



Rules and Regulations

I. Preamble

Connecticut Attorneys Title Insurance Company (CATIC) is unique among title insurance companies transacting business in the Northeast in that it is “bar-related®.” The concept of a bar-related title insurance company includes two basic tenets: (1) that it will provide a source of title insurance to lawyers for the benefit of their clients through the operation of a responsible, well managed and fiscally sound title insurance company; and (2) that it will use a portion of the net profits of its title insurance business for various bar-related® purposes, including promotion of the public recognition of the essential role of independent legal counsel in real estate transactions, service to members of the real property bar in general and the Company’s policy issuing attorneys, herein referred to as “Agents”, in particular, and improvement of real property law in the Northeast. While the general public and the entire real property bar may benefit from the Company’s efforts in the promotion of independent legal counsel in real estate transactions and improvement of real property law, the numerous services which the Company offers to its Agents are intended to confer special benefits on those lawyers who have elected to be a part of this organization.

The cost of providing special support services to Agents is substantial, and must be met out of policy income.

By the adoption of these Rules and Regulations, the Board of Directors of CATIC recognizes that there is a reasonable expectation by the Company that its Agents, in consideration of the special benefits which they derive from their Company, will support it by the issuance of the Company’s title insurance policies. The policy which the Board of Directors expresses and affirms in these Rules and Regulations is that the enjoyment of the special benefits and services by Agents of CATIC requires that these Agents support their Company through the issuance of its title insurance policies.

Agents and attorney-controlled affiliated business arrangements are governed by these Rules and

Regulations and/or by the Agency Agreement between them and CATIC.

II. Definitions

A. “Attorney-controlled affiliated business arrangements” shall mean partnerships, professional corporations, limited liability partnerships, limited liability companies or other business entities engaged in the business of issuing title insurance policies in which one or more of the attorneys: are qualified to be title insurance agents of the Company; have an ownership interest in the affiliated business arrangement which is either personal or through an attorney-owned business entity; and control and direct compliance with the Company’s underwriting requirements. In order for an attorney-controlled affiliated business arrangement to continue to qualify for title agent status, it must not be operated in a manner that undermines the attorney’s role in real estate transactions in the market in which it operates.

B. “Company” shall mean CATIC.

C. “Board of Directors” shall mean the Board of Directors of CATIC.

D. “Agent Eligibility and Policy Committee” shall mean the Agent Eligibility and Policy Committee of the Board of Directors.

E. “President’s Designee” shall mean the Vice President for Operations, the Director of Member Services or such other person as the President may designate.

III. Agent

A. General Requirements

1. Eligibility – Agent status with the Company shall be limited to:

a. Individual Practitioners who (i) have an office, in conformance with the reasonable requirements of CATIC, as determined under the sole

discretion of CATIC, for the practice of law; (ii) are admitted to the practice of law in a state in which the Company is licensed and operating; (iii) are qualified to examine real property titles; (iv) have made application, been accepted and qualified for Agent status with the Company; and (v) remain in good standing as such; and

b. Partnerships (i) having an office in conformance with the reasonable requirements of CATIC, as determined under the sole discretion of CATIC, for the practice of law; (ii) having at least one partner who has all the qualifications and requirements required of an individual practitioner for Agent status as set forth by these Rules and Regulations; (iii) which have made application, been accepted and qualified for Agent status with the Company; and (iv) remain in good standing as such; and

c. Professional Corporations (i) having an office in conformance with the reasonable requirements of CATIC, as determined under the sole discretion of CATIC, for the practice of law; and (ii) having at least one stockholder-employee who has all the qualifications and requirements required of an individual practitioner for Agent status as set forth by these Rules and Regulations; and (iii) which have made application, been accepted and qualified for Agent status with the Company; and (iv) remain in good standing as such.

d. Limited Liability Partnerships (i) having an office in conformance with the reasonable requirements of CATIC, as determined under the sole discretion of CATIC, for the practice of law; (ii) having at least one partner who has all the qualifications and requirements required of an individual practitioner for Agent status as set forth by these Rules and Regulations; (iii) which have made application, been accepted and qualified for Agent status with the Company; and (iv) remain in good standing as such; and

e. Limited Liability Companies (i) having an office in conformance with the reasonable requirements of CATIC, as determined under the sole discretion of CATIC, for the practice of law; (ii) having at least one manager/member-employee who has all the qualifications and requirements required of an individual practitioner for Agent status as set forth by these Rules and Regulations; (iii) which have made application, been accepted and qualified for Agent status with the Company; and (iv) which remain in good standing as such.

