



**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

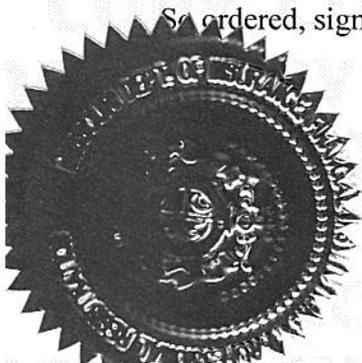
RE: Examination Report of Agents National Title Insurance Company for the period ended
December 31, 2011

ORDER

After full consideration and review of the report of the financial examination of Agents National Title Insurance Company for the period ended December 31, 2011, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo., adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant findings, subsequent events, company history, corporate records, management and control, fidelity bond and other insurance, pension, stock ownership and insurance plans, territory and plan of operations, growth of the company and loss experience, reinsurance, accounts and records, statutory deposits, financial statements, financial statement changes resulting from examination, and comments on financial statement items.

Based on such findings and conclusions, I hereby ORDER, that the report of the Financial Examination of Agents National Title Insurance Company as of December 31, 2011, be and is hereby ADOPTED as filed and for Agents National Title Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) implement, and verify compliance with each item, if any, mentioned in the Comments on Financial Statement Items and/or Summary of Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 8th day of January, 2013.

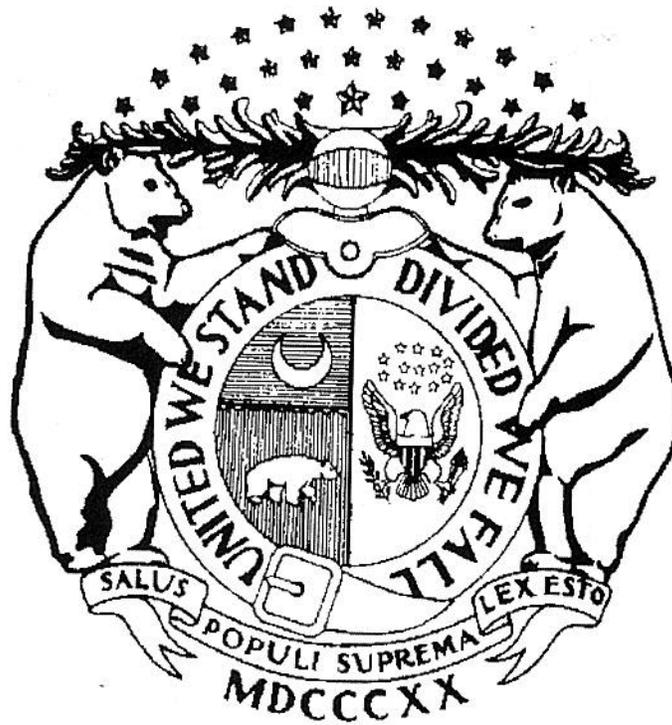


John M. Huff, Director
Department of Insurance, Financial Institutions
and Professional Registration

REPORT OF THE
ASSOCIATION FINANCIAL EXAMINATION OF
**AGENTS NATIONAL TITLE
INSURANCE COMPANY**

AS OF
DECEMBER 31, 2011

FILED
JAN 20 2013
DIRECTOR OF INSURANCE
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION



STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION
JEFFERSON CITY, MISSOURI

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Columbia, Missouri
October 26, 2012

Honorable John M. Huff, Director
Missouri Department of Insurance, Financial Institutions
and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Huff:

In accordance with your financial examination warrant, a full scope association financial examination has been made of the records, affairs and financial condition of

Agents National Title Insurance Company

hereinafter referred to as ANTIC or the Company. Its administrative office is located at 1207 West Broadway, Suite C, Columbia, Missouri, 65203, telephone number (573) 442-3351. The examination began on May 14, 2012, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The prior full scope financial examination of ANTIC was made as of December 31, 2008, and was conducted by examiners from the State of Missouri. The current full scope financial examination covered the period from January 1, 2009 through December 31, 2011, and was conducted by examiners from the State of Missouri. The examination also included the material transactions and/or events occurring subsequent to December 31, 2011.

