

PROCEDURES FOR COMPLIANCE WITH THE FINANCIAL REPORTING AND EXAMINATION OF TITLE AGENCIES PURSUANT TO NRS 692A.100

All title insurers, title agencies, and escrow agencies, domiciled and licensed under Title 57 of NRS are therefore subject to annual examinations as set forth under NRS 692A.100(4). Companies may engage a certified public accountant to perform an annual examination in lieu of the Commissioner's examination, pursuant to NRS 692A.100(5). The annual examination will cover the prior year's operation. The certified public accountant ("CPA") must be recognized by the Commissioner pursuant to NAC 680A.186.

The examination by the CPA must include the testing of the entity's financial condition (certified audit), the entity's fulfillment of its contractual obligations and compliance with law (certified compliance audit). It must also include the testing of the affairs, transactions, agreements, assets, records, and accounts, including the escrow accounts of a title agent, title insurer, or escrow officer. The examination must be equivalent to the type of examination conducted by the Commissioner, and the expense shall be borne by the title insurer, title or escrow agent being examined in accordance with NRS 692A.100(5).

The Commissioner or her representative will review the CPA's examination report to determine whether the title insurer, title agency, or escrow agency is in compliance with Nevada's statutes, regulations, and to determine the Certified Public Account's compliance with NRS 692A.100(5) and NRS 692A.100(6).

The title insurer, title agency or escrow agency should, within thirty days, inform the Commissioner if it intends to engage a recognized CPA in lieu of the Division performing the annual examination. The Commissioner requests the CPA's examination report be filed with the Division within 180 days from calendar year end.

Relevant Nevada Revised Statute:

NRS 692A.100(4)

For the purpose of determining its financial condition, fulfillment of its contractual obligations and compliance with law, the Commissioner or his representative or the Commissioner of Financial Institutions of the Department of Business and Industry or his representative when requested by the Commissioner of Insurance shall each year examine or cause to be examined the affairs, transactions, agreements, assets, records and accounts, including the escrow accounts, of a title agent, title insurer or escrow officer.

NRS 692A.100(5)

A title agent or insurer may engage a certified public accountant to perform such an examination in lieu of the Commissioner. In such a case, the examination must be equivalent to the type of examination made by the Commissioner and the expense must be borne by the title agent or insurer being examined.

NRS 692A.100(6)

The Commissioner shall determine whether an examination performed by an accountant pursuant to subsection 5 is equivalent to an examination conducted by him. The Commissioner may examine any area of the operation of a title agent or insurer if the Commissioner determines that the examination of that area is not equivalent to an examination conducted by him.

DOI INTERNAL ANALYSIS OUTLINE & PROCEDURE:

1. NRS 692A.100(4) requires an annual examination of Nevada title insurers, title agencies, and escrow agencies.
2. The Commissioner, having limited resources to perform an annual examination of every licensed title and escrow entity, is requiring that each entity engage a CPA to perform the annual examination of the title and escrow entities.
3. The Commissioner is required to review the examination report submitted by the CPA and determine whether the entity is in compliance with Nevada statutes and regulations.
4. The Commissioner, having limited resources, may engage, as her representative, an external examiner and/or CPA to perform the analysis of the examination reports.

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- The review analysis of the examination report will be charged back to the title or escrow entity as part of the examination/audit expense noted in NRS 692A.100(5). The review/analysis fee will be according to a “fixed fee” schedule and based on the title and escrow entity’s revenue size.

5. The Commissioner may authorize the entities operations to be examined if it is determined that the examination that was conducted by the CPA is not equivalent to the examination that would have been conducted by him pursuant to NRS 692A.100(4) and (6). If it is determined that the entity is subject to further examination by the Commissioner and the title or escrow entity shall bear the expense pursuant to NRS 692A.100(5).

6. The Commissioner's staff shall prepare draft procedures for the certified public accountant that will outline the entity's compliance requirements pursuant to chapter 692A of the NRS.

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Commissioner of Insurance