

**STATE OF NEW MEXICO**  
**OFFICE OF SUPERINTENDENT OF INSURANCE**

**DEPUTY SUPERINTENDENT**

Robert E. Doucette, Jr.



**DEPUTY SUPERINTENDENT**

Bryan E. Brock

**SUPERINTENDENT OF INSURANCE**

John G. Franchini

Interrogatories

1. Does the company have a written policy to ensure properly maintained licenses for the company and applicable personnel (please provide a copy)? Yes\_\_\_\_ No\_\_\_\_
2. Are all required licenses valid and current? Yes\_\_\_\_ No\_\_\_\_
3. Is the company's escrow Officer(s) a licensed title insurance agent pursuant to 13.14.2.10 NMAC? Yes\_\_\_\_ No\_\_\_\_
4. Does the company maintain a cash surety bond to protect against escrow losses? Yes\_\_\_\_ No\_\_\_\_ Please provide a copy of the bond.
  - a. Company:\_\_\_\_\_
  - b. Amount:\_\_\_\_\_
5. Does company have written procedures for hiring and training (including policies to mitigate the risk of hiring unethical employees)? Yes\_\_\_\_ No\_\_\_\_
6. Are five-year background checks conducted upon hiring? Yes\_\_\_\_ No\_\_\_\_
7. Does the company provide training to employees on management of escrow funds? Yes\_\_\_\_ No\_\_\_\_
8. Does the company maintain appropriate professional liability insurance (please provide a copy of the policy)? Yes\_\_\_\_ No\_\_\_\_
9. Does the company maintain an employee manual that includes definitive information on employee positions and duties (please provide a copy)? Yes\_\_\_\_ No\_\_\_\_
10. Does the company maintain an operations guide containing detailed operating procedures of the company (please provide a copy)? Yes\_\_\_\_ No\_\_\_\_
11. Does the operations guide include written procedures related to title policy production, delivery, reporting and premium remittance? Yes\_\_\_\_ No\_\_\_\_
12. Does the operations guide include written procedures for resolving consumer complaints? Yes\_\_\_\_ No\_\_\_\_
13. Does the company have a written privacy and information security program to protect Non-public Personal Information as required by local, state, and federal laws (please provide a copy)? Yes\_\_\_\_ No\_\_\_\_
14. Does the company's management review their security programs at least annually? Yes\_\_\_\_ No\_\_\_\_
15. Does the company use encryption or a secure delivery method for protected information? Yes\_\_\_\_ No\_\_\_\_
16. Has the company experienced any attempted or actual breached of protected information in the last two year? Yes\_\_\_\_ No\_\_\_\_
17. Has the company in the last two years experienced any financial loss due to a breach of internal controls over electronic protected information? Yes\_\_\_\_ No\_\_\_\_ Please explain any losses experienced:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
18. Is policy issuance current? Yes\_\_\_\_ No\_\_\_\_

19. Date of closing and guaranty file number of oldest unissued policy: \_\_\_\_\_

20. Date of closing and guaranty file number of most recently issued policy: \_\_\_\_\_

21. Does the company have written procedures to help ensure customers are charged correct title insurance premiums and other rates for services provided by the company (please provide a copy)? Yes \_\_\_ No \_\_\_

22. Does the company maintain written procedures regarding escrow accounting cash controls and deposit policies: written procedures including, but not limited to, accepting payments, cash accounting, handling and safeguarding, separation of duties: written procedures regarding dual controls and security? Yes \_\_\_ No \_\_\_

23. Does the company maintain a current copy of 13.14.4 NMAC Escrow Services Procedures and Internal Controls? Yes \_\_\_ No \_\_\_

24. Who is responsible for assuring that the company is in compliance with the minimum requirements for escrow accounting and internal control? Name: \_\_\_\_\_ Title \_\_\_\_\_

25. Have minimum escrow requirements for providing services, including accounting procedures and internal controls as set forth in 13.14.4 NMAC sections 8 through 16 been met for the most recent year? Yes \_\_\_ No \_\_\_

Describe any deviations from required minimum procedures.

