

STATE OF MISSOURI



DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

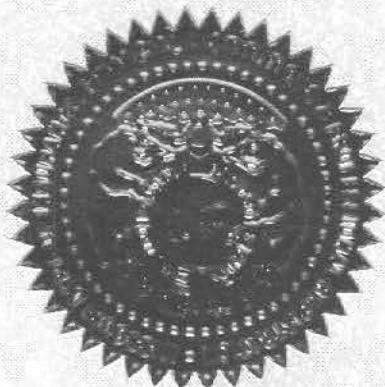
RE: Examination Report of Agents National Title Insurance Company as of December 31,
2008

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, 2008, 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 report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, the findings and conclusions of the examination report are incorporated by reference and deemed to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo.

Based on such findings and conclusions, I hereby ORDER 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 mentioned in the General Comments and/or 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 October 7, 2009.



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, 2008

FILED
OCT 17 2009
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
July 15, 2009

Honorable Alfred W. Gross, Commissioner
Virginia Bureau of Insurance
Chairman, Financial Condition (E) Committee

Honorable Merle Scheiber, Commissioner
South Dakota Division of Insurance
Secretary, Midwestern Zone, NAIC

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

Gentlemen:

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 such, as Agents Title, ANTIC, or as the Company. Its administrative office is located at 1207 West Broadway, Suite C, Columbia, Missouri, 65203, telephone number (573) 442-3351. This examination began on March 9, 2009, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

A pre-licensing financial examination of Agents Title was made as of February 15, 2006, and was conducted by examiners from the State of Missouri. The current full scope association financial examination covered the period from February 16, 2006, through December 31, 2008, and was conducted by examiners from the State of Missouri, representing the Midwestern Zone of the National Association of Insurance Commissioners (NAIC), with no other zones participating.

This examination also included the material transactions and/or events occurring subsequent to the examination date, which are noted in this report.

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 examiners relied upon information supplied by the Company's independent auditor, Williams Keepers, LLC, of Columbia, Missouri, for its audit covering the period from January 1, 2008, through December 31, 2008. Information relied upon included fraud risk assessment, attorney representation letters, bank confirmations, bank reconciliations, uncollected premium aging and subsequent receipt testing, and testing for unreported liabilities.

Comments - Previous Examination

A pre-licensing financial examination of ANTIC was conducted by the Missouri DIFP for the period ending February 15, 2006. This examination resulted in the Company being issued a Certificate of Authority on February 24, 2006.

The only comment and recommendation in the pre-licensing examination report was a requirement to include capital infusions of \$50,000 per quarter for two years, beginning in the second quarter of 2006. Capital contributions received during the period from April 1, 2006 to March 31, 2008 totaled \$659,000, which exceeded the \$400,000 required in the pre-licensing examination report.

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 379 RSMo (Insurance Other Than Life) and Chapter 381 RSMo (Title Insurance Law).

Capital Stock

The Company's Articles of Incorporation allowed for the issuance of 400,000 shares of common stock with a par value of \$1.00 per share. As of December 31, 2008, all 400,000 shares were issued and outstanding to the sole shareholder, Agents National Title Holding Company (ANT Holding Company), for a total capital stock balance of \$400,000. 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.

Dividends

There were no dividends declared or paid to stockholders during the examination period. Ordinary dividends must be paid from the accumulated balance in the Unassigned Funds (Surplus) line of the Liabilities, Surplus and Other Funds page of the Annual Statement, pursuant to Section 375.380 RSMo (Dividends Shall not be Paid, When). ANTIC's reported balance was negative \$1.3 million in the Unassigned Funds (Surplus) line, as of December 31, 2008. Thus, ANTIC may not pay an ordinary dividend until such time when positive earned surplus has accumulated.

A request to pay an extraordinary dividend may be submitted to the Missouri DIFP for approval, pursuant to Section 382.210 RSMo (Extraordinary Dividend, Notice of). An extraordinary dividend is defined as a dividend in excess of 10% of the capital and surplus balance or any dividend to be paid from funds other than earned surplus.

