



**EXAMINATION REPORT
OF
COMMONWEALTH LAND TITLE INSURANCE
COMPANY**

NAIC Company Code: 50083

**Jacksonville, Florida
as of
December 31, 2018**

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

TABLE OF CONTENTS

LETTER OF TRANSMITTAL	-
SCOPE OF EXAMINATION	1
SUMMARY OF SIGNIFICANT FINDINGS	2
CURRENT EXAMINATION FINDINGS	2
PREVIOUS EXAMINATION FINDINGS	2
COMPANY HISTORY	3
GENERAL	3
DIVIDENDS	4
CAPITAL STOCK AND CAPITAL CONTRIBUTIONS.....	4
SURPLUS NOTES	4
ACQUISITIONS, MERGERS, DISPOSALS, DISSOLUTIONS	4
MANAGEMENT AND CONTROL	4
CORPORATE GOVERNANCE	4
HOLDING COMPANY SYSTEM	7
TAX SHARING AGREEMENT.....	7
AMENDED AND RESTATED SUPPORT SERVICES COST SHARING AGREEMENT	7
SECOND AMENDED AND RESTATED COST SHARING AGREEMENT	8
AMENDED AND RESTATED MASTER SERVICES AGREEMENT.....	8
AMENDED AND RESTATED ALLOCATION AGREEMENT	8
PERSONAL PROPERTY LEASE AGREEMENT	9
ACCOUNTS AND RECORDS	9
CUSTODIAL AGREEMENT	9
INVESTMENT MANAGEMENT AGREEMENT	9
REINSURANCE INTERMEDIARY AGREEMENTS	9
INDEPENDENT AUDITOR AGREEMENT	10
CORPORATE RECORDS REVIEW.....	10
CONFLICT OF INTEREST.....	10
SIMPLIFIED ORGANIZATIONAL CHART	12
TERRITORY AND PLAN OF OPERATIONS	13
REINSURANCE	13
REINSURANCE ASSUMED.....	13
REINSURANCE CEDED.....	13
INFORMATION TECHNOLOGY REPORT	14
STATUTORY DEPOSITS	15
FINANCIAL STATEMENTS	16
ASSETS.....	17
LIABILITIES, SURPLUS AND OTHER FUNDS	18
STATEMENT OF INCOME	19
RECONCILIATION OF CAPITAL AND SURPLUS.....	20

COMMENTS ON FINANCIAL STATEMENT ITEMS21
 LIABILITIES21
 CAPITAL AND SURPLUS21
CONCLUSION.....22

December 17, 2019

David Altmaier
Commissioner
Office of Insurance Regulation
State of Florida
Tallahassee, Florida 32399-0326

Dear Commissioner:

Pursuant to your instructions, in compliance with Section 624.316, Florida Statutes, Rule 69O-138.005, Florida Administrative Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners ("NAIC"), we have conducted an examination as of December 31, 2018, of the financial condition and corporate affairs of

Commonwealth Land Title Insurance Company

601 Riverside Avenue
Jacksonville, Florida 32204

hereinafter referred to as "the Company" or "CLTIC". Such report of examination is herewith respectfully submitted.

SCOPE OF EXAMINATION

This examination covered the period of January 1, 2014 through December 31, 2018 and commenced with planning at the Florida Office of Insurance Regulation (“the Office” or “OIR”) on April 8, 2019 to April 10, 2019. The fieldwork commenced on April 8, 2019, and concluded as of December 17, 2019. The Company’s last full scope exam by representatives of the Nebraska Department of Insurance covered the period of January 1, 2011 through December 31, 2013.

The examination was a multi-state examination conducted in accordance with the NAIC Financial Condition Examiners Handbook (“Handbook”). The Handbook requires that the examination be planned and performed to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively. The lead state for this examination was Florida; states and territories that participated in this examination are as follows:

New York

Texas

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included assessing significant estimates made by management and evaluating management’s compliance with Statements of Statutory Accounting Principles (“SSAP”).

