

Matt Blunt
Governor
State of Missouri



Department of Insurance
Financial Institutions
and Professional Registration
Linda Bohrer, Acting Director

DIVISION OF INSURANCE COMPANY REGULATION

November 19, 2008

VIA EMAIL SAME DAY

The Honorable Morris J. Chavez
Superintendent of Insurance
Chair, NAIC Title Insurance Issues Working Group
P.O. Box 1269
Santa Fe, NM 87504-1269

Dear Mr. Chavez:

This is a follow-up to the Title Insurance Working Group's recent conference call relating to title insurance statistical plans. Alan Seeley solicited interested parties for data elements needed in a statistical plan.

I suggested a "State Page" for the title insurance annual statement. This proposal is not as comprehensive as a statistical plan but it would provide information useful for monitoring title insurance within a state. Please see the attached template for a State Page.

Possible advantages of a State Page include:

1. The proposed State Page provides new information that can be used by state insurance departments to monitor title insurance by company and type of business. The new items for each company in the state are:
 - a. The number of insured policies;
 - b. The aggregate amount of insurance;
 - c. The statutory premium reserve;
 - d. The commissions paid to agents;

This information provides the following averages:

- e. The average amount of insurance per policy;
- f. The average premium per policy;
- g. The average rate per \$1,000 of insured value;
- h. The average commissions per policy;
- i. The average commission rate (agent retention or agent's split);
- j. For direct operations, the fees for title-related services (other income), average fees per policy and the total average cost per policy to the consumer.

2. The averages are useful to assess the level of price competition among companies and within segments in a state.
3. For direct operations it is possible to assess the total cost of title insurance from state to state.
4. The information is available to all states, even those that do not adopt a statistical plan.
5. Since the information can be determined policy-by-policy or claim-by-claim, it is relatively inexpensive for insurer to compile and report.
6. The information is needed to eventually develop a more comprehensive Profitability By State report for title insurance.

The proposed State Page falls well short of a statistical plan. While it is useful in assessing how much is being paid for title insurance, it does not address the correctness of those charges.

I would be pleased to answer any questions you may have regarding this proposal.

Very Truly Yours

David B. Cox, FCAS, MAAA
P&C Actuary
(314) 909-1320
David.Cox@insurance.mo.gov

CC: Linda Bohrer, Acting Director
Alan Seeley, FCAS, MAAA

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE.....Sample Title Insurance Company
Exhibit of Premiums and Losses**

| NAIC Group Code ... 0000 | Direct Business in the State of Missouri | | | | During the Year 2010 | | | NAIC Company Code 59999 | | |
|--|---|---|------------------------------------|-----------------------------------|---|--------------------------------|------------------------------|--------------------------------------|---|---|
| Type of Business | 1 Number of Policies Issued During the Year | 2 Direct Amount of Insurance Written in Millions | 3 Direct Premiums Written | 4 Direct Premiums Earned | 5 Other Income on Policies Issued for the Type of Business | 6 Direct Losses Incurred | 7 Direct Losses Unpaid | 8 Statutory Premium Reserve | 9 Amounts Paid to or Retained by Title Agents | 10 Taxes, Licenses and Fees Incurred |
| 1 Residential Policies Issued Directly | | | | | | | | | | |
| 2 Non-residential Policies Issued Directly | | | | | | | | | | |
| 3 Residential Policies Issued By Independent Agent | | | | | | | | | | |
| 4 Non-residential Policies Issued By Independent Agent | | | | | | | | | | |
| 5 Residential Policies Issued By Affiliated Agents | | | | | | | | | | |
| 6 Non-residential Policies Issued By Affiliated Agents | | | | | | | | | | |
| 7 All Other | | | | | | | | | | |
| 8 Total | | | | | | | | | | |

Notes

- A. Residential policies mean those policies subject to the provisions of RESPA.
- B. The number of policies issued means original owner's policies and single issue loan policies but not simultaneous issue loan policies or closing protection letters.
- C. The amount of liability to be reported is the policy face (direct of reinsurance) in those cases not involving a simultaneous issue of multiple policies.
In determining the amount of liability to be reported in case of simultaneous issue of an owners policy and a mortgage policy, include the higher liability policy only.
This amount is reported in millions of dollars (\$000,000 omitted).
- D. Premiums, other income and losses, Items 2 through 7, should be consistent with and reconcile to those amounts reported in Schedule T.
Note that the direct losses unpaid in Schedule T are the known claim reserves only.
- E. Statutory premium reserve, Item 8, should be consistent with and reconcile to those amounts reported in Part 1B.
- F. Amounts paid to or retained by agents and taxes, licenses and fees, Items 9 and 10, should be consistent with and reconcile to those amounts reported in Part 3.