Management

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, 2008, were as follows:

<u>Name</u>	<u>Address</u>	<u>Principal Occupation and Business Affiliation</u>
David F. Atkins	Columbia, Missouri	Chief Executive Officer, Forrest Property Management, Inc.
Ewin H. Barnett III	Ashland, Missouri	Entrepreneur (founder of Carfax, Inc.)
Brad R. Beard	Columbia, Missouri	Member, American Property Investments, LLC
E. Chris Diehls	Columbia, Missouri	Director of Finance, Timber Ridge Builders, Inc.
Robert J. Forrest	Columbia, Missouri	Retired (former Internal Auditor with Shelter Insurance Companies)
Jamie A. Reed	Columbia, Missouri	Business Manager, Magnus Enterprises, LLC
John M. Riddick	Columbia, Missouri	President, Application Software, Inc.
Brent J. Scheer	Columbia, Missouri	Secretary and Chief Financial Officer, ANTIC
David A. Townsend	Columbia, Missouri	President and Chief Executive Officer, ANTIC

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. A Salary Committee was the only formal committee in operation during the examination period. The members of the Salary Committee, as of December 31, 2008, were Robert J. Forrest (Chairman), David F. Atkins, Brad R. Beard, Jamie A. Reed, and David A. Townsend. The Company has two informal committees that review claims and agency issues, which are staffed by a combination of Board members and employees.

Officers

The officers elected by the Board of Directors and serving as of December 31, 2008, were as follows:

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

Conflict of Interest

The Company has a policy that requires all officers, directors, and key employees to complete a conflict of interest statement each year. The responses to the conflict of interest statements were reviewed for the examination period. No significant exceptions were noted.

Corporate Records

A review was made of the Articles of Incorporation and Bylaws. There were no amendments to the Bylaws during the period under examination. The Articles of Incorporation were amended on October 30, 2008 to change the Company's name to Agents National Title Insurance Company. The Articles of Incorporation were also amended on January 30, 2009 to change the stated par value of common stock from \$1.00 to \$1.25 per share.

The minutes of the Board of Directors' meetings, committee meetings, and shareholder meetings were reviewed for proper approval of corporate transactions. In general, the minutes appear to properly reflect and approve the Company's major transactions and events for the period under examination. Two exceptions were noted below.

The Company's Bylaws require a shareholder meeting during March of each year. The Company could not provide minutes for any meetings of the sole shareholder, Agents National Title Holding Company, during the examination period. Alternately, the shareholders of ANT Holding Company may take actions that affect the business operations of ANTIC. Meeting minutes for only two shareholder meetings for ANT Holding Company in 2007 were provided for our review. Shareholder meetings for 2006, 2008 and 2009 apparently occurred, but no meeting minutes were provided. The Company needs to ensure that shareholder meetings are held each year in accordance with the Bylaws. Since there is a sole shareholder only, the ANTIC shareholder meeting could be completed in the shareholder meeting of ANT Holding Company. Proper meeting minutes should be prepared and approved to document the actions of the sole shareholder, which typically would consist of the election of directors.

There were numerous changes in directors from the original fourteen directors that were reported at the Company's first Board of Directors meeting on March 20, 2006 to the nine directors that were serving, as of December 31, 2008. However, the proper disclosure of the resignation and election of the members of the Board of Directors was not documented in the minutes of Board meetings or shareholder meetings. The Company should ensure that resignation and election of its directors are properly disclosed in the Board of Directors meeting minutes or shareholder meeting minutes at either the ANTIC level or ANT Holding Company level.

Acquisitions, Mergers and Major Corporate Events

None during the examination period.

Surplus Debentures

Agents Title had no surplus notes issued and outstanding, as of December 31, 2008.

AFFILIATED COMPANIES

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 for each year of the examination period.