This examination report includes information obtained from the examination of the records, accounts, files, and documents of or relative to the Company and other information as permitted by Section 624.319, Florida Statutes. There may be other items identified during the examination that, due to their nature (for example, subjective conclusions or proprietary information), are not included within the examination report but separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

Current Examination Findings

There were no material findings or exceptions noted during the examination as of December 31, 2018.

Previous Examination Findings

The following is an update on other significant regulatory information disclosed in the previous examination as performed by the Nebraska Department of Insurance.

Reserving – Incurred but Not Reported

The examination actuary's analysis indicated that the Company's recorded Schedule P Reserve was only 73% of the examination actuary's indication, or \$82 million less than the examination actuary's indication. The examination team noted that the Company reported the Schedule P Reserve within 4% of the appointed actuary's midpoint estimate; however, the examination actuary disagreed with the appointed actuary's methodologies and assumptions in calculating the reserve. The examination actuary has concerns with appointed actuary's data aggregation and estimated IBNR due to a recent history of development exceeding the appointed actuary's expectations. The examination actuary observed that the allocation process utilized by the appointed actuary produced volatility in the Company's IBNR estimates that resulted in unfavorable development during the examination period. The examination actuary also observed that the Fidelity National Title Group (Group) insurers' reserves do not behave as one. The allocation process utilized by the appointed actuary is not consistent with the insurers' contrasting revenue growth rates and differences in the insurers' historical loss & allocated loss adjustment expenses development.

Resolution: The examination actuary noted that the Company complied with the recommendation to perform annual one-year and two-year actual versus expected analyses separately for each of the individual companies within the Group.

Reserving – Known Claims Reserve

The examination actuary's analysis of the Known Case Reserve ("KCR"), case only excluding bulk provision, indicated that the Company only reported 40% of the examination actuary's indicated estimate or \$69 million less than the examination actuary's indicated estimate. The examination actuary concluded that aggregate case reserves for the Company as of 2013 were materially lower than amounts that would conform to the statutory standards. However, in 2013, the Company received a permitted accounting practice from the Nebraska Department of Insurance to account for bulk reserves with IBNR instead of KCR as required by Nebraska Revised Statute §44-1988(2). The examination noted that the Company's indicated KCR, case and bulk provision, was determined to be a reasonable estimate. The examination noted that the Company does not have effective internal control processes to timely record, consistently apply, and evaluate the adequacy of case reserves which are required by Nebraska Revised Statute §44-1988(2) and Statement of Statutory Accounting Principles (SSAP) No. 57. Historically, reported case reserves in the Company have generally been under-estimates, so subsequent development has diminished or eliminated the cushion between the reported Schedule P Reserve and the sum of the reported Statutory Premium Reserve (SPR) and case reserves. Moreover, this trend of the Company recording insufficient case reserves has also contributed to adverse development in the Schedule P Reserve.

Resolution: The examination actuary reviewed the reasonableness of the actuarial Schedule P reserves, which include a provision for bulk development on known claims, and noted no concern regarding the adequacy of the Company's known claims reserves.

COMPANY HISTORY

General

The Company was founded as a Pennsylvania domestic title insurance company in 1886 and re-domesticated to Nebraska on May 30, 2006. Pursuant to the Stock Purchase Agreement among Fidelity National Title Insurance Company ("FNTIC"), Chicago Title Insurance Company ("CTIC") and LandAmerica Financial Group, Inc. ("LFG") dated November 25, 2008 and as subsequently amended, CTIC acquired all of the issued and outstanding shares of CLTIC from LFG. The acquisition closed on December 22, 2008. CLTIC is a wholly owned subsidiary of CTIC which is

ultimately owned by Fidelity National Financial, Inc. (“FNF”). The Company and CTIC re-domesticated to Florida from Nebraska on March 1, 2017.

Dividends

During the examination period, Company declared and paid the following dividends to its stockholder(s):

Date	Amount
2018	\$40,273,735
2017	\$87,199,275
2016	\$39,758,527
2015	\$37,151,477
2014	\$36,900,000
Total	<u>\$241,283,014</u>

Capital Stock and Capital Contributions

As of December 31, 2018, the Company’s capitalization was as follows:

Number of authorized common capital shares	1,000,000
Number of shares issued and outstanding	1,000,000
Total common capital stock	\$2,000,000
Par value per share	\$2.00

Surplus Notes

The Company did not have any surplus notes during the period of this examination.