As to subsections b. through e. of this section, here and above, the partnership, professional corporation, limited liability partnership or

limited liability company shall be deemed the Agent and not the individual partners, stockholder-employees or managers/member-employees thereof.

2. Qualifications of Applicant – An individual practitioner applying for Agent status with the Company or in the case of a partnership, professional corporation, limited liability partnership or liability company, at least one partner, shareholder-employee or manager/member-employee of such partnership, professional corporation, limited liability partnership or limited liability company shall present such evidence as the Company shall require as to the experience and ability of such person or persons in the field of conveyancing and as to the financial responsibility, integrity and professional competence of the applicant. No such person, partnership, professional corporation, limited liability partnership or limited liability company shall be approved as an Agent with the Company unless the evidence so presented, together with such other information as may be obtained by the Company shall indicate to the satisfaction of the person or committee empowered under these Rules and Regulations to act upon applications that such person or persons meet the standards of the Company with respect to financial responsibility, integrity, commitment to a real estate practice and professional competence. Any applicant who has been suspended from the practice of law and reinstated shall not be eligible for Agent status except as approved by the President and subject to such conditions as shall be imposed.

B. Agent Approval

1. Application – All applications shall be submitted to the Company on such forms as may be prescribed from time to time by the Company.

2. Action by Corporate Officers - The President or President's Designee shall pass upon the qualifications of each applicant. In determining the qualifications of an applicant the President or President's Designee shall consider all information provided by the applicant on the application form or otherwise and, in addition, may consider any other information available to him from any source. The President or President's Designee may, but shall not be required to, obtain the recommendation of one or more Directors of the Company with respect to the qualifications and reputation of the applicant. The decision of the President or President's Designee shall be based on the requirements set forth in these Rules and Regulations in addition to the applicant's integrity and adherence to the standards of professional conduct as set forth in the

codes of professional responsibility of the appropriate state Bar Association and the American Bar Association.

C. Professional Liability Insurance

Except as otherwise provided for herein, CATIC Agents shall maintain professional liability insurance, from a company that is acceptable to CATIC, in the minimum amount of One Million Dollars (\$1,000,000.00) per each occurrence and One Million Dollars (\$1,000,000.00) in the aggregate. Initial evidence of such professional liability insurance coverage shall be submitted with the application, or by the PLI carrier or PLI agent. Further, Agents shall annually furnish CATIC with a certificate of insurance evidencing that the above referenced coverage is in effect. The Company shall also be named as a Certificate Holder with regard to the effective professional liability insurance policy referenced above which certificate will provide notice to the Company of the cancellation or termination of the policy. Notwithstanding, notice of cancellation or discontinuance of such coverage shall be given by the Agent upon notice of such cancellation or discontinuance.

IV. Agent Benefits

A. All Agents who support the Company through the issuance of its title insurance policies may receive the following benefits:

1. to attend and participate in all Company seminars, workshops, lectures and other educational programs;
2. to have staff attend Company seminars, workshops, lectures and other educational programs which are designed for the benefit of such persons;
3. to receive all publications of the Company;
4. to participate in the Company's Title Services Program;
5. to issue the title insurance policies on behalf of the Company;
6. to have access, on terms and conditions imposed by the Company, to Company title information;
7. to request and receive coverage under insured closing services letters issued to lenders;

8. to consult with members of the Company's legal staff;

9. to have access to the Company's research and meeting facilities;

10. to have access to and full use of the Company's software programs;

11. to have access to the Company's field staff and the numerous support services which they provide; and

12. to have access to and utilize any additional services and products made available by the Company to its Agents.

