

Received via e-mail May 19, 2010
From Rich Patterson

On behalf of the Title, Conveyancing and Bar-Related Title Insurance Committee of the General Practice, Solo and Small Firm Division of the American Bar Association, I would like to submit the attached Attorney Title Agent Statistical Report Form and Instructions for your consideration. In reviewing the form, you will note that it closely corresponds with the form that the Working Group has developed for possible use with corporate title insurance agents. All that the Committee endeavored to do was to revise the form and to provide instructions that would assist attorney title agents in providing meaningful data to the sponsoring agencies. The Committee would welcome an opportunity to discuss this proposal with the Working Group if you believe that such a discussion would be helpful. Please feel free to contact: Jay Zschau, Chair of the Committee; David Tedder, Chair of the Research Subcommittee; or me, if we can be of assistance to the Working Group. Our email addresses are displayed above.

Thank you for affording us the opportunity to comment on your draft instrument. We believe that taking into account the unique concerns of the approximately 25,000 attorney title agents across the country, will enable you to obtain better and more meaningful data upon which to make your decisions.

Attorney Title Agent Statistical Report

Line General Information

1. Calendar year reporting _____
2. State reporting for _____
3. Name _____
4. Federal Tax ID/SSN _____
5. Address _____
6. Contact person _____
7. Contact phone _____
8. Contact E-mail _____

Agency Type

9. Independent Yes _____ No _____
10. Affiliated (w/underwriter) Yes _____ No _____
11. N.A.
12. N.A.
13. State of domicile/residence _____
14. Number of states conducting business in _____
15. Percentage of total business conducted in your state of domicile/residence _____ %
16. Date commenced business as a title agent _____
17. Title agent license number _____
18. Number of employees engaged in the preparation and issuance of title insurance commitments and policies _____
19. Number of employees holding licenses as title agent _____
20. Number of employees engaged in the preparation and issuance of title insurance commitments and policies who are not licensed title agents _____
21. Please provide a list of all employees engaged in the preparation and issuance of title insurance commitments and policies on a separate attachment. Include employee name, title agent license number and job title.
22. Number of title insurance transactions for which you opened files _____
23. Number of title insurance transactions which failed to close _____
24. Number of policies issued _____
25. Total number transactions you closed in which you acted as the title agent _____
26. Number of courtesy closing/closings for third parties _____
27. Number of full title searches conducted _____
28. Number of full title searches conducted for third parties _____
29. Number of full title searches purchased through third parties _____
30. N.A.
31. N.A.
32. N.A.

Income

33. Premium written _____	\$ _____
34. Premium remitted to underwriter(s) _____	\$ _____
35. Closing/escrow income _____	\$ _____
36. Title examination income _____	\$ _____
37. Abstract/search income _____	\$ _____
38. Investment income from real estate closing funds _____	\$ _____
39. All other income generated from title insurance- related activities _____	\$ _____
40. Total income generated from title insurance- related activities _____	\$ _____

Expenses

41. Salaries/wages (W-2) for people engaged in the preparation and issuance of title insurance commitments and policies _____	\$ _____
42. Contract labor (1099) for people engaged in the preparation and issuance of title insurance commitments and policies _____	\$ _____
43. N.A.	
44. Payroll taxes attributable to people engaged in the preparation and issuance of title commitments and policies _____	\$ _____
45. Benefits attributable to people engaged in the preparation and issuance of title insurance commitments and policies _____	\$ _____
46. Rent, utilities, repair attributable to the preparation and issuance of title insurance commitments and policies _____	\$ _____
47. Title plant maintenance/subscription expenses _____	\$ _____
48. Abstract/search expenditures _____	\$ _____
49. Computer/software attributable to the production and issuance of title insurance commitments and policies _____	\$ _____
50. Business insurance attributable to the preparation and issuance of title insurance commitments and policies _____	\$ _____
51. Business legal attributable to the preparation and issuance of title insurance commitments and policies _____	\$ _____
52. Accounting attributable to the preparation and issuance of title insurance commitments and policies _____	\$ _____
53. Licenses, taxes and fees attributable to the preparation and issuance of title insurance commitments and policies _____	\$ _____
54. Marketing/sales attributable to the preparation of title insurance commitments and policies _____	\$ _____
55. Travel and lodging attributable to the preparation of title insurance commitments and policies _____	\$ _____