Acquisitions, Mergers, Disposals, Dissolutions

The Company had no acquisitions, mergers, disposals, or dissolutions during the period of this examination.

MANAGEMENT AND CONTROL

Corporate Governance

CLTIC Board of Directors (“Board”) serving as of December 31, 2018, are shown below:

Directors

Name	City, State	Principal Occupation, Company Name
Michael Louis Gravelle ^(a)	Las Vegas, Nevada	Executive Vice President, General Counsel & Corporate Secretary, CLTIC
Steven Guy Day	Jacksonville, Florida	President National Agency Operations, CLTIC
Roger Scott Jewkes	Las Vegas, Nevada	President Western Operations, CLTIC
Anthony John Park	Jacksonville, Florida	Executive Vice President & Chief Financial Officer, CLTIC
Raymond Randall Quirk ^(b)	Jacksonville, Florida	Chairman, President & Chief Executive Officer CLTIC

^(a) Effective on July 1, 2019, Michael Gravelle was replaced by Marjorie Nemzura as Vice President, Corporate Secretary and Director.

^(b) Chairman

As of December 31, 2018, there were no independent members of the Board.

Senior Officers elected and serving the Company as of December 31, 2018:

Senior Officers

Name	City, State	Title
Raymond Randall Quirk	Jacksonville, Florida	Chairman, President & Chief Executive Officer
Michael Louis Gravelle ^(a)	Las Vegas, Nevada	Executive Vice President, General Counsel & Corporate Secretary
Anthony John Park	Jacksonville, Florida	Executive Vice President & Chief Financial Officer
Steven Guy Day	Jacksonville, Florida	President National Agency Operations
Roger Scott Jewkes	Las Vegas, Nevada	President Western Operations
Richard Lynn Cox	Las Vegas, Nevada	Executive Vice President, Finance
Peter Tadeuzs Sadowski	Las Vegas, Nevada	Executive Vice President
Michael Joseph Nolan	Jacksonville, Florida	President Eastern Operations

Edson Nye Burton, Jr.	Lisle, Illinois	Executive Vice President & Division Manager
Paul Ignatius Perez	Atlantic Beach, Florida	Executive Vice President & Chief Compliance Officer
Daniel Kennedy Murphy ^(b)	Jacksonville, Florida	Senior Vice President & Treasurer

(a) Effective on July 1, 2019, Michael Gravelle was replaced by Marjorie Nemzura as Vice President, Corporate Secretary and Director.

(b) Effective on October 1, 2019, Daniel Murphy retired. Anthony Park has been named Treasurer effective December 1, 2019.

The following committees were designated by the FNF Board of Directors (the “FNF Board”) as of December 31, 2018:

Corporate Governance and Nominating Committee

Name	City, State	Title, Company Name
Peter Owen Shea, Jr. ⁽¹⁾	Newport Beach, California	President & CEO, J.F. Shea Company
Richard Nelson Massey	Little Rock, Arkansas	Partner, Westrock Capital Partners
¹ Chairman		

Compensation Committee

Name	City, State	Title, Company Name
Richard Nelson Massey ⁽¹⁾	Little Rock, Arkansas	Partner, Westrock Capital Partners
Daniel Deronda Lane	Laguna Beach, California	Chairman, Lane/Kuhn Pacific
Cary Howe Thompson	Pacific Palisades, California	Executive Vice Chairman, Bank of America Merrill Lynch
¹ Chairman		

The FNF Board maintained an audit committee who acted on behalf of the subsidiary insurance companies. The audit committee members elected and serving as of December 31, 2018 were as follows:

Audit Committee

Name	City, State	Title, Company Name
Douglas Keith Ammerman ⁽¹⁾	Laguna Beach, California	Retired
Heather Hay Murren	Las Vegas, Nevada	Private Investor
John Darrell Rood	St. Augustine, Florida	Chairman, The Vestcor Companies, Inc.

