr>
<td>3</td>
<td>7.14%</td>
<td>28.57%</td>
</tr>
<tr>
<td>4</td>
<td>2.38%</td>
<td>1.30%</td>
</tr>
<tr>
<td>5</td>
<td>1.19%</td>
<td>1.30%</td>
</tr>
<tr>
<td>More than 5</td>
<td>1.19%</td>
<td>10.39%</td>
</tr>
</tbody>
</table>
Are you actively training all staff to support RON closings, or do you have a specific team of experts to support these types of closings?

<table>
<thead>
<tr>
<th>Type</th>
<th>2022 Percentage of responses</th>
<th>2021 Percentage of responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>All staff</td>
<td>21.43%</td>
<td>35.62%</td>
</tr>
<tr>
<td>Team of experts</td>
<td>78.57%</td>
<td>64.38%</td>
</tr>
</tbody>
</table>
### Significantly Time-Consuming Aspects of RON Adoption

- Communicating with Customers = 43%
- Providing Tech Support to Customers = 41%
- Troubleshooting Tech Issues = 40%

### Somewhat Time-Consuming Aspects of RON Adoption

- Training Staff = 57%
- ID Verification = 54%
- Tagging and Loading Docs = 50%
- Communicating with Lenders = 45%
- Communicating with Realtors = 41%

**Analysis:**
Along side technical issues, communication remains a significant pain point in adoption.
**Significant Barriers to RON Adoption**

Lender Acceptance = 62%
Insufficient Testing with Lenders = 49%
Success with Other Closing Methods = 48%
Need for Multiple Platform Providers = 46%
Difficulties Managing Late Document Revisions = 46%
Lack of Consumer Tech Capabilities = 45%
Late Orders from Lenders = 45%
**RON Marketing**

<table>
<thead>
<tr>
<th>Perception</th>
<th>2022 Percentage of responses</th>
<th>2021 Percentage of responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very negative</td>
<td>0.00%</td>
<td>9.46%</td>
</tr>
<tr>
<td>Somewhat negative</td>
<td>8.54%</td>
<td>10.81%</td>
</tr>
<tr>
<td>Neutral</td>
<td>26.83%</td>
<td>20.27%</td>
</tr>
<tr>
<td>Somewhat positive</td>
<td>34.15%</td>
<td>36.49%</td>
</tr>
<tr>
<td>Very positive</td>
<td>30.49%</td>
<td>22.97%</td>
</tr>
</tbody>
</table>

“We offer it in every welcome email when an order is opened.”

“Webinars and seminars with realtors to explain the benefit of doing RON for sellers.”

“…letting them know we are on the cutting edge of technology.”

“…we give the option for cash buyers & sellers and all other sellers at the time of set up…”

“Email footers, website, google ads, Facebook, Instagram”

“…informational/introductory videos on social media …live demos to realtors, lenders, and other industry partners”
Analysis:

Half of title companies are using eRecording for almost all their transactions.

88% of title companies have eRecording available in at least some of the jurisdictions where they operate.
Other Industry Issues Since August

• United Wholesale Mortgage announces its attorney opinion letter program called TRAC
  • https://www.uwm.com/manage-your-pipeline/pipeline-tools/trac
• Bipartisan Congressional Letter Expressing Concerns about title insurance alternatives
• FBI releases 2022 Report on Real Estate Wire Fraud
• FinCEN Expands Real Estate Geographic Targeting Orders
• FinCEN finalizes Beneficial Ownership Regulations
Agenda Item #3

Q&A
Adjourn