Procedures

This examination was conducted in accordance with the NAIC Financial Condition Examiners Handbook, except where practices, procedures and applicable regulations of the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) and statutes of the State of Missouri prevailed. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about corporate governance, identifying and assessing inherent risks, and evaluating the Company's controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The key activities identified in our examination of ANTIC were as follows:

- Investments
- Commissions
- Other Liabilities
- Premiums
- Reserving

The examiners relied upon information supplied by the Company's independent auditor, Clifton, Larson, Allen, LLP, of Champaign, Illinois, for its audit covering the period from January 1, 2011 through December 31, 2011. Areas in which the testing and results from the CPA workpapers were relied upon in our examination included internal control identification, bank confirmations, bank reconciliations, agents' balances aging and confirmations, paid claims testing, unrecorded liability testing, attorney representation letters, fraud assessment, and information technology (IT) controls evaluation.

SUMMARY OF SIGNIFICANT FINDINGS

- 1) Formal election of officers by the Board on an annual basis were not completed and/or documented in the Board meeting minutes for any year of the examination period.
- 2) Meetings of the Audit Committee were not conducted in accordance with the Audit Committee Charter.

SUBSEQUENT EVENTS

As of the date of this report, ANTIC had a pending transaction to acquire Founders Title Insurance Company (Founders), a Wyoming domiciled title insurer. Refer to the Mergers and Acquisitions section of this report for further details.

COMPANY HISTORY

General

The Company was originally incorporated as Farmer's National Title Insurance Company on October 26, 2005 and commenced business on March 31, 2006. The name was changed to Agents National Title Insurance Company on December 19, 2008. The Company operates as a stock title insurer under the insurance laws of Chapter 381 RSMo (Title Insurance Law). The Company is also subject to certain provisions of Chapter 379 RSMo (Insurance Other Than Life).

Dividends and Capital Contributions

There were no dividends declared or paid to the sole shareholder, Agents National Title Holding Company (ANT Holding), during the examination period. The Company issued a \$150,000 surplus note to ANT Holding on November 10, 2011.

Mergers and Acquisitions

ANTIC entered into a Letter of Intent on June 28, 2010 to acquire Founders Title Insurance Company (Founders), a Wyoming domiciled entity, from its five individual shareholders. The purchase was approved by the Missouri DIFP on May 22, 2012 and by the Wyoming Department of Insurance on July 18, 2012. A Stock Purchase Agreement to finalize the purchase had not been executed as of the date of this report. The main purpose of the Founders acquisition is to increase ANTIC's surplus through the issuance of a \$400,000 surplus note that will be part of the financing arrangements. Management stated that Founders would not write any future direct business after the acquisition is completed.

CORPORATE RECORDS

A review was made of the Articles of Incorporation and Bylaws for the examination period. The Articles of Incorporation were amended on January 30, 2009 to increase the par value of common stock from \$1.00 to \$1.25 per share. The total capital stock balance increased from \$400,000 to \$500,000 as a result of this change. The Bylaws were amended on March 16, 2009 to reflect the name changes from Farmers National Title Insurance Company to the current name. There were no other amendments or changes to the Articles of Incorporation or Bylaws either during or subsequent to the period under examination.

The minutes of the Board of Directors' (Board) meetings, policyholder's meetings, and committee meetings were reviewed for proper approval of corporate transactions. There were deficiencies noted, as follows:

- Officer Elections – The Company's Bylaws require that officers are to be elected by the Board of Directors on an annual basis. The Board of Directors meeting minutes for 2009 to 2012 did not document that such officer elections occurred in any year.
- Audit Committee Meetings – The Charter of the Audit Committee requires that four meetings be held each year, either in person or via teleconference. There were apparently no Audit Committee meetings during the examination period, since meeting minutes could not be provided. The only documentation of Audit Committee activity was a few e-mails between members in 2011.

Other than the exceptions listed above, in general, the minutes appear to properly reflect and approve the Company's major transactions and events for the period under examination.