¹ Chairman

Holding Company System

The following agreements were in effect between the Company and its affiliates:

Tax Sharing Agreement

The Company, its affiliates, and its parent, FNF, filed a consolidated federal income tax return. On December 31, 2018, the method of allocation between the Company and FNF was on a separate-entity basis. The Company computes its tax as though it pays the tax on a standalone basis except that the Company is reimbursed for losses generated that can be used in the consolidated FNF return. The allocation of expenses of the participants in the tax sharing agreement is in accordance with the cost allocation method in SSAP 70. Each subsidiary pays FNF an amount equal to any separate company tax liability of the subsidiary. Each subsidiary pays FNF the amount due no later than 90-days after filing any federal income tax return of the FNF group.

Amended and Restated Support Services Cost Sharing Agreement

The Company entered into an Amended and Restated Support Services Cost Sharing Agreement with certain affiliates including CTIC and FNTIC effective April 28, 2017. The parties agree to share the costs the Company incurs for the performance of escrow and closing services in connection with the issuance of title insurance on real estate transactions. The allocation method is based on actual services used by the party. CLTIC made payments totaling \$153,297 under this agreement during 2018.

Second Amended and Restated Cost Sharing Agreement

Effective April 9, 2018, the Company, FNTIC, Rocky Mountain Support Services Inc. ("RMSS"), EC Purchasing Inc. ("ECP"), Next Ace Corporation ("Next Ace") and FNF India Private Limited (collectively the Companies and affiliates of FNF), entered into a Cost Sharing Agreement (Second Amended and Restated). The parties agree to share the costs RMSS incurs in obtaining and providing access to title plants owned by the Companies and FNF affiliates. Costs include Title Plant access, Next Ace services, and FNF India services. Monthly, each party pays their portion of actual costs and expenses incurred by RMSS and/or ECP in connection with delivering services. CLTIC made payments totaling \$214,883 under this agreement during 2018.

Amended and Restated Master Services Agreement

Effective May 4, 2017, FNF entered into an Amended and Restated Master Services Agreement with certain subsidiaries including FNTIC, CTIC and CLTIC, to provide for the coordination of administrative functions by and between the members of the FNF holding company system. The agreement provides general corporate services including, legal, communications, advertising, regulatory, financial, claims administration, general administrative support, underwriting, title support services and IT. Costs are allocated as follows: services are allocated for each service used by the parties, salaries are allocated by actual services rendered and shared office space is allocated to the occupants at market rates. CLTIC made payments totaling \$100,772,681 under this agreement during 2018.

Amended and Restated Allocation Agreement

Effective May 1, 2017, FNF entered into an Amended and Restated Allocation Agreement, relative to an Excess of Loss Program, with all its insurance subsidiaries. FNF is authorized to negotiate, enter into and administer reinsurance contracts for excess of loss coverage. The annual cost for the excess loss program is based on each individual insurance subsidiary's proportionate share of the annual cost. The allocation is based each subsidiaries' pro rata share of gross written premium to the total gross written premium of all the insurance subsidiaries. FNF provides the services without any compensation. CLTIC made payments totaling \$2,468,377 under the agreement in 2018.

Personal Property Lease Agreement

Effective March 25, 2013, Fidelity Asset Management, Inc. (“FAMI”) (Lessor) entered into a Personal Property Lease with certain affiliates including FNTIC, CTIC and CLTIC, (collectively, the Lessee). The Lessor leases personal property to the Lessee which does not include any leases for office space. Lessee pays monthly rental payments to FAMI. The amount due is based on a percentage of the total leased property being used by each individual party to the lease. CLTIC made payments totaling \$6,885 under the lease in 2018.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Jacksonville, Florida.

The Company and non-affiliates had the following agreements:

Custodial Agreement

Effective April 1, 2017, the Company maintained a custody agreement with The Bank of New York Mellon to hold and safe keep certain assets. The agreement was approved by the Office on May 12, 2017.