V. Responsibilities and Obligations of Agent

A. The Preparation, Issuance and Submission of Policies

1. Each Agent shall exercise due care in the performance of their duties as Agents of the Company in all aspects of the preparation, issuance and submission of the Company's title insurance policies. This duty to exercise due care shall include, but is not limited to:

a. the selection of the person or persons who perform(s) title searches for or on behalf of the Agent without regard to whether they are characterized as employees, independent contractors, subcontractors or any other term describing a relationship between the person performing the title search and the Agent.

b. the examination of the title which the policy insures to ascertain its status and what may appropriately and presently be insured by the Company. In conducting the examination, the attorney issuing a title insurance policy on behalf of the Company shall review the title report, title abstract, opinion of title or other work product prepared by the searcher evidencing the chain of title to ascertain the identity of the owner of the property to be insured and the status of the title held by the owner. The attorney shall also review such documents as are appropriate to determine the insurance coverages that the Company can properly and prudently provide. Further, the Agent shall conduct a bringdown prior to, but in conjunction with, recording, in person, by the Agent or the Agent's insured designee.

c. the preparation of policies to be issued by the Agent. Agent shall follow the Company's procedures with respect to all policies issued to insure that each policy is prepared in accordance with those procedures. Each policy shall also reflect the issuing attorney's professional judgment as to the coverages that the Company may properly and prudently provide and each portion of the issued policy shall be fully and accurately completed. Only endorsements and additional coverages appropriate in the circumstances shall be provided. Exceptions to the basic coverage provided by the Company's policies shall be taken in all appropriate cases unless prior written authorization has been obtained by the Agent from an authorized member of the Company's staff.

d. the issuance of endorsements to be attached to the Company's policies. The attorney issuing a policy on behalf of the Agent and the Company shall ascertain that all endorsements and additional coverages to be attached to the Company's policies are appropriate in light of the circumstances pertaining to the insured transaction.

e. adherence to the Company's procedures and underwriting guidelines. Each Agent is charged with the knowledge of all published and disseminated procedures and guidelines. Each Agent is obliged to inquire of an appropriate representative of the Company if the Agent is uncertain as to any Company procedure or guideline or the application of a procedure or guideline to a particular situation. Should an Agent become aware of a gap, ambiguity or inconsistency in the Company's procedures or guidelines, the Agent will advise the Company of such.

f. policy and premium submission. All policies issued by an Agent shall be forwarded to the Company as soon as practicable following the closing and in no event more than thirty (30) days of the effective date of the policy. The submitted policy shall include the policy insert schedules A, B and C, the full amount of the premium due, payment for title information reports, and copies of all endorsements attached to the policy and all other documentation completed or obtained by the Agent in connection with the issuance of the policy. The Agent may request, in writing, an extension of time for the submission of a policy or policies. The Company's granting of such an extension shall be in writing and state a date by which the policy or policies must be submitted.

g. the supervision of the actions of its employees in the issuance of the Company's policies. The Agent is responsible for assuring that the knowledge and experience of the Agent's employees are appropriate for the duties that they perform in the issuance of the Company's policies.

2. An Agent shall not issue a title policy in any transaction in which that Agent, or agent's spouse, child or parent, has any interest, financial or otherwise, in the insured property, unless Agent, prior to closing, has notified and received written permission from the Company allowing the Agent to issue said policy.

3. In order to maintain an agency relationship with the Company, the agent must issue and remit a reasonable number of title insurance policies to the Company each year.

B. Relationship to the Company

1. Each Agent shall maintain complete and accurate records concerning policies provided to the Agent by the Company, the use of said policies and the premiums collected from insureds.

2. Each Agent shall make themselves and their applicable CATIC materials, including but not limited to, any policy records maintained by the Agent, available upon request by the Company. Namely, the Agent shall produce any records and documents relied upon by the Agent in the issuance of the Company's policies, including but not limited to, title search notes, insured closing services protection letters, copies of documents of conveyance, certifications and affidavits executed by the parties, original copies of mechanic's lien waivers and indemnity agreements. The Company shall also have access to CATIC provided software.

3. Each Agent shall be responsible for the control and use of policies provided by the Company. The Agent shall ensure that the policies provided by the Company are in a safe and secure location. The Agent shall not deliver to any person, other than an authorized representative of the Company, any blank policy entrusted to the Agent's care without the express, written approval of an appropriate representative of the Company.

4. Each Agent shall immediately inform the Company of: any disciplinary action taken against any Agent or employee of the Agent by a bar to which the Agent or employee has been admitted to the practice of law; any disciplinary action taken by any regulatory body in any state, related to title agent

activities; and any disciplinary action taken by any regulatory body involving allegations of dishonesty or malfeasance.