MANAGEMENT AND CONTROL

Corporate Governance

The management of the Company is vested in a Board of Directors, which are appointed by the sole stockholder, ANT Holding Company. The Company's Articles of Incorporation specify that the Board of Directors shall consist of a minimum of nine members. The Board of Directors elected and serving, as of December 31, 2011, were as follows:

<u>Name</u>	<u>Address</u>	<u>Principal Occupation and Business Affiliation</u>
Ewin H. Barnett III	Ashland, Missouri	Entrepreneur (founder of Carfax, Inc.)
Brad R. Beaird	Columbia, Missouri	Member, American Property Investments, LLC
John G. Brillhart	Columbia, Missouri	Web Administrator, Shelter Mutual Insurance Co.
Robert J. Buchheit	Columbia, Missouri	President, All-Star Automotive, Inc.
Robert N. Hunter	Columbia, Missouri	Owner, CAVU, LLC d/b/a Fastsigns
Peter G. Klein	Columbia, Missouri	Assistant Professor, University of Missouri
Kurt G. Pahl	Vancouver, WA	Principal, Pahl Consulting
Jamie A. Reed	Columbia, Missouri	Owner, Media Outlook
Brent J. Scheer	Columbia, Missouri	Treasurer and Chief Financial Officer, ANTIC
David A. Townsend	Columbia, Missouri	President and Chief Executive Officer, ANTIC
Robert A. Wolverton	Columbia, Missouri	Self-employed real estate developer

Committees

The Articles of Incorporation and Bylaws do not require any committees, but the Bylaws do allow for committees to be appointed by the Board of Directors. The members appointed and serving to the established committees, as of December 31, 2011, were as follows:

<u>Audit Committee</u>	<u>Finance Committee</u>	<u>Investment Committee</u>	<u>IT Committee</u>
Brad R. Beard *	Jamie A. Reed *	Brent J. Scheer *	Brent J. Scheer *
Robert J. Hunter	Brad R. Beard	Robert J. Buchheit	Ewin H. Barnett III
Jamie A. Reed	Robert J. Hunter	Robert N. Hunter	Brad R. Beard
	Kurt G. Pahl	Peter G. Klein	John G. Brillhart
	Brent J. Scheer	David A. Townsend	
	David A. Townsend	Robert A. Wolverton	

* Committee Chair

The Company also has an informal Agency Committee that is staffed by senior management and other employees to review the background of new agencies that are being considered.

Officers

The officers elected by the Board of Directors and serving, as of December 31, 2011, were as follows:

<u>Officer</u>	<u>Position</u>
David A. Townsend	President and Chief Executive Officer
Jamie A. Reed	Secretary
Brent J. Scheer	Treasurer and Chief Financial Officer

Holding Company, Subsidiaries and Affiliates

The Company is a member of an Insurance Holding Company System as defined by Section 382.010, RSMo (Definitions). An Insurance Holding Company System Registration Statement was filed by ANTIC for each year of the examination period.

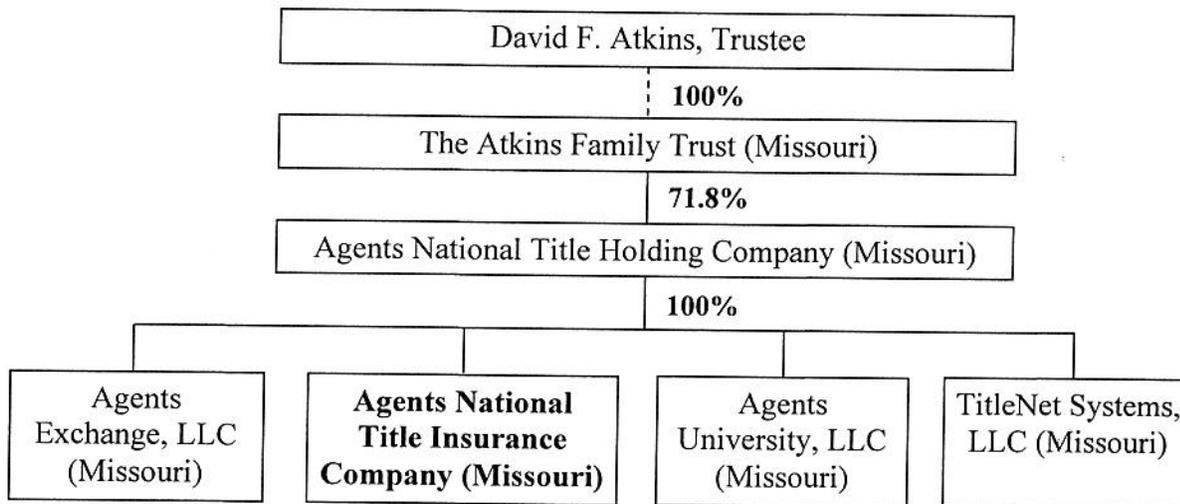
The Company is owned 100% on a direct basis by ANT Holding. The majority of ANT Holding stock is owned by The Atkins Family Trust. David F. Atkins, an individual, is the “Interested Trustee” of The Atkins Family Trust, which allows him to have voting control over the ANT Holding stock that is owned by The Atkins Family Trust. Through this voting control, Mr. Atkins is the ultimate controlling entity of ANTIC.