Investment Management Agreement

Effective April 28, 2017, FNTIC, CTIC and CLTIC entered into an investment management agreement with Newport Global Advisors LP. The agreement was approved by the Office on April 28, 2017.

Reinsurance Intermediary Agreements

Effective August 20, 2013, FNF, including all subsidiaries and affiliated companies, contracted with Guy Carpenter & Company, LLC (“Guy Carpenter”) as a reinsurance intermediary. Guy Carpenter is authorized to place the lines, types and kinds of reinsurance and retrocessions for FNF and may request to and act as a reinsurance intermediary on behalf of FNF. Guy Carpenter handles the reinsurance placement up to a limit of \$400 million. FNF retains the right to bind the reinsurance. FNF agrees that reinsurance brokerage commission for reinsurance contracts

placed by Guy Carpenter shall be earned by Guy Carpenter upon the earlier of binding the contract or the inception of the contract. Guy Carpenter renders accounts to FNF at least annually for all reinsurance except facilitative.

Effective December 21, 2018, FNF, including all subsidiaries and affiliated companies, also contracted with Willis Re Inc. ("Willis Re") as a reinsurance intermediary. Willis Re is authorized to place the lines, types and kinds of reinsurance and retrocessions for FNF and may request to and act as a reinsurance intermediary on behalf of FNF with respect to any reinsurance and retrocession agreements to which FNF is party. Willis Re handles the reinsurance placement above \$400 million. FNF retains the right to bind the reinsurance. Willis Re is entitled to 100% of the brokerage commission generated by each reinsurance contract placed on behalf of FNF. FNF agrees to pay an open rate commission for each reinsurance contract placed by Willis Re.

Independent Auditor Agreement

Ernst & Young, LLP, an independent CPA, audited the Company's statutory basis financial statements annually for the years 2018 and 2017. KPMG LLP, an independent CPA, audited the Company's financial statements for the years 2016, 2015 and 2014.

Corporate Records Review

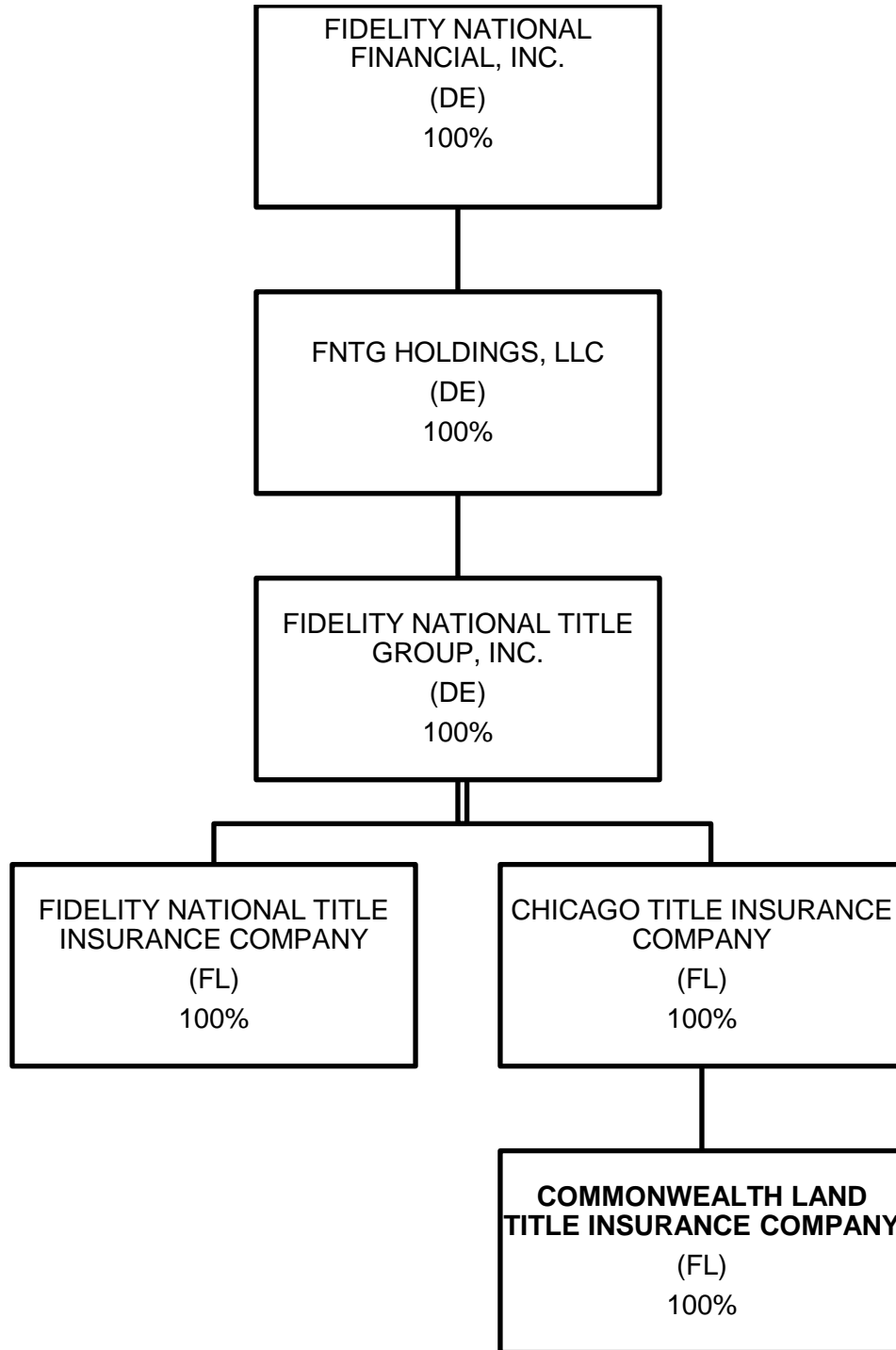
The recorded minutes of the Shareholder(s), Board and certain internal committees were reviewed for the period under examination. The recorded minutes of the Board documented its meetings and approval of Company transactions and events.