5. Each Agent shall immediately inform the Company of any criminal or civil action filed against any Agent or employee of the Agent concerning alleged acts or omissions pertaining to the Agent's or employee's rendering of professional services.

6. Each Agent shall immediately inform the Company should an agency relationship it has had with another title insurance underwriter be canceled. The Agent shall inform the Company of the underwriter's reason for the cancellation of said agency.

7. Each Agent shall regularly close insurable transactions with the Company.

8. Each Agent shall immediately inform the Company should a check drawn on a trust account maintained by and for the Agent be returned for insufficient funds. The Agent shall provide a statement as to the reason(s) for the insufficiency and shall authorize the Company to inquire of the payee bank as to the circumstances of the insufficiency.

9. Each Agent shall immediately inform the Company in writing of any claim or potential claim of which the Agent becomes aware involving a policy issued by the Agent on behalf of the Company. The Agent shall cooperate with Company personnel and any counsel retained by the Company in seeking a resolution of such claim.

10. An Agent shall not initiate any discussions, take any action or make any offer of settlement regarding a claim or potential claim under a policy issued by the Company without the prior written authorization of the Company.

11. An Agent shall not use any product or service provided by the Company in the preparation or issuance of another title insurance underwriter's policies.

12. Each Agent shall promptly inform the Company of changes in the Agent's address or telephone number as well as the identity of personnel working on a regular basis with the Company's policies.

13. Each Agent shall make their trust account available for audit upon the request of the Company.

14. Each Agent is only an agent for the Company for the issuance of its title insurance policies and for no other purpose.

15. Each Agent shall follow and abide by any and all Rules and Regulations set forth by the Company.

16. Each Agent shall support the Company's mission as a Bar Related title insurance company.

C. Insured Closing Services

1. The Agent shall exercise due diligence in complying with an insured mortgagee's closing instructions. In the event that the insured mortgagee informs the Agent that the instructions have not been complied with, the Agent shall expeditiously seek to resolve any areas of non-compliance and shall keep the insured mortgagee informed of the Agent's efforts.

2. The Agent shall immediately inform the Company in writing whenever an insured mortgagee indicates to the Agent that it intends to file a request for payment under the terms of an insured closing letter issued on behalf of the Agent by the Company to that mortgagee.

3. The Agent shall inform the Company in the event that an Insured Closing Services Letter is no longer required for a particular mortgagee.

4. The Agent shall cooperate with the Company in resolving any claims made by lenders under the Insured Closing Services Letter issued for the Agent by immediately producing the file and related documentation for the Company's representatives.

VI. Suspension and/or Termination of Agent

A. Agent may be suspended and/or terminated forthwith, and without prior notice to the Agent, if the President or President's Designee has reason to believe that the Agent:

1. engaged in fraud or embezzlement and/or engaged in acts which demonstrate that the Agent is dishonest;

2. engaged in unreasonable conduct which has subjected or may subject the Company to liability on any policy issued by such Agent, or under any insured closing services letter issued by the Company;

3. engaged in acts which would constitute a ground for disbarment or suspension of the right to practice law;

4. is incapacitated;

5. was grossly negligent (in the judgment of the President or President's Designee) in the issuance of any Company policy;

6. failed to remit to the Company, as set forth in these Rules and Regulations, policies and premiums after issuance of such policies, and other receivables owed to the Company;

7. repeatedly failed to follow established procedures in the preparation and issuance of policies;

8. engaged in repeated acts of simple negligence in the preparation of policies or in the searching and examination of the title of the insured property;

9. engaged in unreasonable delay in the payment of any funds due the Company;

10. failed to abide by any of the provisions, as may be amended from time to time, as set forth in these Rules and Regulations and/or in the Agency Agreement;

11. committed any act or omission which compromises the integrity of the Company or subjects the Company to the risk of any monetary loss, other than the payment of a claim under a Company policy; and/or

12. failed to be available for meetings with CATIC designated employees (in the judgment of the President or President's designee) for any of the following purposes: the inspection of all forms; the inspection of software provided by CATIC; the review of policy issuance procedures; the review of clients' funds procedures; and, the review of closing procedures.