



Texas Department of Insurance

Property & Casualty Program – Data Services, Mail Code 105-5D
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2007 TEXAS TITLE INSURANCE COMPANY STATISTICAL REPORT

FORM 1 THE TEXAS TITLE INSURANCE INCOME EXHIBIT Calendar Year Ended December 31, 2006

General Instructions:

1. Experience must be reported on an accrual basis.
2. Amounts reported must be in accordance with the "Instructions for Completing Title Insurance Annual Statement Blank" unless such instructions are in conflict with instructions in this call.
3. Allocation of Investment Income, Realized Capital Gains and Unrealized Capital Gains to Texas must be in accordance with the Uniform Financial Reporting Plan of the American Land Title Association.
4. Do not adjust premiums for reinsurance acquired or ceded.
5. "Agency Function" is defined to include closing and examination.
6. Amounts reported for Direct Operations and Affiliated Agents must agree with amounts reported on Aggregate Form A, as follows:

<u>FORM 1</u>		<u>AGGREGATE FORM A</u>
Line 7	Same As	Line A.1
Line 8	Same As	Line A.3
Line 9	Same As	Line A.2
Line 21	Same As	Line A.14

7. Report only premiums written for your company on Aggregate Form A, line A.1, A.2 and A.3. Report premiums retained from premiums written for other underwriters as other income on Aggregate Form A and as miscellaneous income on Form 4 and Form 1. See example on page 3 for further explanation.

Specific Instructions:

1. *Line 1, Gross premiums – other than home office issue:* Report the direct premiums written by direct operations, independent agents and affiliated agents on policies other than home office issue in columns B, C and D, respectively. Do not include premiums on policies written for other underwriters.
2. *Line 2. Premiums allocated to agency function - other than home office issue:* Report premiums retained by direct operations, independent agents and affiliated agents on policies other than home office issue in columns B, C and D, respectively. Do not include premiums retained on policies written for other underwriters here. Report these as miscellaneous income on Form 4.
3. *Line 3, Premiums allocated to underwriter function - other than home office issue:* Report premiums allocated to underwriter by direct operations, independent agents and affiliated agents on policies other than home office issue in column A. Do not include premiums allocated on policies written for other underwriters.

4. *Line 4, Gross premiums – home office issue:* Report 100% of the direct premiums from home office issue transactions. Report premiums on policies issued by underwriters, direct operations and affiliated agents in columns A, B and D, respectively.
5. *Line 5, Premiums allocated to agency function - home office issue:* Report the portion of the direct premium from home office issue transactions allocated to direct operations, independent agents, or affiliated agents for performing the agency function in columns B, C and D, respectively. Amounts paid to attorneys or other non title entities are excluded from this line but should be reported on Form 2, line 3 or 4.
6. *Line 6, Premiums allocated to underwriter function - home office issue:* Report premiums allocated to underwriter function by underwriters, direct operations and affiliated agents on home office issue policies in column A.
7. *Line 7, Gross premiums – Total:* Add line 1 and line 4. Total must agree with written premiums reported on Schedule T of the Annual Statement.
8. *Line 8, Total premiums allocated to agency function:* Add line 2 and line 5.
9. *Line 9, Total premiums allocated to underwriter function:* Add line 3 and line 6.
10. *Line 10, Investment income - tax exempt - before expenses;*
11. *Line 11, Investment income – dividends - before expenses;*
12. *Line 12, Investment income - other – before expenses;*
13. *Line 13, Net realized capital gains (losses); and*
14. *Line 14, Net unrealized capital gains (losses):* Amounts must agree with amounts reported on the ALTA Uniform Financial Reporting Plan.
15. *Line 15, Total investment income:* Sum of lines 10-14.
16. *Line 16, Reinsurance fees (acquired):* Allocate all reinsurance fees (acquired) to Escrow, Abstract and Other Business.
17. *Line 17, Service charges:* For Underwriters (Column A), amounts must equal Form 4 totals. For Direct Operations (Column B) and Affiliated Agents (Column D), amounts must equal Lines A4 through A9 on the Aggregate Form A.
18. *Line 18, Escrow & abstract fees:* Allocate all escrow and abstract fees to Escrow, Abstract and Other Business.
19. *Line 19, Miscellaneous income:* Amounts must agree with Form 4 totals. Include the premium retained for other underwriters.
20. *Line 20, Total other income:* Sum of lines 16-19.
21. *Line 21, Total income:* Sum of Title Insurance Premiums, Investment Income and Other Income shown on lines 8, 9, 15 and 20.
22. *Line 22, Number of Title Policies Issued in Texas:* Owner policies are issued under Rate Rules R3 and R5. Basic Rate Mortgagee policies are issued under Rate Rule R4. Simultaneous issue Rate Mortgagee policies are issued under Rate Rule R5.