Conflict of Interest

The Company adopted a policy statement requiring periodic disclosure of conflicts of interest in accordance with the Handbook.

A simplified organizational chart as of December 31, 2018, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's 2018 annual statement provided a list of all related companies of the holding company group.

Commonwealth Land Title Insurance Company
Simplified Organizational Chart
December 31, 2018



TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance in all states with the exception of Iowa, including the District of Columbia and Puerto Rico.

The Company was authorized to transact insurance in Florida on July 10, 1958, and is currently authorized for the following coverage(s) as of December 31, 2018:

Title

REINSURANCE

The reinsurance agreements reviewed complied with NAIC standards with respect to the standard insolvency clause, arbitration clause, intermediary clause, transfer of risk, reporting and settlement information deadlines.

Reinsurance Assumed

The Company assumed \$2.1 million in liability which is a relatively small amount of business as compared to its direct writings which totaled \$675 million as of December 31, 2018. The assumed transactions are on a facultative basis.

Reinsurance Ceded

The Company ceded \$4.9 million in liability as of December 31, 2018. Most of the ceded reinsurance liability resulted from facultative transactions. The form of agreement used is promulgated by the American Land Title Association. After primary retention, such reinsurance is usually on a quota-share basis, up to certain limits, with one or more title insurers. Provision is made that a risk may be coinsured with other companies. In such cases, the policy contains a provision defining each company's proportional share of the liability to the whole risk insured.

The Company's ultimate parent, FNF, entered into four Excess of Loss Reinsurance Contracts with various reinsurers on behalf the Company and other subsidiaries and affiliates of FNF. Coverage is shared by the Company and other subsidiaries and affiliates of FNF. The contract

provides coverage on a loss occurrence basis for the Company and its affiliates regardless of the number of policies contributing to the ultimate net loss. The losses are covered based upon date reported to the reinsurer.

