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Department of Insurance
Financial Institutions
and Professional Registration
Kip Stetzler, Interim Director

DIVISION OF INSURANCE COMPANY REGULATION

Memo To: Joe Bieniek, NAIC
CC: Angie Nelson & Tamara Kopp of the Missouri DIFP
From: David B. Cox, FCAS, MAAA, Missouri DIFP
Date: January 20, 2009
Subject: Purposes of the Proposed of Form 9 "State Page"

Please see the attached comments in support of the proposed title insurer annual statement State Page. This is an outline of possible purposes of data provided by the proposed state page.

Purposes of the Proposed of Form 9 “State Page”
By David B. Cox, FCAS, MAAA
January 20, 2009

1. The State Page provides data needed to measure profitability by state:
 - a. Commissions by state and segment are essential in measuring insurer profitability and are not currently reported to regulators.
 - b. Taxes, licenses & fees by state and segment are essential and are not currently reported to regulators.
 - c. The number of policies & exposure are used to more accurately allocate countrywide overhead expenses to state and segment.
 - d. The SPR is used to more accurately allocate countrywide investment income to state and segment.
2. The State Page data can be used to measure competitiveness of title industry:
 - a. Measures differences in the average prices among insurers within a state and segment.
 - b. Measures commission rates among insurers within a state and segment.
 - c. Measures price movement in response to changing costs and demand.
3. The State Page data can be used to measure the reasonableness of rates and charges:
 - a. Allows comparisons of average title insurance prices from state to state.
 - b. Allows comparisons of prices for related title services from state to state.
 - c. Allows comparisons of commission rates from state to state.
 - d. Allows evaluation of the provision for commissions in a title rate filing (by comparing commission rates over time and to statewide averages).
4. Granularity:
 - a. The segments of direct, independent agent and affiliated agent correspond to the Title Insurer Annual Statement expense segmentation. These segments have differing expense structures.
 - b. Residential versus commercial are needed to segregate the experience of segments having differing levels of risk and expense.