



**EXAMINATION REPORT
OF
OLD REPUBLIC NATIONAL TITLE INSURANCE
COMPANY**

NAIC Company Code: 50520

**Tampa, Florida
as of
December 31, 2016**

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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February 15, 2018

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 690-138.005, 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, 2016, of the financial condition and corporate affairs of

Old Republic National Title Insurance Company
3000 Bayport Drive, Suite 1000
Tampa, Florida 33607

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

SCOPE OF EXAMINATION

This examination covered the period of January 1, 2012, through December 31, 2016, and commenced with planning at the Florida Office of Insurance Regulation (“Office”) on March 21, 2017, to March 23, 2017. The fieldwork commenced on March 21, 2017, and concluded as of February 15, 2018. The Company’s last full scope examination by the State of Minnesota Department of Commerce covered the period of January 1, 2007, through December 31, 2011.

The examination was a multi-state and coordinated holding company group 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. This examination involved twenty-two insurance company subsidiaries of the Old Republic International Holding Group (“ORIHG”), collectively known as the Old Republic International Corporation (“ORI”). Florida served as the Facilitating State, while Oklahoma and Mississippi were Participating States for the Title Subgroup. Other states that participated in this examination are as follows: California, Delaware, Illinois, Nebraska, Pennsylvania, Wisconsin, and North Carolina. Pennsylvania was the overall Lead State.

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

This examination report includes significant findings of fact, as mentioned in Section 624.319, Florida Statutes, and general information about the insurer and its financial condition. 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 adverse findings, significant non-compliance findings or material changes in the financial statements noted during the examination as of December 31, 2016.

Previous Examination Findings

There were no findings, exceptions or corrective action to be taken by the Company for the examination as of December 31, 2011.

COMPANY HISTORY

General

The Company is a subsidiary of Old Republic Title Insurance Companies, Inc. ("ORTIC"), which is a subsidiary of Old Republic National Title Holding Company ("ORNTHC"), which is a subsidiary of Old Republic Title Insurance Group, Inc., which is a subsidiary of ORI. On December 15, 2016, the Office approved the contribution of one hundred percent (100%) of the Company's common stock from the Company's former parent company ORNTHC to ORTIC. The effective date of the contribution was December 23, 2016.

The Company provides title insurance and related real estate transfer services throughout the United States. The Company's direct operations of title premium and fee revenues represented approximately eighteen percent (18%) of revenues in 2016. The remaining eighty-two percent (82%) were produced by independent title agents.

The Company was organized on August 20, 1907, and commenced business on November 7, 1907. On November 13, 2014, the Office approved the Company to re-domesticate from Minnesota to Florida.

Dividends

In accordance with Section 628.371, Florida Statutes, the Company declared and paid dividends as follows:

| | |
|------|--------------|
| 2016 | \$85,575,098 |
| 2015 | \$76,000,000 |

Under the authority of the Minnesota Department of Commerce, the Company paid the following dividends:

| | |
|------|--------------|
| 2014 | \$62,000,000 |
| 2013 | \$30,000,000 |
| 2012 | \$5,000,000 |

Subsequent Event: In 2017, the Company declared and paid dividends of \$100,000,000.

Capital Stock and Capital Contributions

As of December 31, 2016, the Company's capitalization was as follows:

| | |
|--------------------------------------------|-------------|
| Number of authorized common capital shares | 6,000,000 |
| Number of shares issued and outstanding | 1,221,147 |
| Total common capital stock | \$1,526,434 |
| Par value per share | \$1.25 |

Surplus Notes

The Company's surplus notes of \$77,500,000 remained constant throughout the examination period. The following table lists the obligations:

| Date Issued | Holder | Amount |
|-------------|--------|--------------|
| 12/31/2008 | ORTIG | \$32,500,000 |
| 09/02/2009 | ORNTHC | \$30,000,000 |
| 12/31/2010 | ORIC | \$15,000,000 |
| | Total | \$77,500,000 |

Subsequent Event: In 2017, principal payments of \$30,000,000 were made, which reflect the full repayment of the surplus note to ORNTHC.