Example for reporting premium when affiliated agency writes business for more than affiliated underwriter: 123 Title Agency is an affiliate of underwriter ABC for whom they wrote \$100,000 in business. They also wrote \$10,000 in business for underwriter XYZ. Agent 123 reported \$110,000 in premium on their Agent Statistical Report. For ABC's Title Company Report, they will report the entire \$100,000 premium but only the retained premium written for underwriter XYZ. The \$10,000 premium will be reported on underwriter XYZ's statistical report as premium written by independent agents. The following diagrams show how the premiums should be reported.

123 Title Agent Statistical Report Form B
Distribution of Title Policy Premiums

Name of Underwriting Company for which Agency Charged Premiums	Title Premiums Charged	Title Premiums Remitted	Title Premiums Retained
ABC Title Underwriters	100,000	15,000	85,000
XYZ Title Underwriters	10,000	1,500	8,500
Total	110,000	16,500	93,500

ABC Underwriter Statistical Report Aggregate Form A	
Income	
Title Insurance Premiums	100,000
Remitted Title Premiums	15,000
Retained Title Premiums	85,000
.	.
Other Income	8,500

ABC Underwriter Statistical Report Form 4

Miscellaneous Income	Underwriter	Direct Operations	Affiliated Agents	Investment	Escrow, Abstract & Other
Premium retained from other UW			8,500		

ABC Underwriter Statistical Report Form 1

Other Income	Underwriter	Direct Operations	Affiliated Agents	Investment	Escrow, Abstract & Other
Line 19 Miscellaneous			8,500		

FORM 2
THE TEXAS TITLE INSURANCE EXPENSE EXHIBIT
Calendar Year Ended December 31, 2006

General Instructions:

1. Experience must be reported on an accrual basis.
2. Allocation of expenses to specific expense categories must be in accordance with the "Instructions for Completing Title Insurance Annual Statement Blank" unless such instructions are in conflict with instructions in this call.
3. Allocation of expenses to Texas (amounts in Column F, Gross Amount Per Books) must be in accordance with the Uniform Financial Reporting Plan of the American Land Title Association unless such instructions are in conflict with instructions in this call.
4. Amounts reported for Direct Operations and Affiliated Agents must agree with amounts reported on Aggregate Form A.
5. Allocate expenses on a direct basis where applicable. Otherwise, allocate to each operation on the basis of total income.

Specific Instructions:

1. Line 1c, Salaries: Salaries, end of year bonuses, commissions and any other forms of direct cash compensation of officers and employees only. Exclude salaries or wages, etc., of janitors, caretakers, maintenance personnel and agents paid in connection with owned real estate and premises leased for company use, retirement allowances, directors and committee fees and disability payments to or on behalf of employees under self-insurance plans.
2. Line 2, Employee benefits, relations & welfare: Group insurance (which includes life, dental and health, etc.), profit sharing and pension plans (including 401 (k), ESOP, SEP, etc.), retirement insurance (annuities), unemployment and payroll taxes, employee training costs, service awards and company parties or other functions held solely for and attended solely by bona fide company directors, officers, and employees and their families.
3. Lines 3a & 3b, Fees paid for title examination & furnishing title evidence: Amounts paid for the examination, searching, reading or rendering of title opinions to:

3a - Title Agents
3b - Outside Attorneys and Others
4. Lines 4a & 4b, Closing costs paid non-employees: Amounts paid for closing a transaction where you will be issuing the policy to:

4a - Title Agents
4b - Fee Basis Attorneys and Others
5. Line 8, Advertising and Promotions: Includes all advertising expenses, entertainment and meal expenses for the purpose of promoting the title agency. Promotional activities include furnishing or making expenditures for advertising mementos (i.e. logo inscribed memorabilia) which promote the licensee. Entertainment expense includes furnishing or making reasonable expenditures, not conditioned on the referral of title insurance business for entertainment, food and beverage by a title agent for a person in a position to refer title insurance business. Also include expenditures for educational activities designed to provide instruction about the business of title insurance to people in positions to refer title business.

6. Line 9, Employee travel, lodging & education: Report expenses for business travel, including meals and short-term vehicle rentals while in travel status. Includes employee training expenses. Does NOT include long-term vehicle leases which should be reported on line 19.
7. Line 12, Legal expense: Includes legal fees and retainers for corporate and administrative matters. Does NOT include costs for defending a loss. These should be reported on line 24.
8. Line 13, Licenses, taxes & fees: Includes, but is not limited to: State and local insurance taxes (i.e., premium taxes), business, corporate and agent license fees and insurance department examination fees. Exclude real estate and federal taxes.
9. Line 14, Postage & freight: Includes postage and freight expenses usual and customary to the operation of any business.
10. Line 15, Courier & overnight delivery: Includes courier and overnight delivery charges paid to third-party vendors for the benefit of title insurance customers. Does NOT include expenses paid to an employee assigned runner/courier duties, which should be reported on line 1a.
11. Line 16, Telephone & facsimile: Includes monthly telephone service charges as well as dedicated line charges, long distance charges, and other operational charged for facsimile equipment.
12. Line 19, Equipment & vehicle leases: Includes all payments for vehicles and other equipment (whether mobile or stationary) acquired through long-term lease agreements. Does NOT include any short-term vehicle rentals while in travel status. These are reported on line 9.
13. Line 21, Directors fees: Includes all amounts paid to corporate directors. Does NOT include any amounts reported under salaries on line 1b.
14. Line 22, Dues, boards & associations: Includes only those amounts paid for memberships in associations and on boards. Does NOT include any portion of dues used to support political action committees or lobbyists. Those expenses should be reported on line 38. Does not include amounts paid to trade associations or clubs. Trade association expenses should be reported on line 39 and club memberships as employee benefits on line 2, or advertising and promotions on line 8.
15. Line 23, Bad debts: Limited to obligations due to this company which were written off books during the calendar year as uncollectible.
16. Line 24, Loss adjustment expenses incurred: Legal costs, court costs, investigative costs or any other costs incurred in the defense or appeal of suits in connection with a title claim. Reported amount should include amounts paid and case basis reserves only. Do not include I.B.N.R. or bulk reserves. Do not include any LAE reported on line B-24 of the Affiliated Agent or Direct Operation Aggregate Form A.
17. Line 25, Losses incurred: Losses incurred on a title claim covered by a policy or binder. Report paid and case basis reserves only. Do not include I.B.N.R. or bulk reserves. Do not include any LOSSES reported on line B-24 of the Affiliated Agent or Direct Operation Aggregate Form A.
18. Line 26, Reinsurance charges (ceded): All payments made to other underwriters for the transfer of risk under the applicable reinsurance agreements or contracts. Allocate all costs to Escrow, Abstract & Other Business.
19. Line 27, Other: Appropriate expense not included in any other expense category in this report.
20. Line 32, Net addition to unearned premium reserve: See Article 9.16, Texas Insurance Code.
21. Line 33, Abstract costs: Amounts paid to non-employees for miscellaneous searches, reports, certificates, abstracts, surveys, and maps pertaining to record proof required in the examination of title.