The Company has the following four affiliates:

- ANT Holding has no operations other than the ownership of its various subsidiaries and real estate that is leased to ANTIC.
- TitleNet Systems, LLC (TitleNet Systems) owns a web-based operating and policy remittance system for title insurance that is licensed to ANTIC. TitleNet Systems has no other operations other than the revenues received from its license agreement with ANTIC. In the future, it is planned that the patent pending operating system will be licensed to other title insurance companies.
- Agents Exchange, LLC was formed in 2008 for the purpose of serving as an intermediary to hold funds for Section 1031 like-kind exchange real estate transactions. It is anticipated by management that Agents Exchange, LLC will not have any transactions with ANTIC.
- Agents University, LLC was formed in 2011 and provides title insurance education for the agencies that write business for ANTIC.

Organizational Chart

Below is the organizational chart of ANTIC and its affiliates, as of December 31, 2011.



---- Represents voting control as the "Interested Trustee"

Intercompany Agreements

The Company's intercompany agreements that were in effect, as of December 31, 2011, and subsequent periods are outlined below.

- 1. Type:** Intercompany Agreement
Affiliate: ANT Holding
Effective: February 24, 2008
Terms: The agreement provides for the reimbursement of expenses that may be paid by either party on behalf of the other party. The reimbursement of such expenses is due within 30 days of the payment of the expense by ANTIC or ANT Holding, as applicable. Payroll expenses for common employees will be allocated based upon the amount of actual services provided for each entity.
- 2. Type:** Software License Agreement
Affiliate: TitleNet Systems, LLC
Effective: December 1, 2008
Terms: TitleNet Systems grants ANTIC a license to use the TitleNet software, which is a web based title insurance underwriting, operating and policy remittance system. The Company will pay TitleNet Systems the allocated costs for maintaining the software application. Payments are due to TitleNet Systems within 30 days after the end of each month.
- 3. Type:** Promissory Note
Affiliate: ANT Holding
Effective: May 6, 2009 to May 6, 2029
Terms: ANTIC will loan \$100,000 to ANT Holding in exchange for the Promissory Note issued to Agents Title for the repayment of the loan. The stated annual interest rate for the loan is 6.0%. The interest and principal payments due from ANT Holding are \$716.43 per month for the twenty year term of the note. Payments are due by the first day of each month.

4. **Type:** Master Tax Sharing Agreement
Affiliate: ANT Holding
Effective: January 1, 2011
Terms: ANT Holding and ANTIC will file a consolidated federal income tax return. The Company's tax liability to ANT Holding shall not exceed the amount that would be paid if ANTIC filed a separate federal income tax return. Payments due to either party for a tax liability are due within 30 days after the required income tax filing date. Any refund due to either party for the final tax return is due within 30 days after the receipt of the consolidated refund amount.
5. **Type:** Cost Sharing and Management Agreement
Affiliate: Agents University, LLC
Effective: March 1, 2011
Terms: ANTIC will provide the personnel, management, and other resources to manage the operations of Agents University. ANTIC will allocate expenses to Agents University in accordance with SSAP No. 70 (Allocation of Expenses). Agents University shall reimburse the Company within 30 days after receiving each monthly invoice of allocated expenses.
6. **Type:** Commercial Lease Agreement
Affiliate: ANT Holding
Effective: May 1, 2011 to April 30, 2013
[The current agreement replaces a previous lease that was in effect from May 1, 2009 to April 30, 2011.]
Terms: ANTIC will lease the building used as its home office in Columbia, Missouri from ANT Holding. Lease payments of \$8,360 are due to ANT Holding by the first day of each month of the lease term. ANTIC has the option of renewing the lease for one additional two year term at a lease rate of \$9,200 per month.
7. **Type:** Commercial Guaranty
Affiliate: ANT Holding
Effective: October 21, 2011
Terms: ANTIC is the guarantor of a refinanced mortgage loan that ANT Holding obtained from a third-party bank for the building used as its home office in Columbia, Missouri. ANTIC will make the monthly payments of \$4,778 in the event that ANT Holding defaults on its obligation to make the payments. The underlying mortgage loan of ANT Holding has a final balloon payment of \$552,322 due October 21, 2016. Upon default of ANT Holding, the deed of trust for the subject property of the mortgage loan will be transferred to ANTIC.