Acquisitions, Mergers, Disposals, Dissolutions

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

MANAGEMENT AND CONTROL

Corporate Governance

The annual shareholder meeting for the election of Directors was held in accordance with Section 628.231, Florida Statutes. The Directors serving as of December 31, 2016, are shown below:

| Directors | | |
|----------------------------------|-----------------------------|----------------------------------------------------------------------------|
| Name | City, State | Principal Occupation, Company Name |
| Aldo Charles Zucaro ¹ | Sarasota, FL | Chairman & Chief Executive Officer, Old Republic International Corporation |
| Jimmy Allen Dew | Bermuda Run, North Carolina | Director, Old Republic International Corporation |
| Spencer LeRoy III | Western Springs, Illinois | Director, Old Republic International Corporation |
| Harrington Bischof | Barrington Hills, Illinois | President, Chief Executive Officer, Pandora Capital Corporation |
| Dennis Peter Van Mieghem | Park Ridge, Illinois | Tax Consultant, Self Employed Tax Consultant |
| Arnold Levy Steiner | Birmingham, Alabama | President, Cullman Property Company |
| Steven Robert Walker | Oakland, California | Director, Old Republic International Corporation |
| John Maynard Dixon | Winnetka, Illinois | Director, Old Republic International Corporation |
| Fredricka Taubitz | La Jolla, California | Director, Old Republic International Corporation |
| Rande Keith Yeager | Venice, Florida | Chief Executive Officer, Old Republic National Title Holding Company |
| James Carroll Hellauer (a) | Palm Beach Gardens, Florida | Owner, James C. Hellauer & Associates |

Charles Frederick Titterton Pleasantville, New York Director,
Old Republic International Corporation
1 Chairperson

(a) Retired and subsequently resigned on December 31, 2017.

Subsequent Event: The Company appointed Steven Jay Bateman and Glenn William Reed to the Board on February 23, 2017 and August 17, 2017 respectively.

In accordance with the Company's Bylaws, the Board of Directors ("Board") appointed the following Senior Officers:

Senior Officers

| Name | City, State | Title |
|------------------------|---------------------------|----------------------------------------------------------------------------|
| Mark Allan Bilbrey | Lutz, Florida | President |
| Daniel Matson Wold (a) | Minneapolis, Minnesota | Senior Vice President, General Counsel and Secretary |
| Michael Thomas Tarpey | Eden Prairie, Minnesota | Senior Vice President and Treasurer |
| Chris Gerald Lieser | Lutz, Florida | Executive Vice President and Chief Financial Officer |
| Gary Joseph Horn | New Brighton, Minnesota | Executive Vice President, Finance and Development |
| Mark Marion Budzinski | Odessa, Florida | Executive Vice President, Law and Corporate Affairs |
| John Ardry Magness (b) | Houston, Texas | Executive Vice President and Chief Operating Officer |
| Cheryl Ann Jones | Tampa, Florida | Executive Vice President, Chief Human Resources and Communications Officer |
| Jeffery John Bluhm | Eden Prairie, Minnesota | Executive Vice President |
| Robert John Chapman | Venice, Florida | Executive Vice President |
| Carolyn Jean Monroe | San Francisco, California | Executive Vice President |
| Patrick Allen Connor | Blacklick, Ohio | Executive Vice President |

| | | |
|--------------------------|----------------------|--------------------------|
| Michael Barry Skalka | Palm Harbor, Florida | Executive Vice President |
| Richard Angus Wilson (c) | Andover, New Jersey | Executive Vice President |

- (a) Appointed to Executive Vice President as of December 6, 2017.
- (b) Resigned on October 10, 2017.
- (c) Resigned on June 1, 2017 and was replaced by Dana Charles Solms as Executive Vice President on June 6, 2017.

Subsequent Event: The Company appointed Roger Anthony Gaio to Executive Vice President and Chief Information Officer on March 1, 2017, Rob Ernest Zeller to Executive Vice President on March 7, 2017, and Curtis James Hoffman to Executive Vice President on October 12, 2017.

The Company's Board appointed several internal committees. On the following page were the principal internal board committees and their members as of December 31, 2016:

Executive Committee

| Name | City, State | Title, Company Name |
|----------------------------------|----------------------|-------------------------------------------------------------------------------|
| Aldo Charles Zucaro ¹ | Sarasota, FL | Chairman & Chief Executive Officer, Old Republic International Corporation |
| Harrington Bischof | Barrington, Illinois | Director, Old Republic International Corporation |
| John Maynard Dixon | Winnetka, Illinois | Director, Old Republic International Corporation |
| Arnold Levy Steiner | Birmingham, Alabama | Director, Old Republic International Corporation |
| Steven Robert Walker | Oakland, California | Director, Old Republic International Corporation |

¹ Chairperson

The Company maintained an audit committee, as required by Section 624.424(8)(c), Florida Statutes.

