



July 28, 2010

NAIC Title Statistical Plan Working Group
c/o Ms. Paula Sisneros
Colorado Division of Insurance
1560 Broadway, Suite 850
Denver, Colorado 80202

Dear Paula:

On behalf of the American Land Title Association, thank you for continuing to seek the land title industry's input into the work of the Title Statistical Plan Working Group. ALTA has been asked to offer comments on the reporting deadline, how unallocated expenses should be apportioned and whether a potential section should be included in the title statistical plan with information on risk identification and elimination. These comments are intended to be included in discussion during the Working Group's July 29, 2010, conference call.

In our June 17, 2010, comment letter, ALTA indicated that current reporting deadlines for other types of regulatory reports are primarily in March and April. States which currently require statistical plan data have a July deadline. While we understand that many regulators want this information as early as possible, a May 15 reporting deadline is simply too early, especially for direct operations of underwriters. These companies require additional time to collect, aggregate and report statistical plan data, and the information reported in the title statistical plan is not so urgent that sufficient time cannot be provided. Therefore, we respectfully request that June 1 be set as the reporting deadline for the title statistical plan.

We suggest that unallocated expenses (if applicable) should be determined by multiplying the total amount of the unallocated expenses (whether they be employee compensation; contract labor (1099); temporary labor (non-1099); payroll taxes; employee benefits; rent, utilities, and repair; title plant maintenance/subscription expenses; abstract/search expenditures; computer/software; business insurance; business legal; accounting; state and local licenses, taxes, and fees; marketing/sales; travel and lodging; employee education; bank charges; charge offs or miscellaneous expenses) for all states by the percentage of business performed in the reporting state, which can be found on Line 18 of the title statistical plan. This figure should be added to the allocated expense and reported on the appropriate line. We have included this suggestion in the expense portion of the title statistical plan.

Finally, we continue to look for ways in which the value of the title search, exam and curative work that title agents provide can be explained and demonstrated, because there is value in this work. If the errors and fraud that is detected were otherwise unidentified and uncorrected, they would otherwise result in a claim on the title insurance policy, and insurers' claims ratio would increase significantly. This work protects insurer solvency and policyholders and reduces claims.

However, since each real estate transaction is unique, the ability to quantify this type of information is extraordinarily challenging to collect.

We ask that regulators and other stakeholders recognize that information provided by the current title statistical plan draft provides a picture of the income and expenses of title agencies (costs), but does not provide regulators and other stakeholders a picture of the value derived from this work (benefits). While it can be extraordinarily difficult to quantify this information, ALTA will continue to work with regulators and other stakeholders to find ways in which the industry can provide valuable information into the service title agencies provide.

Sincerely,

A handwritten signature in blue ink that reads "Kurt Pfothauer" followed by a horizontal line.

Kurt Pfothauer
Chief Executive Officer