

From: Leslie Midgley [mailto:Leslie@tlta.com]
Sent: Tuesday, November 04, 2008 5:19 PM
To: Bieniek, Joe
Subject: Revised comments from the Texas Land Title Association

Joe,

OK, here goes again. So sorry for the confusion. Please discard my original email. There are four attachments mentioned in the letter. We have converted the attachments to links because the files would not transmit via email due to size. Please let me know if you have trouble accessing any of the documents.

- 1) Our comments in letter form, Letter: www.tlta.com/documents/Oct23/letter.pdf
- 2) Exhibit A - Agent forms and instructions: www.tlta.com/documents/Oct23/Exhibit_A_Agents.pdf
- 3) Exhibit A - Underwriter forms and instructions: www.tlta.com/documents/Oct23/Exhibit_A_Underwriters.pdf
- 4) Exhibit B - Statutory references: www.tlta.com/documents/Oct23/Exhibit_B.pdf

Again, thanks so much for forwarding this to Chair Chavez and the Working Group. If you'll please confirm receipt of this corrected version by email, I'd greatly appreciate it.

If you have any questions, please let me know.

LESLIE MIDGLEY

Executive Vice President
Texas Land Title Association
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President
Celia C. Flowers



Executive Vice President
Leslie Midgley

November 3, 2008

Mr. Morris J. Chavez
Superintendent of Insurance
State of New Mexico
P.O. Drawer 1269
Santa Fe, New Mexico 87504-1269

Dear Superintendent Chavez:

On behalf of the Texas Land Title Association, thank you for the opportunity to provide comments regarding the NAIC Title Insurance Working Group's interest in a nationwide statistical plan. The Texas Land Title Association is a statewide trade association representing the title insurance industry in Texas. We were formed in 1908 and represent a membership of approximately 2500 title insurance underwriters and agents and their employees as well as companies that provide goods and services to the industry.

Texas has a well-established comprehensive statistical reporting program in place and the Texas Department of Insurance (TDI) has been collecting data from title insurance companies and agents for over 40 years. Copies of the most recent 2007 statistical forms are attached to this letter as Exhibit A. Title insurance agents and underwriters are required to submit these reports annually. As you know, Texas is a promulgated rate state and the data collected is a necessary and integral part of the rate setting process. Data is used to ensure that the rates are "reasonable as to the public; and nonconfiscatory as to title insurance companies and title insurance agents" as set out in The Texas Insurance Code, Title 11, Section 2703.152. The statutory reference to the collection of data for fixing premium rates can be found in Section 2703.153. Copies of this section of the statute are attached to this letter as Exhibit B.

The data collection and submission process works, primarily because companies are setup internally to be able to collect this data and because the system has been in place for several decades. Over the last few years, TDI has converted to a report that is submitted electronically, which has improved the process. Our association offers an educational teleconference each year after the data call is issued. Industry CPAs and TDI staff are on the phone to walk company representatives through the form and to assist in understanding where and how items should be entered to ensure that data is properly reported. Because this data is used in the rate setting process, it is critical that the reporting be consistent and accurate.

Over the years, the report has been amended for a variety of reasons such as 1) to collect additional data deemed necessary, 2) to make instructions clearer and the forms easier to navigate, and 3) to reflect changes in market practices, industry make-up and new or changed terminology. The industry, through our trade association, has worked with TDI to improve and refine the forms over the years as needed. Again, it is important to note that title companies in Texas have over time developed the infrastructure of technology, record-keeping and staff necessary to collect and submit this data. It can be quite costly for companies to adapt to and maintain the requirements of data collection. These additional expenses are then factored into the rate making process and have the effect of driving rates up. Therefore, as you carry out your

feasibility study, we urge you to look at that expense factor closely and to seek as much industry input as possible regarding the costs associated with collecting specific data.

Upon review of our forms, you will find that our statistical report is specific to the title business in Texas and while parts of it may work in other states, much of the terminology would not be transferable. As you look at the feasibility of developing a nationwide form, we suspect that the state to state differences in title insurance regulation, practices, structure and terminology will become evident. The Texas form works for Texas because it was designed by and for us and for our promulgated rate system. While it may serve as a basis for development of forms in other states, we believe each state would need to develop their own form specific to their needs.

From a nationwide perspective, one of the ways the title industry has been able to serve the consumer so reliably over the years has been its ability to develop and grow differently in different areas. These differences are driven by a host of factors including the nature of land ownership (original Texas records are Spanish land grants for example), how land records originated and were kept, the history of who settled the land and how it was settled, how the state grew over time in terms of population and economics, the geography and size of each state, the way municipalities are governed, and a myriad of other factors - not to mention the dramatic differences in state laws that affect many fundamental aspects of the business. Our association is celebrating its 100th anniversary this year and as we've researched our state history, those unique factors that influenced the way the title industry has developed over time in Texas have become very evident. As you look at national uniformity, we urge you to consider the history of the various state systems and the reason each has developed in its own unique way and how maintaining a diversity of approaches among states preserves the opportunity for innovation in problem solving and regulation, ultimately benefiting all consumers.

We appreciate the work of the NAIC Title Insurance Working Group and would welcome the opportunity to visit with you more about this topic. We believe that significant industry input will be important to the success of your feasibility study. Because of our extensive experience with data collection in Texas, we hope you'll consider allowing us to be a part of this ongoing discussion.

Again, thank you for the opportunity to provide comments and for your careful consideration of all the issues. If you have questions or if we can be a resource to you in any way, please don't hesitate to contact us.

Sincerely,



Leslie Midgley
Executive Vice President



Celia Flowers
President