Audit Committee

| Name | City, State | Title, Company Name |
|--------------------------------|--------------------------------|-----------------------------------------------------|
| Fredricka Taubitz ¹ | La Jolla, California | Director, Old Republic International Corporation |
| James Carroll Hellauer (a) | Palm Beach Gardens, Florida | Director, Old Republic International Corporation |
| Charles Fredrick Titterton | Pleasantville, New York | Director, Old Republic International Corporation |
| Dennis Peter Van Mieghem | Park Ridge, Illinois | Director, Old Republic International Corporation |
| Steven Robert Walker | Oakland, California | Director, Old Republic International Corporation |

¹ Chairperson

(a) Retired and subsequently resigned on December 31, 2017. Mr. Hellauer was succeeded by Steven Jay Bateman on the Audit Committee.

Governance and Nominating Committee

| Name | City, State | Title, Company Name |
|------------------------------------------|--------------------------------|-----------------------------------------------------|
| Charles Frederick Titterton ¹ | Pleasantville, New York | Director, Old Republic International Corporation |
| Harrington Bischof | Barrington, Illinois | Director, Old Republic International Corporation |
| John Maynard Dixon | Winnetka, Illinois | Director, Old Republic International Corporation |
| James Carroll Hellauer (a) | Palm Beach Gardens, Florida | Director, Old Republic International Corporation |
| Arnold Levy Steiner | Birmingham, Alabama | Director, Old Republic International Corporation |
| Steven Robert Walker | Oakland, California | Director, Old Republic International Corporation |

¹ Chairperson

(a) Retired and subsequently resigned on December 31, 2017. Mr. Hellauer was succeeded by Glenn William Reed on the Governance and Nominating Committee.

Compensation Committee

| Name | City, State | Title, Company Name |
|---------------------------------|--------------------------------|-----------------------------------------------------|
| John Maynard Dixon ¹ | Winnetka, Illinois | Director, Old Republic International Corporation |
| Harrington Bischof | Barrington, Illinois | Director, Old Republic International Corporation |
| Jimmy Allen Dew | Bermuda Run, North Carolina | Director, Old Republic International Corporation |
| Arnold Levy Steiner | Birmingham, Alabama | Director, Old Republic International Corporation |
| Fredricka Taubitz | La Jolla, California | Director, Old Republic International Corporation |
| Dennis Peter Van Mieghem | Park Ridge, Illinois | Director, Old Republic International Corporation |

¹ Chairperson

Holding Company System

The Company is a member of a holding company system. The latest Holding Company Registration Statement was filed with the State of Florida on April 17, 2017, as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code.

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

Attorneys' Title Fund Services Agreement

Effective July 22, 2010, the Company entered into the Amended and Restated Services Agreement with Attorneys' Title Fund Services, LLC ("ATFS"). The agreement provides for the Company to pay ATFS a fee for managing title insurance agents which were formerly agents of Attorneys Title Insurance Fund, Inc ("ATIF"). Fees incurred during 2016 were \$34,999,425.

Subsequent Event: Effective April 1, 2017, the Office approved a Second Amended and Restated Services Agreement between ORNTIC and ATFS.

Tax Sharing Agreement

Effective October 1, 2010, the Company entered into a Tax Sharing Agreement with its ultimate parent, ORI and its various subsidiaries. The allocation is based upon separate return calculation with current credit for net losses to the extent cash recoveries are available through group income offsets or carry-back claims.

Investment Counsel Services Agreement

Effective July 1, 2012, the Company entered into an Investment Counsel Services Agreement with Old Republic Asset Management Corporation ("ORAM"). The agreement provides that ORAM has the authority to manage, purchase, and sell securities in certain accounts in accordance with the Company's investment policy. The Company pays ORAM an annual fee in quarterly installments based on the market value of all securities under ORAM's supervision. Fees incurred during 2016 were \$297,359.

Attorneys' Title Fund Services Lease Agreement

Effective July 1, 2013, ATIF entered into the Attorney's Title Fund Services Lease Agreement with ATFS. Effective December 12, 2015, the Company replaced ATIF as the landlord on the Lease Agreement. The agreement provides for the Company to receive payments for leased office space to ATFS. For 2016, the Company received payments in the amount of \$1,311,918.

National Title Agents' Services Company Management Services Agreement

Effective September 1, 2014, the Company entered into the National Title Agents' Services Company Management Services Agreement with National Title Agents' Services Company. The agreement provides for the Company to be responsible for the general overall supervision of financial, tax and statutory filings and reporting; accounts payable; human resources management; information technology services; policy inventory procedures; regulatory communications and filings; and general overall supervision of legal matters including underwriting issues; administration of claims and litigation management. The Company received

a monthly compensation in the amount of \$2,500 for services performed. For 2016, the Company was paid \$30,000.