22. Line 34, Real estate expenses: Salaries, wages and other compensation, including payroll taxes of janitors, caretakers, maintenance people, agents paid in conjunction with owned real estate. Also includes insurance, advertising, maintenance and operation costs in conjunction with owned real estate.
23. Line 36, Damages paid for bad faith suits: Include any amount paid by the insurer for damages in a bad faith suit against the insurer in Texas.
24. Line 37, Fines or penalties for violation of law: Enter all amounts paid to any Texas governmental entity for violation of law.
25. Line 38, Donations/lobbying: "Donations" means charitable contributions. "Lobbying expenses" includes amounts paid to political action committees (whether directly or indirectly through other organizations) and individual lobbyists (whether directly or indirectly through other organizations). Does not include amounts paid to trade associations. Those expenses should be reported on line 39.
26. Line 39, Trade association fees: Report amounts paid to organizations providing professional services as well as lobbying.
27. Line 40, Total expenses: Sum of lines 1 – 39.
28. Line 41, Profit or (loss) before federal income tax: Total income (Form 1, line 21) minus Total expenses (Form 2, line 40).

FORM 3
DETERMINATION OF STATUTORY PREMIUM RESERVE
Calendar Year Ended December 31, 2006
(§2551.251, Texas Insurance Code)

I. DETERMINATION OF STATUTORY PREMIUM RESERVE REQUIRED CALENDAR YEAR 2006

LINES 1 THROUGH 4 are to be reported as set forth in the title insurer's annual statement (See Article 9.16, Section 3(a)) for domestic insurers. Foreign insurers should utilize the same formulas for comparison purposes.

Line 1- *Net Retained Liability (in millions)*

Line 2 - *Direct Premium Written for Calendar Year 2006 (Countrywide)*

Line 3 *Statutory Premium Reserve is an amt. equal to the total of 18.5 cents per 1,000 of Net Retained Liability*

Line 4 - *Statutory Premium Reserve*

II. Determination of Statutory Premium Reserve Balance

Column A - *Reserves (1986-2005)* - Taken from Form 3, Column A from 2006 call. Copy the 2005 Reserve amount from Form 3, Line 4 of the 2006 call.

Column B - *Statutory % Release* - These figures are set in §2551.252(c)

Column C - *Reduction* - This is calculated by multiplying the Reserves (Col A) by the Statutory Percentage Release (Col B). Line 25 is the Total SPR Reduction for Calendar Year 2006.

Line 26 - *Statutory Premium Reserve Balance as of 12/31/2005* - Copy this number from Title Insurance Company Statistical Report for 2005 experience, Form 3, Line 29.

Line 27 - *One-tenth of Transitional Charge (Release) as calculated for years '97 and prior* – Copy this number from 2006 Title Insurance Company Statistical Report for 2005 experience, Form 3, Line 27.

Line 28 - *Supplemental Reserve, if applicable* - See Texas Insurance Code, §2551.257 to determine if applicable. An amount should be shown here if Part 3B, Line 11 on your Annual Statement has a balance.

Line 29 - *Statutory Premium Reserve Balance as of 12/31/06* - Add the Total SPR Reduction (Line 25), Statutory Premium Reserve Balance as of 12/31/05 (Line 26), One-tenth of Transitional Charge (Release) as calculated for years '97 and prior (Line 27) and Supplemental Reserve, if applicable (Line 28). Subtract this subtotal from Statutory Premium Reserve (Line 4).

FORM 5
THE TEXAS TITLE INSURANCE LOSS DEVELOPMENT EXHIBIT
Calendar Year Ended December 31, 2006

General Instructions:

1. The purpose of this exhibit is to provide data regarding the development of Texas Title Insurance policy losses.
2. Do not include amounts paid or reserved on policies with inception dates prior to January 1, 1997.
3. Reported losses must be net of recoupment.
4. Do not include loss adjustment expenses.

Specific Instructions, Using Policy Inception Year 1997 as an Example:

1. Losses paid in 1997 on policies with 1997 inception dates are reported on line 1, in column A.

Case basis loss reserves on December 31, 1997 on policies with 1997 inception dates are reported on line 2, in column A.
2. Cumulative losses paid in 1997 and 1998 on policies with 1997 inception dates are reported on line 1, in column B.