- 8. Type:** Surplus Note
Affiliate: ANT Holding
Effective: November 10, 2011
Terms: ANT Holding provided the Company with \$150,000 on the date of the note. ANTIC promises to repay the \$150,000 to ANT Holding Agents Title with no specified due date. Interest on the unpaid principal balance shall accrue at an annual interest rate of 4.92%. No principal or interest payments may be made by ANTIC without prior approval from the Missouri DIFP.

Intercompany Payments

The following table summarizes the payments made during the examination period, between ANTIC and its affiliates, pursuant to intercompany agreements.

Affiliate	Agreement	Net Paid / (Received)		
		2009	2010	2011
ANT Holding	Intercompany	\$ 5,362	\$ 0	\$ 4,961
TitleNet Systems	Software License	57,989	50,784	25,278
ANT Holding	Promissory Note	98,462	(8,597)	(8,597)
ANT Holding	Master Tax Sharing	n/a	n/a	0
Agents University	Cost Sharing and Mgmt.	n/a	n/a	(20)
ANT Holding	Commercial Lease	29,657	45,600	82,080
ANT Holding	Surplus Note	n/a	n/a	(150,000)
TOTAL		\$191,470	\$87,787	(\$ 46,298)

FIDELITY BOND AND OTHER INSURANCE

The Company is a named insured on a financial institution bond that also provides coverage for the parent, ANT Holding, and its three affiliates, TitleNet Systems, LLC, Agents Exchange, LLC, and Agents University, LLC. The bond covers losses resulting from dishonest or fraudulent acts of employees and the independent agencies that write business for ANTIC. The bond has a liability limit of \$5,000,000 with a \$50,000 deductible, which meets the minimum coverage recommended by the NAIC. The bond has a separate deductible for agencies that is \$250,000 per loss.

The Company is a named insured on various other insurance policies with its affiliated companies. The risks insured by these additional policies are as follows: commercial property, commercial general liability, commercial umbrella liability, employee benefits liability, employment practices liability, management and company liability, worker's compensation, and employers' liability.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

ANTIC had 16 employees, as of December 31, 2011. Most employees are located in the Company's main office in Columbia, Missouri. Agency representatives, underwriters, and a claims counsel work in other offices located in various states throughout the Company's operating territory. Standard employee benefits include health insurance, dental insurance, paid vacation, tuition reimbursement, and medical and dependent care savings accounts (cafeteria plan). A simple individual retirement account (IRA) is provided with a Company match of at least 1% up to a discretionary maximum of 3% of an employee's salary.

TERRITORY AND PLAN OF OPERATION

ANTIC was incorporated on October 26, 2005 and commenced business on March 31, 2006. The Company is licensed as a title insurer by the Missouri DIFP under Chapter 381 RSMo (Title Insurance Law) and is also licensed in the following other seven states: Arkansas, Indiana, Kansas, Minnesota, Mississippi, South Dakota and Wyoming. The concentration of direct written business by state in 2011 was as follows: Missouri – 72.7%, Kansas – 13.2%, Arkansas – 7.8%, Indiana – 5.8%, Mississippi – 0.4%.

The Company's only line of business is title insurance. The Company also has a significant source of revenue in Missouri from Closing Protection Letters (CPLs). A CPL is generally issued by ANTIC to a bank providing a mortgage loan in a real estate transaction that will involve ANTIC issuing a title policy for the transaction. A title agent of ANTIC acts as an intermediary for holding and transferring escrow funds between the buyer and seller in the real estate transaction. Any theft or improper use of funds by an agent is referred to as a "defalcation." A CPL is a form of insurance issued to cover the risk of agent defalcations. Revenues from CPLs represented 12.0% of total revenues for 2011.

The Company utilizes an independent agency force to produce and underwrite its policies. There were 169 different title agencies that produced business during 2011 and 152 active agencies, as of December 31, 2011. The ten agencies with the largest premium volume accounted for 39% of total direct premiums for 2011.