Agents Title is owned 100% on a direct basis by ANT Holding Company. This entity has no business operations other than its ownership of subsidiaries and other minor assets.

The ultimate controlling entity for the Company is David F. Atkins, an individual, who owns or controls 93.3% of ANT Holding Company. Mr. Atkins owns and develops numerous commercial real estate properties. He is the chief executive officer of the company that manages the properties, which are mostly apartments.

The financial strength of the parental entities of an insurance company is a vital concern for any financial examination. This concern is especially prevalent for this examination due to the low capital and surplus level of \$1,086,788, as of December 31, 2008, for Agents Title. The minimum required capital and surplus is \$800,000 for title insurance companies, pursuant to Section 381.062 RSMo (Minimum Paid-In Capital and Paid-in Initial Surplus). The Company has also averaged a net loss of \$382,100 during its first three years of existence from 2006 to 2008. The Company's financial condition and historical results indicate that funding will be necessary from parental entities if the past trends continue into the future.

The Company provided unaudited financial statements for ANT Holding Company, as of December 31, 2008. These statements show that ANT Holding Company does not have the ability to provide any material capital contributions that may be needed by Agents Title. Mr. Atkins has provided unaudited personal financial statements, as of December 31, 2007 and November 30, 2008. These financial statements appear to demonstrate that Mr. Atkins has sufficient resources to support any financial needs of Agents Title that may occur in the future.

Missouri Regulation 20 CSR 200-11.101 (Insurance Holding Company System Regulation with Reporting Forms and Instructions) requires financial statements to be filed with the annual Form B registration statement. To comply with this regulation, the Company is directed to annually submit audited financial statements for ANT Holding Company with the Form B filing. The Company is further directed to annually submit a compilation of the financial statements for the ultimate controlling entity, David F. Atkins, with the Form B filing. The compiled financial statements for Mr. Atkins and the accompanying report should be issued by a certified public accountant in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Mr. Atkins is additionally directed to annually submit a signed statement to attest to the accuracy of the compiled financial statements.

The Company has two affiliates. TitleNet Systems, LLC (TitleNet Systems) owns a web-based operating and policy remittance system for title insurance that is licensed to ANTIC. TitleNet Systems, LLC 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.

Organizational Chart

Below is an organizational chart that reflects the ownership of the Company and its affiliates, as of December 31, 2008.



Intercompany Transactions

The Company's intercompany agreements that were in effect, as of December 31, 2008, and subsequent periods are outlined below.

- 1. Type:** Intercompany Agreement
Affiliate: ANT Holding Company
Effective: February 24, 2008
[The current agreement replaces a nearly identical agreement that was in effect from February 24, 2006 to February 24, 2008.]
Terms: ANT Holding Company and ANTIC will file a consolidated federal income tax return. The Company's tax liability to ANT Holding Company 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.

The agreement also 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 Company, as applicable. Payroll expenses for common employees will be allocated based upon the amount of actual services provided for each entity.
- 2. Type:** Vehicle Lease Agreement
Affiliate: ANT Holding Company
Effective: July 1, 2008 to July 1, 2012
Terms: ANTIC agrees to lease three vehicles from ANT Holding Company. The total lease rate for all three vehicles is \$1,246.67 per month. Lease payments from the Company to ANT Holding Company are due on or before the due date established on the monthly invoice.
- 3. Type:** Software License Agreement
Affiliate: TitleNet Systems, LLC
Effective: December 1, 2008
[The current agreement replaces a nearly identical agreement that was in effect from July 1, 2008 to 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. An agreement for the sale of the TitleNet software from ANTIC to TitleNet is described below. 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.