Cash Management Agreement

Effective January 1, 2015, the Company entered into a Cash Management Agreement with ORNTHC. The agreement provides that the Company will provide cash management services to ORNTHC and its subsidiaries. The Company will centralize cash collection and disbursements of ORNTHC and its subsidiaries. The Company retains any interest earned or other banking benefits as compensation for services performed. The balance due to ORNTHC for 2016 was \$16,173,741.

Kasparnet Employee and Administrative Services Agreement

Effective January 1, 2015, the Company entered into the Kasparnet Employee and Administrative Services Agreement with Kasparnet, Inc. ("Kasparnet"). The agreement provides for the Company to provide various employment and operational support services to Kasparnet. The Company allocates expenses to Kasparnet based on an allocation method to reflect current business realities. For 2016, the aggregate amount of net operating expenses allocated from the Company to Kasparnet amounted to \$540,736.

American Guaranty Title Insurance Company Management Services Agreement

Effective January 1, 2015, the Company entered into the American Guaranty Title Insurance Company Management Services Agreement with American Guaranty Title Insurance Company ("AGTIC"). The agreement provides for the Company to be responsible for the general overall supervision of financial, tax and statutory filings and reporting; accounts payable; human resources management; information technology services; policy inventory procedures; regulatory communications and filings; and general overall supervision of legal matters including underwriting issues; administration of claims and litigation management. For 2016, the Company received payments in the amount of \$216,000.

Old Republic Diversified Services Management Services Agreement

Effective January 1, 2015, the Company entered into the Old Republic Diversified Services Management Services Agreement with Old Republic Diversified Services, Inc. (“ORDSI”). The agreement provides for the Company to be responsible for the general overall supervision of financial, tax and statutory filings and reporting; accounts payable; human resources management; information technology services; policy inventory procedures; regulatory communications and filings; and general overall supervision of legal matters including underwriting issues; administration of claims and litigation management. The Company allocates expenses to ORDSI based on an allocation method to reflect current business realities. For 2016, the aggregate amount of net operating expenses allocated from the Company to ORDSI amounted to \$1,292,527.

Old Republic Title Company of Conroe Management Services Agreement

Effective April 1, 2015, the Company entered into the Old Republic Title Company of Conroe Management Services Agreement with Old Republic Title Company of Conroe. The agreement provides for the Company to be responsible for the general overall supervision of financial, tax and statutory filings and reporting; accounts payable; human resources management; information technology services; policy inventory procedures; regulatory communications and filings; and general overall supervision of legal matters including underwriting issues; administration of claims and litigation management. The Company received a monthly compensation in the amount of \$5,000 for services performed. For 2016, the Company received payments in the amount of \$60,000.

Lex Terrae Services Agreement

Effective September 1, 2015, the Company entered into the Lex Terrae Services Agreement with Lex Terrae, Ltd. (“Lex Terrae”). The agreement provides for the Company to pay Lex Terrae an allocation of expenses related to salaries, rent, insurance, equipment, and other various office expenses of Lex Terrae for providing title services to the Company. Fees incurred during 2016 amounted to \$6,634,845.

Mississippi Valley Title Services Company Servicing Agreement

Effective October 1, 2015, the Company entered into the Mississippi Valley Title Services Company Servicing Agreement with Mississippi Valley Title Services Company ("MVTSC"). The agreement provides for the Company to pay MVTSC a fee for managing title insurance agents which were formerly agents of Mississippi Valley Title Insurance Company ("MVTIC"). The fee paid to MVTSC will be equal to the aggregate net expense incurred for services performed. Fees incurred during 2016 amounted to \$4,727,684.