GROWTH OF COMPANY

The table below shows the Company's premium writings and writing ratios for the most recent five years, which includes the current examination period.

<u>Year</u>	<u>Direct Premiums Written</u>	<u>Net Premiums Written</u>	<u>Change in Net Premiums</u>	<u>Capital and Surplus</u>	<u>Ratio of Net Premiums to Surplus</u>
2007	\$1,138,404	\$927,258	na	\$ 817,207	1.13
2008	2,135,456	1,977,039	113.2%	1,086,788	1.82
2009	3,607,779	3,391,060	71.5%	1,436,540	2.36
2010	4,656,882	4,366,826	28.8%	1,747,978	2.50
2011	5,230,741	4,856,190	11.2%	1,879,631	2.58

The large growth in premiums each year is a combination of the Company being a relatively new entity in its growth stage during 2007 to 2009 and expansion into new states in more recent years. Increases in capital and surplus were mostly due to a combined \$700,000 of net income in 2009 and 2010 plus capital contributions and a surplus note issued in other years.

LOSS EXPERIENCE

The table below shows the Company's incurred losses and loss ratios for the most recent five years, which includes the current examination period.

<u>Year</u>	<u>Net Premiums Earned</u>	<u>Net Losses and Loss Adjustment Expenses Incurred</u>	<u>Loss Ratio</u>
2007	\$ 802,423	\$ 68,819	8.6%
2008	1,669,947	513,637	30.8%
2009	2,767,997	289,227	10.4%
2010	3,744,780	131,413	3.5%
2011	4,323,455	296,239	6.9%

The large spike in the loss ratio that occurred in 2008 was due to a significant agent defalcation that occurred and several underperforming agencies. In response to the poor experience in 2008, the Company implemented more stringent reviews of prospective and active agencies, which has resulted in no defalcations and improved loss ratios in subsequent years.

REINSURANCE

General

The Company's premium activity on a direct written, assumed and ceded basis, for the period under examination, is detailed below:

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Direct Business	\$3,607,779	\$4,656,882	\$5,230,741
Reinsurance Assumed – Affiliates	0	0	0
Reinsurance Assumed – Non-affiliates	0	0	278
Reinsurance Ceded – Affiliates	0	0	0
Reinsurance Ceded – Non-affiliates	<u>(216,719)</u>	<u>(290,056)</u>	<u>(374,829)</u>
Net Premiums Written	<u>\$3,391,060</u>	<u>\$4,366,826</u>	<u>\$4,856,190</u>

Assumed

The Company assumes an immaterial amount of business from Founders Title Insurance Company under a reinsurance agreement executed in 2011. ANTIC assumes a maximum of \$250,000 of risk per policy in excess of a \$375,000 retention for Founders. Only 16 policies were included in the Company's assumed business from Founders in 2011.

Ceded

The Company's reinsurance program for most of the examination period consisted of excess of loss coverage provided by two reinsurance agreements with Connecticut Attorney's Title Insurance Company (CATIC). The first reinsurance agreement with CATIC was effective from July 1, 2009 to December 31, 2010 and the second agreement was effective from January 1, 2011 to December 31, 2011. Under the terms of both agreements, the Company automatically ceded 100% of losses in excess of a retention of \$250,000 per risk for policies with policy limits of \$5,000,000 or less. Policies with limits of \$5,000,000 to \$10,000,000 were ceded to CATIC on a facultative basis.

Effective January 1, 2012, the Company executed three reinsurance agreements with several participating reinsurers. Most of the participating reinsurers are Lloyd's Syndicates, but CATIC also has a significant participating percentage. The 2012 reinsurance agreements provide different layers of excess of loss coverage with the same \$250,000 retention per risk as the Company's prior agreements with CATIC. Losses in excess of a \$250,000 retention are ceded to the reinsurers in three layers, as follows:

<u>Coverage Layer</u>	<u>Retention Per Risk</u>	<u>Reinsurance Limit Excess of Retention</u>	<u>Aggregate Limit of Reinsurance</u>
1 st Excess Layer	\$ 250,000	\$1,250,000	\$2,500,000*
2 nd Excess Layer	1,500,000	1,500,000	3,000,000*
3 rd Excess Layer	3,000,000	7,000,000	21,000,000*

* with payment of reinstatement premium

The 2012 reinsurance agreement for the Third Excess Layer of coverage is a joint ceding agreement with four other title insurers – CATIC, Alliant National Title Insurance Company, Attorney Title Guaranty Fund of Colorado, and Security Title Insurance Company. The Third Layer reinsurance coverage applies jointly to ANTIC and the four other insurers. ANTIC will have no coverage in the Third Layer if the losses of four other insurers exhaust the reinsurance limit. The reinsurance premium is allocated among the insurers based upon the ratio of each entity’s written premium to the combined total written premium of all insurers.