- 4. Type:** Commercial Lease Agreement
Affiliate: ANT Holding Company
Effective: May 1, 2009 to April 30, 2011
Terms: Agents Title will lease the building used as its home office in Columbia, Missouri from ANT Holding Company. Lease payments of \$3,800 are due to ANT Holding Company by the first day of each month of the lease term. Agents Title has the option of renewing the lease for one additional two year term at a lease rate of \$4,180 per month.
- 5. Type:** Promissory Note
Affiliate: ANT Holding Company
Effective: May 6, 2009 to May 6, 2029
Terms: Agents Title will loan \$100,000 to ANT Holding Company 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 Company are \$716.43 per month for the twenty year term of the note. Payments are due by the first day of each month.
- 6. Type:** Personal Guaranty
Affiliate: David F. Atkins
Effective: April 15, 2009
Terms: In the event that ANT Holding Company fails to pay any amounts due to Agents Title, Mr. Atkins agrees to reimburse Agents Title for the amounts due. This guaranty was issued in conjunction with the Promissory Note described above. However, the guaranty also applies to all other liabilities of ANT Holding Company due to Agents Title.

In addition to the above listed agreements, the Company executed a Contract for the Sale of Web System, dated June 27, 2008, with TitleNet Systems, LLC. The TitleNet web system, which was developed by Agents Title, is a title insurance underwriting, operating, and policy remittance system. The on-line system provides the following functions: financial accounting, reinsurance accounting and reporting, closing protection letter generation and reporting, commitment generation and reporting, title insurance policy generation and reporting, policy over-limit administration, underwriting manuals, agency and underwriting bulletins, agent oversight, agent management and agent activity reporting. TitleNet Systems, LLC paid a purchase price of \$115,946.84 to acquire the TitleNet system from Agents Title.

Intercompany Payments

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

Affiliate	Agreement	Net Paid / (Received)		
		2006	2007	2008
ANT Holding Co.	Intercompany	\$24,531	\$18,722	(\$1,876)
ANT Holding Co.	Vehicle Lease	n/a	n/a	6,333
TitleNet Systems	Software License	n/a	n/a	7,148
TitleNet Systems	Sale of Web System	n/a	n/a	(115,946)
TOTAL		\$24,531	\$18,722	(\$104,341)

The Company also received capital contributions from ANT Holding Company during the exam period, as follows: 2006 - \$824,610, 2007 - \$459,000, 2008 - \$675,000

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 Company, and its two affiliates, TitleNet Systems, LLC and Agents Exchange, LLC. The bond covers losses resulting from dishonest or fraudulent acts of employees. The bond has a liability limit of \$1,000,000 with a \$10,000 deductible, which meets the minimum coverage recommended by the NAIC.

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, business auto, commercial umbrella liability, errors and omissions liability, worker's compensation and employers' liability, directors' and officers' liability, and umbrella liability.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

Agents Title had nine employees, as of April 30, 2009. Six employees are located in the Company's main office in Columbia, Missouri. A claims counsel is located in the Company's office in Indianapolis, Indiana. An agency manager and an agency representative work from home-based office space due to extensive travel requirements. All employees are provided health insurance and dental insurance. 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.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the Missouri DIFP, as of December 31, 2008, were as follows:

<u>Type of Security</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Statement Value</u>
U.S. Treasury Note	\$420,000	\$420,000	\$420,000

Deposits with Other States

The Company also has funds on deposit with the Arkansas Insurance Department. Those funds on deposit, as of December 31, 2008, were as follows:

<u>Type of Security</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Statement Value</u>
Certificate of Deposit	\$100,000	\$100,000	\$100,000

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operation

Agents Title 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 Arkansas and Indiana. The Company has pending license applications in Mississippi, Minnesota, and Tennessee. Management expects the license for Mississippi to be issued, effective June 1, 2009.

Direct premiums written in Missouri represented 99.4% of total premiums written in 2008. However, Agents Title will begin writing business in Arkansas by the end of June 2009 and plans to significantly increase the premium volume from Indiana in 2009. Missouri operations are projected to account for less than 70% of total premium and fee revenues for 2009.