Case basis loss reserves on December 31, 1998 on policies with 1997 inception dates are reported on line 2, in column B.
3. Cumulative losses paid in 1997 - 2006 on policies with 1997 inception dates are reported on line 1, in column J.

Case basis loss reserves on December 31, 2006 on policies with 1997 inception dates are reported on line 2, column J.
4. Use the same procedure for reporting paid losses and case basis loss reserves on policies with inception dates in 1998 on lines 4 and 5, in columns B - J; for policies with inception dates in 1999, on lines 7 and 8, in columns C - J, etc.

FORM 6
TITLE INSURANCE LOSS ADJUSTMENT EXPENSE DEVELOPMENT EXHIBIT
Calendar Year Ended December 31, 2006

General Instructions:

1. The purpose of this exhibit is to provide data regarding the development of Texas Title Insurance loss adjustment expenses.
2. Do not include amounts paid or reserved on policies with inception dates prior to January 1, 1997.
3. Reported loss adjustment expenses must be net of recoupment.

Specific Instructions, Using Policy Inception Year 1997 as an Example:

1. L.A.E. paid in 1997 on policies with 1997 inception dates are reported on line 1, in column A.

Case basis L.A.E. reserves on December 31, 1997 on policies with 1997 inception dates are reported on line 2, in column A.
2. Cumulative L.A.E. paid in 1997 and 1998 on policies with 1997 inception dates are reported on line 1, in column B.

Case basis L.A.E. reserves on December 31, 1998 on policies with 1997 inception dates are reported on line 2, in column B.
3. Cumulative L.A.E. paid in 1997 - 2006 on policies with 1997 inception dates are reported on line 1, in column J.

Case basis L.A.E. reserves on December 31, 2006 on policies with 1997 inception dates are reported on line 2, column J.
4. Use the same procedure for reporting paid L.A.E. and case basis L.A.E. reserves on policies with inception dates in 1998 on lines 4 and 5, in columns B - J; for policies with inception dates in 1999, on lines 7 and 8, in columns C - J, etc.

FORM 9
PREMIUM AND LOSS BY AMOUNT OF LIABILITY REPORT
Calendar Year Ended December 31, 2006

The Premium and Loss by Amount of Liability Report, presents the distribution of incurred loss and allocated loss adjustment expense by policy liability range, number of policies, gross premium and total liability. This schedule expands on the current year information provided in Form 2, lines 24 and 25.

1. Report premium, liability, loss and ALAE on all policies and endorsements that apply to a single transaction.
2. Report all premium, liability, loss and ALAE direct as to reinsurance.
3. Column (2), Gross Premium: The amount of gross premium includes all premium collected for all policies, endorsements, and amendments in each transaction for the calendar year being reported.
4. Column (3), Total Liability: The amount of liability applies to a single title insurance transaction. The amount of liability is non-cumulative on a simultaneous issue of an owner and mortgagee policy. Report the larger liability of the owner or mortgagee policy.

Column (3) Total = Form 1, Column G, Gross Premiums, Total

5. Column (4), Incurred Loss and Allocated Loss Adjustment Expense: Losses incurred on a title claim covered by a policy or binder. Legal costs, court costs, investigative costs or any other costs incurred in the defense or appeal of suits in connection with a title claim. The reported amount should include amounts paid and case basis reserves only. Do not include I.B.N.R. or bulk reserves. Do not include any Losses reported on line B-24 of the Affiliated Agent or Direct Operation Aggregate Form A.

Column (4) Total = Form 2, Column F, lines 24 & 25

FORMS 10 and 11
REGARDING POLICIES WITH HOME EQUITY ENDORSEMENTS
Calendar Year Ended December 31, 2006

In order to collect information for pricing all equity lending transactions, the Department is collecting claims data for Title Insurance policies as well as premium data for policies which include the Equity Loan Mortgage Endorsement (T-42) and Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1). Provide the information on the attached two worksheets.