A major change in the 2012 reinsurance program was a switch to claims made coverage in comparison to the occurrence based coverage of prior years. The 2012 agreements include the option to purchase “tail” coverage in either 1 year, 3 year, or 5 year increments if ANTIC changes to a different reinsurance program in 2013.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance agreement.

ACCOUNTS AND RECORDS

General

The Company’s business applications utilize servers of a third-party vendor that are located in data centers in Dallas, Texas and Fairfax, Virginia. The Company’s main business process is its web-based policy management application that was developed internally. ANTIC and its independent agency force utilize a secure internet connection to access the policy system to both generate and issue title policies. Claims and investment processes are minimal for ANTIC and are maintained with Microsoft Excel spreadsheets and Microsoft Access databases. Financial reporting is performed with Intuit QuickBooks software.

The CPA firm, Clifton, Larson, Allen, LLP, of Champaign, Illinois issued audited 2011 statutory financial statements of the Company. The 2009 and 2010 audited financial statements were issued by the CPA firm, Williams Keepers, LLC, of Columbia, Missouri.

The actuarial opinion regarding the Company’s reserves for losses and loss adjustment expenses was issued by Joel Vaag, FCAS, MAAA, of Oliver Wyman Actuarial Consulting, Inc. in Princeton, New Jersey, for all years of the examination period.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the Missouri DIFP as of December 31, 2011, as reflected below, were sufficient to meet the capital deposit requirements for the State of Missouri in accordance with Section 379.098 RSMo (Securities to be Deposited). The funds on deposit were as follows:

<u>Type of Security</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Book Value</u>
Certificates of Deposit	\$450,000	\$450,000	\$450,000

Deposits with Other States

The Company also has funds on deposit with other states. Those funds on deposit, as of December 31, 2011, were as follows:

<u>State</u>	<u>Type of Security</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Book Value</u>
Arkansas	Certificate of Deposit	\$100,000	\$100,000	\$100,000
South Dakota	Certificate of Deposit	100,000	100,474	100,474
Wyoming	Certificate of Deposit	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total		<u>\$300,000</u>	<u>\$300,474</u>	<u>\$300,474</u>

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of Agents National Title Insurance Company for the period ending December 31, 2011. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the Comments on Financial Statement Items. The failure of any column of numbers to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination, which are not shown in the Comments on Financial Statement Items section. These differences were determined to be immaterial concerning their effect on the financial statements, and therefore, were only communicated to the Company and noted in the workpapers for each key activity.

Assets
as of December 31, 2011

	<u>Assets</u>	Non- Admitted <u>Assets</u>	Net Admitted <u>Assets</u>
Common Stocks	\$45,839	\$ 0	\$45,839
Mortgage Loans on Real Estate	36,691	0	36,691
Cash and Short-Term Investments	3,987,387	0	3,987,387
Other Invested Assets	92,762	0	92,762
Investment Income Due and Accrued	23,220	0	23,220
Uncollected Premiums and Agents' Balances	352,434	1,253	351,181
Amounts Recoverable from Reinsurers	20,390	0	20,390
Net Deferred Tax Asset	270,068	270,068	0
EDP Equipment and Software	19,656	244	19,412
Furniture and Equipment	12,285	12,285	0
Receivables from Parent, Sub., Affiliates	6,563	0	6,563
Aggregate Write-In Assets	<u>61,599</u>	<u>45,264</u>	<u>16,335</u>
TOTAL ASSETS	<u>\$4,928,894</u>	<u>\$329,114</u>	<u>\$4,599,780</u>