The Company established a new 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. The risk in this process is that there may be a theft of funds held in escrow by a dishonest title agent of ANTIC's instead of properly distributing the funds to the applicable parties during the closing of the real estate transaction. Any theft or improper use of funds is referred to as an "agent defalcation." A CPL is a form of insurance issued to cover the risk of agent defalcations for a filed rate of \$25 per CPL in Missouri. Revenues from CPLs were \$277,925 in 2008, which represented 14.2% of total net revenues for the year.

The Company utilizes an independent agency force to produce and underwrite its policies. There were 100 different title agencies that produced business during 2008 and 74 active agencies, as of December 31, 2008. The five agencies with the largest premium volume accounted for 33% of total direct premiums for 2008.

As expected for a start-up company, Agents Title's business has shown large growth during the examination period, as shown in the table below:

<u>Year</u>	<u>Net Premiums Written</u>	<u>Surplus as Regards Policyholders</u>	<u>Ratio of Premiums to Surplus</u>
2006	\$ 365,819	\$ 750,858	0.49
2007	927,258	817,207	1.13
2008	1,977,039	1,086,788	1.82

Agents Title reported net losses for each year of the examination period. The net losses are attributable to several factors, including start-up costs from being a new company, poor underwriting results, and low profit margins from policies issued in Missouri. The Company has taken steps to improve underwriting results by terminating agencies that were responsible for large losses and implementing processes to better evaluate prospective agents and monitor current agent results. The Company also plans to shift premiums from Missouri to other more profitable states to improve operating performance.

Section 381.062 RSMo (Minimum Paid-In Capital) requires that beginning January 1, 2013, any title insurer shall maintain a minimum capital and surplus of \$1,600,000. ANTIC's reported capital and surplus, as of December 31, 2008, was \$1,086,788. The projected earnings from 2009 to 2012 are expected to increase the Company's capital and surplus in excess of the \$1,600,000 requirement by January 1, 2013. Management is projecting positive net income totaling over \$1,000,000 for the period from 2009 to 2012. The Company has contingency plans in the event that future earnings are not sufficient to achieve the required capital and surplus level by January 1, 2013. These plans include lines of credit to be established by the parent, ANT Holding, and a stock offering by ANT Holding. Any funds available to ANT Holding Company could then be transferred to Agents Title in the form of either a capital contribution or a surplus note.

The Company is directed to continually monitor its actual capital and surplus level on a monthly, quarterly and annual basis in comparison to the projected capital and surplus levels that are expected to be achieved from 2008 to 2012. Modifications or changes to the financial plans should be made, if necessary, to ensure that Agents Title's capital and surplus will meet or exceed the \$1,600,000 needed by January 1, 2013. Any contingency plans of ANT Holding Company for possible capital funding options for ANTIC should be completed to have funds available, if needed, in the event that net income is not achieved to the extent projected.

Policy Forms & Underwriting
Advertising & Sales Materials
Treatment of Policyholders

The Missouri DIFP has a market conduct staff that performs a review of these issues and generates a market conduct report. As of the date of this report, the Missouri DIFP was conducting a full-scope market conduct examination of Agents Title. The market conduct examination had not been completed prior to the completion of our financial examination.

Section 381.023 RSMo (Underwriting, Claims and Escrow Practices, Review of) requires a title insurer to annually complete an on-site review of the underwriting, claims and escrow practices of the title agents with which it has a contract. The Company has a dedicated employee to perform the required agency audits. The Company completed thirty-three audits of its title agencies during 2008.

REINSURANCE

General

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Direct Business	\$507,308	\$1,138,404	\$2,135,456
Reinsurance Assumed	0	0	0
Reinsurance Ceded:			
Affiliates	0	0	0
Non-affiliates	(141,489)	(211,146)	(158,417)
Net Premiums Written	<u>\$365,819</u>	<u>\$ 927,258</u>	<u>\$1,977,039</u>

Assumed

The Company does not have any assumed business.