---

---

---

26. Does the company have a written policy to ensure that escrow funds are maintained in accordance Section 58-28-4 or 59A-12-22 NMSA 1978 and are not comingled with the company's operating account(s) or an employee or manager's personal account? Yes \_\_\_ No \_\_\_

27. Does the company deposit the underwriters' portion of premiums collected in an account separate from its operating account? Yes \_\_\_ No \_\_\_

28. Are copies of all disbursement checks, front and back, available for the last 15 years? Yes \_\_\_ No \_\_\_

29. Are bank statements, escrow checks and account-related documentation clearly labeled by the bank as belonging to an escrow or trust account? Yes \_\_\_ No \_\_\_

30. Are escrow accounts maintained at a federally insured financial institution? Yes \_\_\_ No \_\_\_

31. Is a separate accounting ledger maintained for each escrow file? Yes \_\_\_ No \_\_\_

32. Is the escrow accounting system manual or electronic? Manual \_\_\_ Electronic \_\_\_

33. If an electronic system is being used, please provide the name of the software and the software vendor. \_\_\_\_\_  
\_\_\_\_\_

34. Does the company disburse only available and collected funds for the specific escrow file being debited? Yes \_\_\_ No \_\_\_

35. Are blank checks ever pre-signed? Yes \_\_\_ No \_\_\_

36. Are checks required to have two signatures? Yes \_\_\_ No \_\_\_

37. Are checks pre-numbered? Yes\_\_\_ No\_\_\_

38. Is every check signed by at least one escrow officer? Yes\_\_\_ No\_\_\_

39. Are checks used in numerical sequence? Yes\_\_\_ No\_\_\_

40. Are checks sufficiently safeguarded to prevent unauthorized access or theft? Yes\_\_\_ No\_\_\_

41. Describe check stock safeguarding procedures.

---

---

---

42. Are voided checks mutilated so as to prevent subsequent reissue (signature block removed or otherwise rendered ineffective)? Yes\_\_\_ No\_\_\_

43. Describe check mutilation process.

---

---

44. If check signatory stamps are used, does the company have a policy to ensure only authorized parties have access to these stamps? Yes\_\_\_ No\_\_\_

45. Does the company have a written policy defining levels of authority for authorizing bank transactions?  
Yes\_\_\_ No\_\_\_

46. How often is the above policy reviewed for update? Monthly\_\_\_ Semi-annual\_\_\_ Annual\_\_\_ Other (please describe below) \_\_\_

---

---

---

47. Does the company have a written policy to ensure that terminated employees are immediately deleted as listed signatories on all bank accounts? Yes\_\_\_ No\_\_\_

48. Which employees can initiate outgoing wire transfers?

---

---

49. Does the company have written policies and internal controls to prevent unauthorized outgoing escrow wire transfers? Yes\_\_\_ No\_\_\_

50. Do outgoing wire transfers require management approval? Yes\_\_\_ No\_\_\_

51. Is bank confirmation of incoming wire transfers required prior to disbursement of funds? Yes\_\_\_ No\_\_\_

52. Describe the company's policy for confirming the identity and source of wire transfer instructions received electronically?

---

---

---

53. Is senior management authorization required prior to disbursements from inactive or dormant accounts?

Yes \_\_\_ No \_\_\_

54. Does the company have a process for follow up on outstanding checks and a procedure for escheatment of unclaimed property in accordance with Uniform Unclaimed Property act and other applicable state regulations?

Yes \_\_\_ No \_\_\_

55. Pursuant to 13.14.4.14 NMAC are bank overdrafts cleared immediately? Yes \_\_\_ No \_\_\_

56. Pursuant to 13.14.4.14 NMAC are there amounts held in escrow more than five years old? Yes \_\_\_ No \_\_\_

If yes, please provide the total amount of funds held in escrow over five years and the date(s) on which NM Taxation and Revenue was notified. If notification has not been made please provide an explanation as to why funds have not been reported/remitted to NM Taxation and Revenue

---

---

---

---

57. Pursuant to 13.14.4.10 NMAC are all escrow receivables reimbursements made immediately after detection.

Yes \_\_\_ No \_\_\_

58. Has any judgement, civil action, or disciplinary action been taken against the agency? Yes \_\_\_ No \_\_\_

If yes, please provide the date the superintendent was notified Pursuant to 13.14.4.12 NMAC. If notification was not made, please provide an explanation of the action taken and the reason notification was not made.