**Liabilities, Surplus and Other Funds
as of December 31, 2011**

Known Claims Reserve	\$ 81,864
Statutory Premium Reserve	2,237,911
Supplemental Reserve	187,055
Other Expenses	141,245
Taxes, Licenses and Fees	48,925
Premiums Received in Advance	21,296
Payable to Parent, Subsidiaries and Affiliates	<u>1,853</u>
TOTAL LIABILITIES	\$2,720,149
Common Capital Stock	500,000
Surplus Notes	151,047
Gross Paid In and Contributed Surplus	1,858,610
Unassigned Funds (Surplus)	<u>(630,026)</u>
Surplus as Regards Policyholders	<u>\$1,879,631</u>
TOTAL LIABILITIES AND SURPLUS	<u>\$4,599,780</u>

Statement of Income

For the Year Ended December 31, 2011

Title Insurance Premiums Earned	\$4,323,455
Escrow and Settlement Services	588,300
Other Title Fees and Service Charges	<u>7,670</u>
Total Operating Income	\$4,919,425
DEDUCTIONS:	
Losses Incurred	\$ 296,239
Operating Expenses Incurred	<u>4,605,150</u>
Total Operating Deductions	<u>\$4,901,389</u>
Net Operating Gain (Loss)	\$18,036
Net Investment Income Earned	\$ 49,668
Miscellaneous Income	7,899
Federal Income Taxes Incurred	<u>0</u>
Net Income	<u>\$75,603</u>
CAPITAL AND SURPLUS ACCOUNT:	
Surplus as Regards Policyholders, December 31, 2010	\$1,747,978
Net Income (Loss)	75,603
Change in Net Unrealized Capital Gains (Losses)	2,145
Change in Net Deferred Income Tax	115,474
Change in Non-Admitted Assets	(111,569)
Change in Supplemental Reserves	(100,000)
Change in Surplus Notes	151,047
Aggregate Write-Ins for Gains and Losses in Surplus	<u>(1,047)</u>
Surplus as Regards Policyholders, December 31, 2011	<u>\$1,879,631</u>

Comments on Financial Statement Items

None.

Examination Changes

None.

General Comments and/or Recommendations

Officer Elections (page 4)

Formal elections of Company officers (e.g., President, Secretary, Treasurer) should be carried out by the Board each year, even if there has been no change since the prior year, to comply with the provisions of the Bylaws. Further, the election of officers should be properly documented in the Board's meeting minutes.

Audit Committee Meetings (page 4)

In the future, the Company should ensure that formal meetings of the Audit Committee are conducted to carry out the responsibilities as required by the Audit Committee Charter. Minutes of these meetings should be properly recorded and maintained.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Agents National Title Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Sara McNeely, Chris Bosch, CFE, and Kim Dobbs, CFE, examiners for the Missouri DIFP, participated in this examination. Patrick Glenn, ACAS, MAAA, of Lewis & Ellis, LLC, also participated as a consulting actuary.

VERIFICATION

State of Missouri)
)
County of)

I, Tim L. Tunks, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of Agents National Title Insurance Company its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.

Tim L. Tunks
Tim L. Tunks, CPA, CFE
Examiner-In-Charge
Missouri DIFP

Sworn to and subscribed before me this 24 day of October, 2012.

My commission expires: 12-31-2012 Diane M. Meadows
Notary Public

DIANE M. MEADOWS
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 21, 2012
Commission Number: 08453426

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.



Mark A. Nance, CPA, CFE
Audit Manager
Missouri DIFP



*Agents National Title
Insurance Company*

January 2, 2013

Frederick G. Heese
Chief Financial Examiner and Division Director
Missouri Department of Insurance
301 W High St Room 530
Jefferson City MO 65101
VIA Email

RE: Agents National Title Insurance Financial Examination Report

Dear Mr. Heese,

Please consider this letter the formal response of Agents National Title Insurance Company to the Examination Report for the period ending December 31, 2011. We request our response be included in the report as a public document.

In response to the recommendations provided by the exam staff, formal election of officers by the Board on an annual basis will be more thoroughly documented in future meeting minutes. The meetings of the Audit Committee will also be conducted in accordance with the Audit Committee Charter going forward. ANTIC has implemented a formal procedure for the chair of the committee to maintain minutes of the proceedings.

We wish to make no changes to the examination report. It was a pleasure to work with the examination staff and appreciate the level of professionalism and cooperation provided by them.

Sincerely,

A handwritten signature in black ink, appearing to read 'David A. Townsend', with a stylized flourish at the end.

David A. Townsend, President/CEO
Agents National Title Insurance Company