Ceded

Agents Title has a quota share reinsurance agreement with First American Title Insurance Company (First American), effective February 28, 2006. The Company retains 30% of each loss per policy plus 10% of the remaining 70% of each loss, which is effectively a 37% retention for each loss incurred. The agreement also provides that an annual retention of 2% of gross written premiums is applied before any losses may be ceded. This agreement was effectively terminated

for new business on May 1, 2007 due to a second agreement with First American, which is described below.

The second reinsurance agreement with First American is also a quota share agreement that was effective May 1, 2007. The agreement has several layers of sliding scale retentions and cessions to the reinsurer, depending upon the amount of incurred loss per policy. A summary of the coverages is shown in the table below:

<u>Paid Losses per Policy</u>	<u>ANTIC Retention</u>	<u>Ceded to Reinsurer</u>
\$0 to \$50,000	91.0%	9.0%
\$50,001 to \$200,000	82.0%	18.0%
\$200,001 to \$300,000	59.5%	40.5%
\$300,001 to \$400,000	46.0%	54.0%
\$400,001 to \$500,000	37.0%	63.0%
\$500,001 to \$1,000,000	28.0%	72.0%

The agreement also provides that an annual retention of 2% of gross written premiums is applied before any losses may be ceded. First American's aggregate limit of liability is \$5,000,000 for the duration of the agreement. The second reinsurance agreement with First American was terminated for new business, effective June 27, 2008.

The Company has an excess of loss reinsurance agreement, effective April 5, 2006 with Tigor Title Insurance Company (Tigor Title). The Company cedes 100% of losses in excess of a retention of \$100,000 per policy. Management stated that this agreement was executed to apply mostly to business generated by a single title agency. The business ceded to this agreement was carved out from the business ceded to the two First American agreements, as described in the previous paragraphs. This agreement was terminated for new business on June 3, 2008.

The Company's only reinsurance agreement that was effective, as of the December 31, 2008 examination date, was an excess of loss agreement with Attorneys' Title Insurance Fund, Inc. (Attorney's Title). This agreement was effective June 27, 2008 to replace business previously ceded under agreements with First American and Tigor Title. The Company cedes 100% of losses in excess of a retention of \$250,000 per policy. The agreement is only applicable to policies with a policy limit of \$10,000,000 or less.

The current reinsurer, Attorney's Title, experienced severe financial difficulties in 2008. A net loss of \$87.0 million was reported for 2008. The capital and surplus of Attorney's Title declined from \$149.8 million, as of December 31, 2007, to \$27.5 million, as of December 31, 2008. This represented an 82% decrease in capital and surplus in one year. The AM Best rating for Attorney's Title was downgraded from A- (Excellent) to C (Weak) on March 31, 2009. Due to the weak financial condition of Attorney's Title, management has stated that it is actively pursuing a new reinsurance agreement with a different reinsurer. A new reinsurance agreement had not been executed, as of the date of this report. However, management plans to have a new agreement in place by the end of July 2009.

The Closing Protection Letter (CPL) product is described in the Territory and Plan of Operations section of this report. The two reinsurance agreements with First American provided coverage for any losses from CPLs. However, the current agreement with Attorney's Title does not cover losses from CPLs. The Company had an exposure to the risks from CPL losses from June 27, 2008 to early 2009 that was not reinsured.

The Company obtained a fidelity bond, effective March 12, 2009, from Syndicate No. 2488 of Lloyd's of London to mitigate the risk from CPL losses. This bond provides \$1,000,000 of aggregate coverage with a \$100,000 deductible per occurrence. The insurance provided is applicable to dishonest or fraudulent acts of agents that would result in a loss from a CPL. This coverage can be viewed as reinsurance for the CPLs, although it is not written as a typical reinsurance agreement. The Company has no coverage that would apply to CPL losses in excess of \$1,000,000 per occurrence.