---

---

---

---

59. Are all escrow bank accounts reconciled monthly using a “three-way reconciliation”? Yes \_\_\_ No \_\_\_

60. Do three-way reconciliations performed include a summary page with book balance, outstanding deposits list, deposits in transit, open escrow file listing or trial balance and outstanding disbursements list, all as of the reconciliation date? Yes \_\_\_ No \_\_\_

61. Do all amounts equal between the book balance and trial balance? Yes \_\_\_ No \_\_\_

62. Are reconciliations completed monthly and within 10 business days of the closing date of the bank statement?

Yes \_\_\_ No \_\_\_

63. Are reconciliations approved by management or a supervisor? Yes \_\_\_ No \_\_\_

64. Who prepares monthly escrow account reconciliations?

---

65. Who is responsible to review and approve monthly escrow account reconciliations?

---

66. Who is responsible for researching reconciling differences and correcting problems?  
\_\_\_\_\_

67. Does the company perform a daily reconciliation of escrow receipts and disbursements? Yes\_\_\_ No\_\_\_

68. Who performs daily reconciliations?\_\_\_\_\_

69. Are daily reconciliations of receipts and disbursements and monthly three-way reconciliations prepared independently by someone not associated with the receipt and disbursement function? Yes\_\_\_ No\_\_\_

70. Are reconciliations, bank statements and supporting documentation available to underwriters, regulators and other applicable parties electronically? Yes\_\_\_ No\_\_\_

71. Is a monthly escrow trial balance prepared for each escrow bank account? Yes\_\_\_ No\_\_\_

72. Pursuant to 13.14.4.11 NMAC was the company's annual agreed-upon procedures engagement performed by an independent certified public accountant (as defined by AICPA Code of Professional Conduct and Statements on Standards for Attestation Engagements)? Yes\_\_\_ No\_\_\_

73. Did you provide a complete and accurate list of all open and closed escrow and operating accounts to the accountant who performed your most recent annual agreed-upon procedures engagement? Yes\_\_\_ No\_\_\_

74. Please provide the number of currently invested escrow accounts? \_\_\_\_\_

75. Did the accountant performing your agreed-upon procedures engagement request a listing of all authorized signers/wire initiators and approvers on the accounts and compare the list to the authorized signers/wire initiators and approvers on record with the bank(s)? Yes\_\_\_ No\_\_\_

76. Did the accountant verify the validity of adjustments on monthly three-way escrow bank reconciliation that were needed to bring the account in balance during the agreed-upon procedures engagement? Yes\_\_\_ No\_\_\_

77. Does the company have a written policy defining requirements for timely and accurate remittance of underwriters' portions of premium (please provide a copy)? Yes\_\_\_ No\_\_\_

78. Do the company's underwriters conduct periodic audits of the agency? Yes\_\_\_ No\_\_\_

79. What was the date of the most recent underwriter audit? \_\_\_\_\_

80. Has the company been terminated by any underwriter for failure to timely remit an underwriter's portion of premium or for any other reason? Yes\_\_\_ No\_\_\_

81. Has the company received a written notice or warning from any of its underwriters within the last calendar year? Yes\_\_\_ No\_\_\_

82. If the answer to question 80 or 81 above is Yes, please name the underwriter(s).  
\_\_\_\_\_

83. What is your business mix?

Realtor \_\_\_\_\_ %

Lender \_\_\_\_\_ %

Attorney \_\_\_\_\_ %

AFB \_\_\_\_\_ % Affiliated Business Arrangement

MSA \_\_\_\_\_ % Marketing Service Agreement

Undirected Business \_\_\_\_\_ %

Answered by:

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature & title

\_\_\_\_\_  
Company

\_\_\_\_\_  
Date

Rev: 11/18