INFORMATION TECHNOLOGY REPORT

Jenny Jeffers AES, CISA, CFE and Joanna Latham AES, CISA, CPA, CFE, CRISC of Jennan Enterprises, LLC, performed an evaluation of the information technology and computer systems of the Company. Results of the evaluation were noted in the Information Technology Report provided to the Company.

STATUTORY DEPOSITS

The following securities were deposited with the State of Florida and with various state officials as required or permitted by law:

State	Description	Par Value	Market Value
FL	USTBDS	\$ 1,000,000	\$ 989,600
FL	USTBDS	<u>150,000</u>	<u>148,575</u>
TOTAL FLORIDA DEPOSITS		<u>\$ 1,150,000</u>	<u>\$ 1,138,175</u>
AL	USTBND	\$ 60,000	\$ 59,610
AK	USTBND	190,000	188,714
AR	USTBND	60,000	59,610
GA	USTBND	110,000	108,408
IL	USTBND	1,025,000	1,018,338
NE	USTBND	1,000,000	993,500
NV	USTBND	200,000	198,700
NM	USTBND	205,000	202,748
NC	USTBND	3,980,000	3,941,603
OH	USTBND	300,000	301,890
OR	USTBND	115,000	114,253
SD	USTBND	120,000	117,816
TX	CD	100,000	100,000
VA	USTBND	520,000	510,792
WA	USTBND	220,000	218,570
GU	CD	65,595	65,595
PR	USTBND	750,000	758,175
VI	USTBND	<u>110,000</u>	<u>108,955</u>
TOTAL OTHER DEPOSITS		<u>\$ 9,130,595</u>	<u>\$ 9,067,277</u>
TOTAL SPECIAL DEPOSITS		<u>\$ 10,280,595</u>	<u>\$ 10,205,452</u>

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Surplus and Other Funds; the statutory Statement of Operations; the statutory Statement of Cash Flow; and the statutory Analysis of Changes in Surplus for the year ended December 31, 2018. The financial statements are based on the statutory financial statements filed by the Company with the Florida Office of Insurance Regulation and present the financial condition of the Company for the period ending December 31, 2018. (Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)

Commonwealth Land Title Insurance Company

Assets

December 31, 2018

	Per Company	Examination Adjustments	Per Examination
Bonds	\$291,470,614	\$0	\$291,470,614
Stocks:			
Preferred	81,307,802		81,307,802
Common	97,115,168		97,115,168
Mortgage Loans:			
First liens	3,857,985		3,857,985
Real Estate:			
Properties occupied by Company	138,358		138,358
Cash, Cash Equivalents and Short- Term Investments	138,286,434		138,286,434
Other invested assets	685,450		685,450
Receivable for securities	750,000		750,000
Title plants	7,192,754		7,192,754
Investment income due and accrued	2,662,949		2,662,949
Premiums and considerations:			
Uncollected premium	9,160,677		9,160,677
Amounts recoverable from reinsurers	44,893		44,893
Net deferred tax asset	196		196
Guaranty funds receivable or on deposit	147,006		147,006
Totals	<u>\$632,820,286</u>	<u>\$0</u>	<u>\$632,820,286</u>

Commonwealth Land Title Insurance Company
Liabilities, Surplus and Other Funds
December 31, 2018

	Per Company	Examination Adjustments	Per Examination
Known claims reserves	\$33,627,651	\$0	\$33,627,651
Statutory premium reserve	200,847,497		200,847,497
Other expenses	22,324,058		22,324,058
Taxes, licenses and fees	5,285,310		5,285,310
Current federal and foreign income taxes	4,658,179		4,658,179
Payable to parent, subsidiaries and affiliates	3,158,461		3,158,461
Aggregate write-ins for liabilities	<u>83,400</u>		<u>83,400</u>
Total Liabilities	<u>\$269,984,556</u>	<u>\$0</u>	<u>\$269,984,556</u>
Common capital stock	\$2,000,000		\$2,000,000
Gross paid in and contributed surplus	247,707,948		247,707,948
Unassigned funds (surplus)	<u>113,127,782</u>		<u>113,127,782</u>
Surplus as regards policyholders	<u>\$362,835,730</u>	<u>\$0</u>	<u>\$362,835,730</u>
Total liabilities, surplus and other funds	<u>\$632,820,286</u>	<u>\$0</u>	<u>\$632,820,286</u>