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

The CPA firm, Williams Keepers, LLC, of Columbia, Missouri issued audited statutory financial statements of the Company for all years in the examination period.

The actuarial opinion regarding the Company's known claims reserve, statutory premium reserve, and supplemental reserve, for the year ending December 31, 2008 was issued by Joel A. Vaag, FCAS, MAAA, of Milliman, Inc. in West Patterson, New Jersey. The actuarial opinion regarding the reserves for the years ending December 31, 2006 and December 31, 2007, was issued by Paul S. Osborn, ACAS, MAAA, of Osborn, Carreiro and Associates in Little Rock, Arkansas.

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, 2008. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the "Notes to the Financial Statements." 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 "Notes to the Financial Statements." 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 individual Annual Statement item.

Assets
as of December 31, 2008

	<u>Assets</u>	<u>Non- Admitted Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$420,000	\$ 0	\$420,000
Mortgage Loans on Real Estate	36,810	0	36,810
Cash and Short-Term Investments	1,381,865	0	1,381,865
Investment Income Due and Accrued	12,472	0	12,472
Uncollected Premiums and Agents' Balances	181,506	812	180,694
Amounts Recoverable from Reinsurers	101	0	101
Net Deferred Tax Asset	397,238	397,238	0
EDP Equipment and Software	12,269	0	12,269
Furniture and Equipment	20,196	20,196	0
Aggregate Write-In Assets	<u>39,641</u>	<u>17,459</u>	<u>22,182</u>
TOTAL ASSETS	<u>\$2,502,098</u>	<u>\$435,705</u>	<u>\$2,066,393</u>

**Liabilities, Surplus and Other Funds
as of December 31, 2008**

Known Claims Reserve	\$ 301,966
Statutory Premium Reserve	460,067
Supplemental Reserve	87,055
Other Expenses	97,734
Taxes, Licenses and Fees	20,523
Federal Income Taxes Payable	0
Premiums Received in Advance	4,660
Payable to Parent, Subsidiaries and Affiliates	<u>7,600</u>
TOTAL LIABILITIES	\$ 979,605
Common Capital Stock	400,000
Gross Paid In and Contributed Surplus	1,958,610
Unassigned Funds (Surplus)	<u>(1,271,822)</u>
Surplus as Regards Policyholders	<u>\$1,086,788</u>
TOTAL LIABILITIES AND SURPLUS	<u>\$2,066,393</u>

Statement of Income

For the Year Ended December 31, 2008

Title Insurance Premiums Earned	\$1,669,947
Escrow and Settlement Services	277,925
Other Title Fees and Service Charges	<u>765</u>
Total Operating Income	\$1,948,637
DEDUCTIONS:	
Losses Incurred	\$ 513,637
Operating Expenses Incurred	<u>1,912,438</u>
Total Operating Deductions	<u>\$2,426,075</u>
Net Operating Gain (Loss)	(\$ 477,438)
Net Investment Income Earned	\$ 45,819
Other Income	(39,473)
Federal Income Taxes Incurred	<u>0</u>
Net Income	<u>(\$ 471,092)</u>
CAPITAL AND SURPLUS ACCOUNT:	
Surplus as Regards Policyholders, December 31, 2007	\$ 817,207
Net Income (Loss)	(471,092)
Change in Net Deferred Income Tax	124,779
Change in Non-Admitted Assets	27,949
Change in Supplemental Reserves	(87,055)
Surplus Adjustment: Paid In	<u>675,000</u>
Surplus as Regards Policyholders, December 31, 2008	<u>\$1,086,788</u>

Notes to the Financial Statements

None.

Examination Changes

None.

General Comments and/or Recommendations

Shareholder Meetings (page 4)

The Company's Bylaws require a shareholder meeting during March of each year. The Company could not provide minutes for any meetings of the sole shareholder, Agents National Title Holding Company, during the examination period. The Company needs to ensure that shareholder meetings are held each year in accordance with the Bylaws. Since there is a sole shareholder only, the ANTIC shareholder meeting could be completed in the shareholder meeting of ANT Holding Company. Proper meeting minutes should be prepared and approved to document the actions of the sole shareholder, which typically would consist of the election of directors.