American Guaranty Title Insurance Company Services Agreement

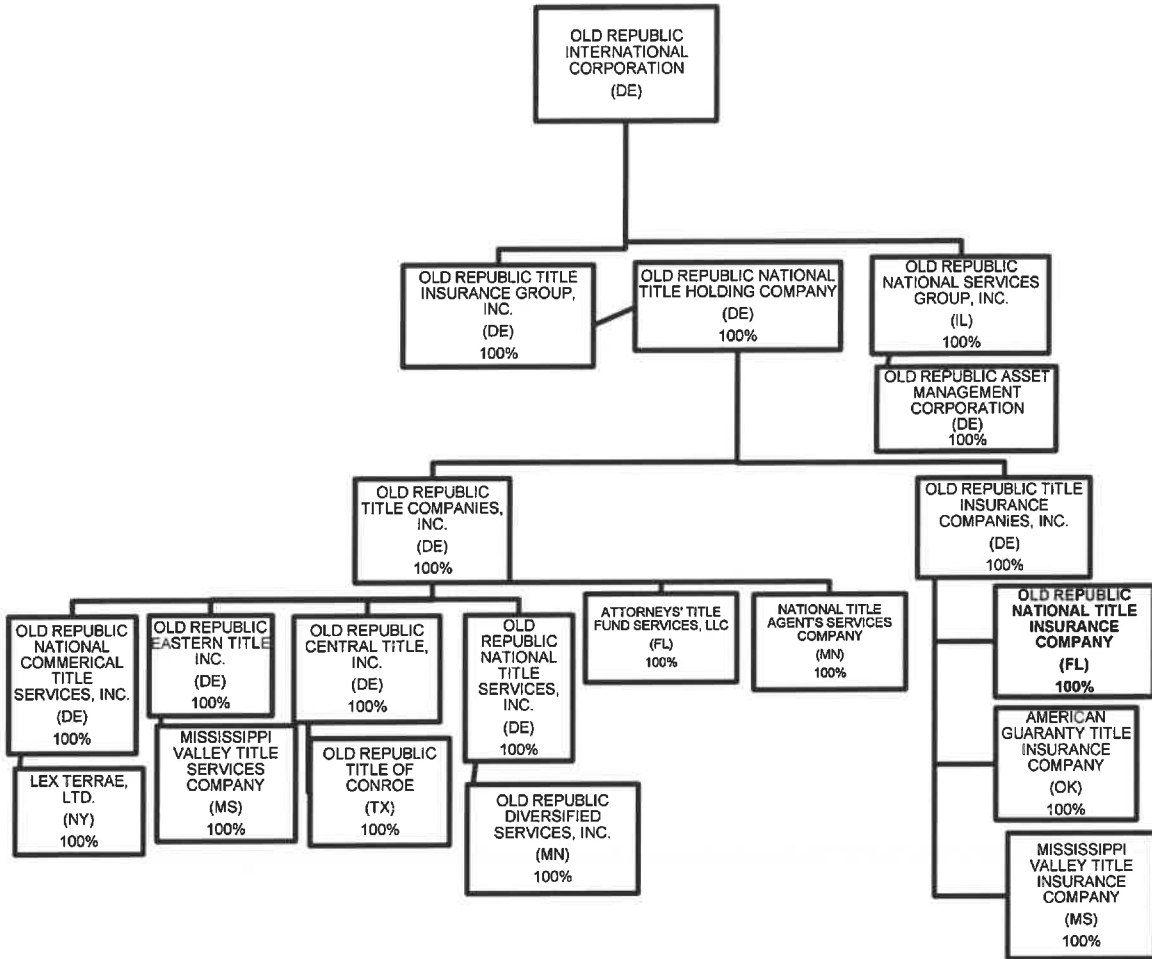
Effective January 1, 2016, the Company entered into the American Guaranty Title Insurance Services Agreement with AGTIC. The agreement provides for the Company's operational divisions, Old Republic Title Residential Information Services and Old Republic Servicing Solutions to perform certain services and use certain facilities in closing and processing of title insurance and related products and services. The Company receives a fee equal to eighty-five percent (85%) of the title insurance rates specified in the AGTIC's rates schedules and will be compensated for all other title, closing and other settlement products and services at their regular rates. For 2016, the Company received payments in the amount of \$4,666,427.

The following related party transactions occurred between the Company and its affiliates:

In December 2008, the Company advanced \$5,500,000 to the Employees Savings and Stock Ownership Plan ("Plan") which is offered and administered by ORI, of which \$1,591,200 remained outstanding as of December 31, 2016. The loan is renewable annually on March 31st with a final schedule maturity on March 31, 2018. Interest is payable quarterly at a variable interest rate of three and five-tenths percent (3.5%) above the LIBOR. For 2016, the Company received principal payments of \$696,150 and interest payments of \$77,166.

Schedule Y of the Company's 2016 annual statement provided a list of all related companies of the holding company group. A simplified organizational chart as of December 31, 2016, reflecting the holding company system, is shown on the following page.

Old Republic National Title Insurance Company
Simplified Organizational Chart
December 31, 2016



ACCOUNTS AND RECORDS

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

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, in compliance with the Handbook adopted by Rule 69O-138.001, Florida Administrative Code, including the authorization of investments, as required by Section 625.304, Florida Statutes.

Conflict of Interest

The Company adopted a policy statement requiring periodic disclosure of conflicts of interest in accordance with the Handbook adopted by Rule 69O-138.001, Florida Administrative Code.

The Company and non-affiliates had the following agreements:

Custodial Agreement

The Company maintained a custodial agreement with The Northern Trust Company executed on December 31, 2005. The agreement complied with Rule 69O-143.042, Florida Administrative Code.