Commonwealth Land Title Insurance Company
Statement of Income
December 31, 2018

Operating Income

Title insurance premiums earned	\$675,429,601
Escrow and settlement services	3,488,427
Other title fees and service charges	38,369,558
Total operating income	717,287,586

Expenses

Losses and loss adjustment expenses incurred	\$41,902,598
Operating expenses incurred	622,414,386
Total operating expenses	\$664,316,984

Net operating gain or (loss) \$52,970,602

Investment Income

Net investment income earned	\$17,305,796
Net realized capital gains or (losses)	(4,938,343)
Net investment gain or (loss)	\$12,367,453

Other Income

Aggregate write-ins for miscellaneous income or (loss) or other deductions	(\$457)
Net income, after capital gains tax and before all other federal income taxes	65,337,598
Federal and foreign income taxes incurred	(2,850,957)
Net Income	\$68,188,555

Capital and Surplus Account

Surplus as regards policyholders, December 31 prior year	\$360,764,020
Net Income	\$68,188,555
Change in net unrealized capital gains or (losses) less capital gains tax	(19,342,865)
Change in net unrealized foreign exchange capital gains (loss)	0
Change in net deferred income taxes	(9,854,204)
Change in nonadmitted assets	3,353,959
Change in supplemental reserves	0
Dividends to stockholders	(40,273,735)
Change in surplus as regards policyholders for the year	\$2,071,710
Surplus as regards policyholders, December 31 current year	\$362,835,730

Commonwealth Land Title Insurance Company
Reconciliation of Capital and Surplus
December 31, 2018

No adjustments were made to surplus as regards policyholders as a result of this examination.

Capital/Surplus Change during Examination Period

Surplus at December 31, 2013, per Examination	<u>Increase</u>	<u>Decrease</u>	\$247,931,147
Net Income (loss)	\$234,778,878		\$234,778,878
Change in net unrealized capital gain (loss)		(2,391,843)	(2,391,843)
Change in net deferred income tax		(28,379,742)	(28,379,742)
Change in non-admitted assets	10,351,963		10,351,963
Cumulative effect of changes in accounting principles	41,496,115		41,496,115
Change in paid in capital	350,694		350,694
Change in paid in surplus	99,981,532		99,981,532
Dividends to stockholders		(241,283,014)	(241,283,014)
Net increase (or decrease)			<u>\$114,904,583</u>
Surplus at December 31, 2018, per Examination			<u>\$362,835,730</u>

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

John R. Kryczka, FCAS, MAAA, Managing Director, PricewaterhouseCoopers LLP, appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2018, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The Office consulting actuary, Brent Sallay, FCAS, MAAA, of Taylor Walker Consulting, LLC, reviewed the loss and loss adjustment expense work papers provided by the Company and was in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$362,835,730, exceeded the minimum of \$26,469,925 as required by Section 624.408, Florida Statutes.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of **Commonwealth Land Title Insurance Company** as of December 31, 2018, consistent with the insurance laws of the State of Florida.

In addition to the undersigned, the following also participated in the examination:

Marie Stuhlmuller	Examination Manager	Office
Wytonia Dennis	Participating Examiner	Office
Renee Hanshaw, CFE	Participating Examiner	Examination Resources, LLC
Tammy Gavin, ARé	Participating Examiner	Examination Resources, LLC
Jenny Jeffers, AES, CISA, CFE (Fraud)	IT Specialist	Jennan Enterprises, LLC
Joanna Latham, AES, CISA, CPA, CRISC, CFE	IT Specialist	Jennan Enterprises, LLC
Brent Sallay, FCAS, MAAA	Actuary	Taylor Walker Consulting, LLC

Respectfully submitted,



Joanne Campanelli, CFE
Examiner-In-Charge
Examination Resources, LLC



Daniel W. Applegarth, CFE, CPA, PIR
Chief Financial Examiner
Florida Office of Insurance Regulation