56. Education attributable to the preparation and issuance of title insurance commitments and policies _____	\$ _____
57. Bank charges attributable to the preparation and issuance of title insurance commitments and policies _____	\$ _____
58. Charge offs _____	\$ _____
59. Miscellaneous expenses _____	\$ _____
60. Total Expenses _____	\$ _____

Loss, Loss Mitigation and Underwriting Expenses

61. Unreimbursed title losses _____	\$ _____
62. Closing/escrow losses _____	\$ _____
63. Abstract/search losses _____	\$ _____
64. Loss related legal expense _____	\$ _____
65. Deductibles paid _____	\$ _____
66. E&O insurance premiums attributable to the preparation and issuance of title insurance commitments and premiums _____	\$ _____
67. Fidelity/surety bond premiums attributable to the preparation and issuance of title insurance commissions and premiums _____	\$ _____
68. Total loss expense _____	\$ _____
69. Net income before taxes for title insurance activities _____	\$ _____
70. Income tax paid _____	\$ _____
71. Net realized income for title insurance activities _____	\$ _____

INSTRUCTIONS FOR COMPLETING THE ATTORNEY TITLE AGENT STATISTICAL REPORT

GENERAL INSTRUCTIONS

1. This form is to be completed only by attorneys who act as title agents through their law practice. If the attorney or the attorney's law firm conducts its title insurance business through a separate and distinct entity, a Title Insurance Agent Statistical Report should be completed for that entity. Only solo practitioners and law firms that act as title agents should complete this form.

2. This Statistical Report has been developed specifically for attorney title agent because the National Association of Insurance Commissioner recognizes that few, if any, attorneys are engaged exclusively in the title insurance business. To the extent that information on the Attorney Title Agent Statistical Report can be obtained from your records, it should be stated on the form. However, given the nature of the typical law practice, it is recognized that many of the pieces of data requested on the form will have to be approximated.

3. If multiple attorneys in a firm have been appointed as title agents, in most cases, the firm should be treated as a single agent. The exception is where one or more of the attorney title agents maintain their title practices as distinct from the other attorneys in the firm and the firm itself. In such a case the individual attorney title agent should complete a Statistical Report for their distinct agency.

LINE INSTRUCTIONS

- Line 2 List the state(s) in which you write title insurance.
- Line 3 State the name of your law firm.
- Line 9 Indicate whether your agency is independent. This is common for law firms.
- Line 10 Indicate whether your agency is "affiliated" (partly owned) by an underwriter. This is not common.
- Line 13 State the state in which your title insurance business is based.
- Line 14 State the number of states in which you act as a title agent.
- Line 15 State the percentage of all of the title insurance that you write in your state of domicile / residence.
- Line 18 State the number of employees engaged in the preparation and issuance of title insurance in your firm. Where a portion of an employee's time is spent on title insurance, estimate the percentage of that employee's time. Total the number of employees, for example:
- Employee A = 50%; Employee B = 50%; Employee C = 50%; Employee D = 100%; Employee E* = 100%; Employee F* = 100%; Total 4.5 employees. Employees E and F are licensed as title agents.
- Line 20 Identify the persons counted in Line 18 who are not licensed as title agents. Total the amount of time for those employees. In the previous example, the total would be 2.5 employees.
- Lines 22 & 23 A "title insurance transaction" here is a transaction where your firm anticipated acting as the title agent.
- Line 24 The number of policies issued means the total number of mortgagee and owner policies issued by your firm.
- Line 33 Premium written means the gross premium total for all policies issued by your firm.
- Line 34 Premium remitted to underwriter(s) means the amount that you forwarded to all underwriters for whom you act as an agent.
- Line 35 Closing / escrow income means the income you received for closing transactions where you acted as the title agent.