The Company maintained a custodial agreement with US Bank National Association executed on March 1, 2007. The agreement complied with Rule 69O-143.042, Florida Administrative Code.

Independent Auditor Agreement

An independent CPA, KPMG, LLP, audited the Company's statutory basis financial statements annually for the years 2016, 2015, 2014, 2013 and 2012 in accordance with Section 624.424(8), Florida Statutes. Supporting workpapers were prepared by the CPA firm as required by Rule 69O-137.002, Florida Administrative Code.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact title insurance in the following states and US territories:

| | | |
|----------------------|----------------|----------------|
| Alabama | Louisiana | Ohio |
| Alaska | Maine | Oklahoma |
| Arizona | Maryland | Oregon |
| Arkansas | Massachusetts | Pennsylvania |
| California | Michigan | Rhode Island |
| Colorado | Minnesota | South Carolina |
| Connecticut | Mississippi | South Dakota |
| Delaware | Missouri | Tennessee |
| District of Columbia | Montana | Texas |
| Florida | Nebraska | Utah |
| Georgia | Nevada | Vermont |
| Hawaii | New Hampshire | Virginia |
| Idaho | New Jersey | Washington |
| Illinois | New Mexico | West Virginia |
| Indiana | New York | Wisconsin |
| Kansas | North Carolina | Wyoming |
| Kentucky | North Dakota | Guam |

The Company was authorized to transact insurance in Florida on December 15, 1941, and is currently authorized for the coverage of Title insurance as of December 31, 2016.

Treatment of Policyholders

The Company established procedures for handling written complaints in accordance with Section 626.9541(1)(i)(3)(a), Florida Statutes. The Company maintained a claims procedure manual that included detailed procedures for handling each type of claim in accordance with Section 626.9541(1)(j), Florida Statutes.

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 liability arising from title insurance loss exposures from several third-party title insurers on a per risk excess of loss basis. The Company would indemnify one hundred percent (100%) of the ultimate net loss over the ceding Company's stated retention limits on a single policy up to a specified maximum limit. The Company also assumed liability arising from the title insurance loss exposures from third-party title insurers on a facultative basis.

Effective October 1, 2015, the Company entered into an assumption reinsurance contract with MVTIC, whereby the Company assumed the obligations created or contained in each and every policy of title insurance and closing protection letter issued by MVTIC. As consideration for the reinsurance contract, the Company received \$14,487,742 from MVTIC, which represented the amount of known claim reserve and incurred, but not reported claims of MVTIC as of the effective date of the reinsurance contract. In lieu of this transaction, the Company received a dividend of \$19,357,987 from MVTIC on November 16, 2015, which consisted of all of its assets and liabilities as of September 30, 2015, excluding \$575,098 of capital and policyholders' surplus retained by MVTIC, and the sale of \$184,931 of property and equipment to an affiliated company. This transaction was accounted for as prospective reinsurance.

Effective December 12, 2015, the Company entered into an assumption reinsurance contract with ATIF, a third-party title insurer, whereby the Company will reinsure one hundred percent (100%) of the ultimate net loss and loss adjustment expenses for covered title insurance policies issued prior to the effective date. As consideration for the reinsurance contract, the Company received assets, including cash and short-term investments of \$3,659,901, real-estate of \$16,064,000, fixed maturity securities of \$26,435,989 and certain other immaterial miscellaneous net assets, equivalent to the assumed reserves of \$46,112,019. This transaction was accounted for as retroactive reinsurance.

Reinsurance Ceded

The Company maintains retention limits on per risk basis. To comply with the single risk maximum retention limits the Company will cede a stated portion of the liability to another title insurer through facultative reinsurance. The Company's ceded reinsurance premiums are immaterial to its direct written premiums as a whole.

INFORMATION TECHNOLOGY REPORT

Phil McMurray, CISSP, CISA, AES, IT Specialist, and David Hall, CPA, CISA, CITP, IT Specialist, of Risk and Regulatory Consulting, 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 as required by Section 624.411, Florida Statutes, and with various state officials as required or permitted by law:

| State | Description | Par Value | Market Value |
|------------------------|-------------|----------------------|----------------------|
| FL | USTN | 4.750% \$ 1,125,000 | \$ 1,146,038 |
| TOTAL FLORIDA DEPOSITS | | <u>\$ 1,125,000</u> | <u>\$ 1,146,038</u> |
| AL | USTN | 4.750% \$ 75,000 | \$ 76,840 |
| AK | USTN | 2.375% 200,000 | 200,930 |
| AK | USTN | 4.000% 550,000 | 575,931 |
| AR | USTN | 4.750% 100,000 | 102,453 |
| GA | USTN | 4.000% 50,000 | 52,357 |
| ID | USTN | 4.000% 150,000 | 157,072 |
| IL | USTN | 3.125% 1,100,000 | 1,151,652 |
| IL | MFB NI GOVT | 1.000% 7,516 | 7,516 |
| NH | USTN | 4.750% 100,000 | 102,453 |
| NM | USTN | 2.375% 150,000 | 150,697 |
| NM | USTN | 2.375% 100,000 | 100,465 |
| NC | USTN | 2.375% 300,000 | 301,395 |
| NC | USTN | 4.750% 3,475,000 | 3,560,245 |
| NC | USTN | 2.500% 2,600,000 | 2,646,108 |
| OH | USTN | 4.000% 280,000 | 293,201 |
| OR | USTN | 4.000% 150,000 | 157,072 |
| SC | USTN | 4.000% 200,000 | 209,430 |
| SD | USTN | 4.000% 110,000 | 115,186 |
| TX | USTN | 2.375% 150,000 | 150,697 |
| TOTAL OTHER DEPOSITS | | <u>\$ 9,847,516</u> | <u>\$ 10,111,700</u> |
| TOTAL SPECIAL DEPOSITS | | <u>\$ 10,972,516</u> | <u>\$ 11,257,738</u> |

FINANCIAL STATEMENTS

The examination does not attest to the fair presentation of the financial statements included herein. If an adjustment is identified during course of the examination, the impact of such adjustment will be documented separately following the Company's financial statements. Financial statements, as reported and filed by the Company with the Office, are reflected on the following pages.

Old Republic National Title Insurance Company

Assets

December 31, 2016

| | Per Company | Examination Adjustments | Per Examination |
|-------------------------------------------------------------------------|------------------------|----------------------------|------------------------|
| Bonds | \$803,864,091 | | \$803,864,091 |
| Stocks: | | | |
| Common Stocks | 264,009,381 | | 264,009,381 |
| Mortgage loans on real estate: | | | |
| First liens | 1,201,274 | | 1,201,274 |
| Real Estate: | | | |
| Properties occupied by the company | 16,328,073 | | 16,328,073 |
| Properties held for sale | 100,000 | | 100,000 |
| Cash, cash equivalents and short-term investments | 38,641,136 | | 38,641,136 |
| Title plants | 8,674,427 | | 8,674,427 |
| Investment income due and accrued | 8,039,837 | | 8,039,837 |
| Premiums and considerations: | | | |
| Uncollected premiums and agents' balances in the course of collection | 24,072,835 | | 24,072,835 |
| Current federal and foreign income tax recoverable and interest thereon | 3,500,342 | | 3,500,342 |
| Net deferred tax asset | 14,201,185 | | 14,201,185 |
| Electronic data processing equipment and software | 3,096,851 | | 3,096,851 |
| Receivables from parent, subsidiaries and affiliates | 1,591,200 | | 1,591,200 |
| Totals | <u>\$1,187,320,632</u> | <u>\$0</u> | <u>\$1,187,320,632</u> |

Old Republic National Title Insurance Company
Liabilities, Surplus and Other Funds
December 31, 2016

| | Per Company | Examination Adjustments | Per Examination |
|-------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------|-------------------------------|
| Known claims reserve | \$69,420,600 | | \$69,420,600 |
| Statutory premium reserve | 486,550,033 | | 486,550,033 |
| Aggregate of other reserves required by law | 70,000 | | 70,000 |
| Commissions, brokerage and other charges due and accrued to attorneys, agents and real estate brokers | 4,503,534 | | 4,503,534 |
| Other expenses | 30,386,837 | | 30,386,837 |
| Taxes, licenses and fees | 8,281,127 | | 8,281,127 |
| Premiums and other consideration received in advance | 1,972,534 | | 1,972,534 |
| Amounts withheld or retained by company for account of others | 141,217 | | 141,217 |
| Payable to parent, subsidiaries and affiliates | 16,226,183 | | 16,226,183 |
| Aggregate write-ins for other liabilities | <u>51,147,770</u> | | <u>51,147,770</u> |
| Total Liabilities | \$668,699,835 | | \$668,699,835 |
| | | | |
| Common capital stock | 1,526,434 | | 1,526,434 |
| Surplus notes | 77,500,000 | | 77,500,000 |
| Gross paid in and contributed surplus | 86,678,890 | | 86,678,890 |
| Unassigned funds (surplus) | <u>352,915,473</u> | | <u>352,915,473</u> |
| Surplus as regards policyholders | <u>\$518,620,797</u> | <u>\$0</u> | <u>\$518,620,797</u> |
| Totals | <u><u>\$1,187,320,632</u></u> | <u><u>\$0</u></u> | <u><u>\$1,187,320,632</u></u> |