Board of Directors (page 5)

There were numerous changes in directors from the original fourteen directors that were reported at the Company's first Board of Directors meeting on March 20, 2006 to the nine directors that were serving, as of December 31, 2008. However, the proper disclosure of the resignation and election of the members of the Board of Directors was not documented in the minutes of Board meetings or shareholder meetings. The Company should ensure that resignation and election of its directors are properly disclosed in the Board of Directors meeting minutes or shareholder meeting minutes at either the ANTIC level or ANT Holding Company level.

Financial Statements of ANT Holding Company, David F. Atkins (page 6)

Missouri Regulation 20 CSR 200-11.101 (Insurance Holding Company System Regulation with Reporting Forms and Instructions) requires financial statements to be filed with the annual Form B registration statement. To comply with this regulation, the Company is directed to annually submit audited financial statements for ANT Holding Company with the Form B filing. The Company is further directed to annually submit a compilation of the financial statements for the ultimate controlling entity, David F. Atkins, with the Form B filing. The compiled financial statements for Mr. Atkins and the accompanying report should be issued by a certified public accountant in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Mr. Atkins is additionally directed to annually submit a signed statement to attest to the accuracy of the compiled financial statements.

Capital and Surplus Requirements (page 11)

Section 381.062 RSMo (Minimum Paid-In Capital) requires that beginning January 1, 2013, any title insurer shall maintain a minimum capital and surplus of \$1,600,000. The Company is directed to continually monitor its actual capital and surplus level on a monthly, quarterly and annual basis in comparison to the projected capital and surplus levels that are expected to be achieved from 2008 to 2012. Modifications or changes to the financial plans should be made, if necessary, to ensure that Agents Title's capital and surplus will meet or exceed the \$1,600,000 needed by January 1, 2013. Contingency plans should be established for capital contributions, surplus notes, or other possible means to raise capital in the event that net income is not achieved to the extent projected.

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, Larry Kleffner, CFE, examiner for the Missouri DIFP and David Cox, FCAS, MAAA, actuary for the Missouri DIFP, participated in this examination.

VERIFICATION

State of Missouri)
)
County of Cole)

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 1st day of July, 2009.

My commission expires: Feb 10, 2013 Tammy S Rodieck
Notary Public

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

September 18, 2009

Department of Insurance, Financial
Institutions and Professional Registration
Division of Insurance Company Regulation
Attn: Tammy Rodieck, Exam Coordinator

Ms. Rodieck,

Agents National Title Insurance Company ("Company") is responding to the items disclosed in the DRAFI report identified during the financial examination. The Company's responses are listed below by report description as set forth in the DRAFI report and can be included in the report as a public document.

Shareholder Meetings (Page 4)

The Company will ensure proper meeting minutes are prepared and approved to document the actions of the sole shareholder.

Board of Directors (Page 5)

The Company will ensure directors election and resignation are properly disclosed in the Board of Directors and/or shareholder meeting minutes.

Financial Statements of ANI Holding Company, David F. Atkins (page 6)

The Company will submit audited financial statements for ANI Holding Company and compiled financial statements of the ultimate controlling entity with the Form B filing.

Capital and Surplus Requirements (page 11)

The Company will continue to monitor its actual capital and surplus level on a monthly, quarterly and annual basis and modify plans, if necessary, to ensure the Company's capital and surplus will meet or exceed \$1,600,000 needed by January 1, 2013.

If you have any questions regarding these responses, please contact Brent Scheer at 573-442-3351 or email at bscheer@agentstitle.com.

Sincerely,

Brent J. Scheer, CPA
Chief Financial Officer

RECEIVED

SEP 18 2009

INSURANCE SOLVENCY
&
COMPANY REGULATION