- Line 36 Title examination income means the income you received for examining title in transactions where you acted as a title agent.
- Line 37 Abstract / search income means the income you received for abstracts or searches that you earned in transactions where you acted as a title agent.
- Line 38 Investment income means income that you received from monies held in your account for transactions in which you acted as a title agent. You need not report income that was collected by an interest on lawyers trust account (IOLTA) or similar program and used for a public purpose.
- Line 39 All other income means any other income that you earn in connection with your actions as a title agent.
- Line 40 Total income is the sum of Lines 33-39.
- Line 41 Salary / wage expense is the expense you incur to compensate firm employees for work that they do related to your title insurance business. Where a portion of an employee's time is spent on title insurance business, the percentage of that time should be attributed to title insurance business. That percentage should then be applied to the salary / wage expense of that employee. For example, 50% of employee A's time is devoted to title insurance. A's annual salary is \$60,000. The salary expense for A is \$30,000.
- Line 42 Contract labor expense attributable to your title insurance business should be listed here. If the contractor provides services beyond title insurance-related services, only title insurance-related expense should be reported here.
- Line 44 The salary / wage expense for your title insurance business should be divided by the salary / wage expense for your firm or office if data are collected on an office basis. The resulting percentage should then be multiplied by your payroll tax obligation. This expense is the percentage of your labor expense attributable to your title insurance business. This amount should be entered on Line 44.
- Line 45 Multiply the expense of your firm's employee benefits by the percentage of your labor cost that is attributable to your title insurance business. This amount should be entered on Line 45.
- Line 46 Calculate that portion of rent, utilities and repairs attributable to your title insurance business. Space occupied by employees that work in areas other than your title insurance business should be pro-rated.
- Line 49 With the exception of title insurance specific software, computer / software expenses should be allocated on a proportionate basis to your title insurance business.

- Line 50 Business insurance, other than professional liability insurance, should be allocated on a proportionate basis to your title insurance business.
- Line 52 Accounting expenses should be allocated on a proportionate basis to your title insurance business.
- Line 52 Licenses, taxes and fees attributable to your title insurance business should be listed here. General license, tax and fee expenses should be allocated on a proportionate basis to your title insurance business.
- Line 61 Unreimbursed losses are title losses that you pay to a policyholder that you represented that were not reimbursed by your underwriter.
- Line 62 Closing / escrow losses are losses that you paid in connection with an error at closing.
- Line 63 Abstract / search losses are losses that you paid in connection with an error in an abstract or title search.
- Line 64 If any of the losses above caused you to incur an expense for legal representation, that expense should be shown here.
- Line 65 If you paid any deductibles in connection with a title insurance claim on a title insurance policy that you issued, that expense should be shown here.
- Line 66 The percentage of your professional liability insurance expense attributable to your title insurance business should be listed here. If that amount is not readily ascertainable, multiply the percentage you calculated for Line 44 by your total PLI premium amount. Enter the calculated amount here.
- Line 67 The percentage of your fidelity / surety bond expense attributable to your title insurance business should be listed here. If that amount is not readily ascertainable, multiply the percentage you calculated for Line 44 by your total fidelity / surety bond premium amount. Enter the calculated amount here.
- Line 68 Total loss expense is the sum of Lines 61-67.
- Line 69 Net income before taxes is Line 68 subtracted from Line 40.
- Line 70 Income taxes paid are the percentage of your income taxes attributable to your title insurance business. Multiply Line 69 by your applicable federal and state tax rates to determine this amount.
- Line 71 Net realized income is the remaining difference from subtracting Line 70 from Line 69.