1. The TITLE INSURANCE CLAIMS BY ALTA RISK CODES worksheet (Form 10) requests claims and loss data by ALTA risk codes. This is **not** limited to claims due to home equity related risks. See Appendix II for a listing of ALTA risk codes.
2. The TITLE POLICIES WITH T-42 ENDORSEMENT worksheet (Form 11) is self-explanatory. Its purpose is to show the total premium collected on policies with one or both home equity endorsements. While premiums charged for individual transactions will be reported on Schedules 1 and 3, report all premiums associated with a policy that includes a home equity endorsement on this form.

Form 12
Report on Directly Issued Policies
For experience period between 1/1/06 and 12/31/06

General Instructions:

1. List all directly issued policy transactions by county. If transaction included more than one county, repeat the transaction information for each county.

Specific Instructions:

1. Transaction ID – Provide the guaranty file number or other identifier.
2. Gross premium and limits of liability – self-explanatory
3. Policy Date – self-explanatory
4. County code – Location of insured land identified by standard three (3) digit county code as set forth in Table 7 of the Texas Title Insurance Statistical Plan. These codes are also included on a separate tab in the workbook. Identify all counties included in transaction.
5. Requesting Agent ID – Enter the TDI Agency/Direct Operation Company ID Number as shown on the Agent/Direct Operation license;
6. Cooperating Agent ID – Enter the TDI Agency/Direct Operation Company ID Number as shown on the Agent/Direct Operation license
7. DIP Status – Enter Best Evidence = 0; Multicounty = 1.
8. Sort the report by county and then by requesting agent identification number.

See the Basic Manual of Title Insurance, Section IV, P-58. Report on Directly Issued Policy for further information.

**SPECIAL INSTRUCTIONS
FOR THE COMPLETION OF THE
ALTA INCOME STATEMENT SUMMARY
AND THE
ALTA BALANCE SHEET SUMMARY**

The reporting schedules for the Income Statement Summary and the Balance Sheet Summary are to be completed in accordance with the instructions for the American Land Title Association Uniform Financial Reporting Plan. In particular, please note that:

1. The Financial Reporting Plan includes all charges in which the underwriter participates, gross as to agency retentions for those charges.
2. In completing the right hand side of the Texas Balance Sheet Summary, first assign Loss Reserves (line 10) and Statutory Reinsurance Reserves (line 11) to Texas. Then allocate lines 12, 13, 15 and 17 to Texas using the common ratio:

$$\frac{(\text{Line 9} - (\text{Line 10} + \text{Line 11})) \text{ for Texas}}{(\text{Line 9} - (\text{Line 10} + \text{Line 11})) \text{ Nationwide}}$$

Calculate line 14 as the sum of lines 12 and 13;

Calculate line 16 as the sum of lines 10, 11, 14 and 15;

Calculate line 18 as the sum of lines 16 and 17.

This procedure guarantees that the balance sheet will balance, column by column. Out of Balance Conditions will Not Be Accepted.

3. In allocating investment income items on the Income Statement Summary (Lines 16 through 21) to Texas, use the ratio:

$$\frac{\text{Balance Sheet Summary Line 16, for Texas}}{\text{Balance Sheet Summary Line 16, Nationwide}}$$

**A F F I D A V I T
FOR
TEXAS TITLE INSURANCE COMPANY STATISTICAL REPORT
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2006**

THE STATE OF _____

COUNTY OF _____

_____, President, _____, Secretary, _____, Treasurer of the _____ being duly sworn, each for himself, deposes and says that they are the above described officers of the said insurer, and that on the 31st day of December last, all of the information contained in Forms 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11,12 Schedules S-1, S-2, S-3, S-4, S-5, S-6, Aggregate Form A and the ALTA Income Statement Summary and the ALTA Balance Sheet Summary of the named Company submitted herewith, together with any necessary related exhibits, schedules and explanations herein contained, annexed or referred to are a full and true statement of income and expenses in accordance with the instructions provided for the year ended on that date, according to the best of their information, knowledge and belief.

_____,
PRESIDENT

_____,
SECRETARY

_____,
TREASURER

SUBSCRIBED AND SWORN TO BEFORE ME this the _____ day of _____, 20____.

Notary Public

Printed Name of Notary

My commission expires:

Contact Person

Position

Phone Number

E- Mail