Old Republic National Title Insurance Company
Statement of Income
December 31, 2016

Operating Income

| | |
|--------------------------------------|----------------------|
| Title insurance and related income: | |
| Title insurance premiums earned | \$2,049,778,726 |
| Escrow and settlement services | 29,805,757 |
| Other title fees and service charges | 61,217,209 |
| Other operating income | 91,680 |
| Total operating income | <u>2,140,893,372</u> |

Expenses

| | |
|----------------------------------------------|----------------------|
| Losses and loss adjustment expenses incurred | 64,988,737 |
| Operating expenses incurred | 1,946,140,788 |
| Total operating expenses | <u>2,011,129,525</u> |
| Net operating gain | <u>129,763,847</u> |

Investment Income

| | |
|------------------------------|-------------------|
| Net investment income earned | 30,618,517 |
| Net realized capital gains | 3,120,357 |
| Net investment gain | <u>33,738,874</u> |

Other Income

| | |
|-------------------------------------------------------------------------------|----------------------|
| Net income, after capital gains tax and before all other federal income taxes | 163,502,721 |
| Federal and foreign income taxes incurred | 56,052,853 |
| Net income | <u>\$107,449,868</u> |

Capital and Surplus Account

| | |
|------------------------------------------------------------|----------------------|
| Surplus as regards policyholders, December 31 prior year | \$457,372,439 |
| Net Income | 107,449,868 |
| Change in net unrealized capital gains | 26,371,095 |
| Change in net deferred income taxes | 205,970 |
| Change in nonadmitted assets | 12,796,523 |
| Dividends to stockholders | (85,575,098) |
| Change in surplus as regards policyholders for the year | <u>61,248,358</u> |
| Surplus as regards policyholders, December 31 current year | <u>\$518,620,797</u> |

Old Republic National Title Insurance Company
Reconciliation of Capital and Surplus
December 31, 2016

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

| | | | |
|-----------------------------------------------------------------------|------------------------|------------------------|-----------------------------|
| Surplus as regards policyholders December 31, 2011 per Examination | | | \$224,102,988 |
| | <u>Gain in Surplus</u> | <u>Loss in Surplus</u> | |
| Net Income (loss) | 470,644,723 | | |
| Change in net unrealized capital gain (loss) | 21,911,839 | | |
| Change in net deferred income tax | | 8,042,337 | |
| Change in non-admitted assets | 38,760,061 | | |
| Cumulative effect of changes in accounting principles | 7,867,314 | | |
| Dividends to stockholders | | 258,575,098 | |
| Aggregate write-ins for gains and losses in surplus | 21,951,307 | | |
| Total Gains and Losses | <u>561,135,244</u> | <u>266,617,435</u> | |
| Net Increase/(Decrease) in surplus as regards policyholders | | | <u>294,517,809</u> |
| Surplus as regards policyholders December 31, 2016 per Examination | | | <u><u>\$518,620,797</u></u> |

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expense Reserves \$545,545,083

Kevin M. Brady, Senior Vice President and Chief Corporate Actuary of PMA Companies, appointed by the Board, rendered an opinion that the loss and loss adjustment expense reserves recorded as of December 31, 2016, made a reasonable provision for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its policies and agreements.

David E. Heppen, FCAS, MAAA, Actuarial Specialist, and Anna K. Bondyra, Actuarial Specialist, of Risk and Regulatory Consulting, LLC, reviewed the loss and loss adjustment expense workpapers provided by the Company and they were in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$518,620,797, exceeded the minimum of \$66,041,871 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 **Old Republic National Title Insurance Company** as of December 31, 2016, consistent with the insurance laws of the State of Florida.

Per examination annual financial statements, the Company's surplus as regards to policyholders was \$518,620,797, which exceeded the minimum of \$66,041,871 required by Section 624.408, Florida Statutes.

In addition to the undersigned, Joshua J. Johnson, CFE, Examiner-in-Charge, of Risk and Regulatory Consulting, LLC, also participated in the examination. Members of the Office who participated in the examination include Marie Stuhlmuller, Financial Examiner/Analyst Supervisor, Examination Manager, and Christopher Brown, Financial Specialist, Participating Examiner. Additionally, Phil McMurray, CISSP, CISA, AES, IT Specialist, David Hall, CPA, CISA, CITP, IT Specialist, David E. Heppen, FCAS, MAAA, Actuarial Specialist, and Anna K. Bondyra, Actuarial Specialist, of Risk and Regulatory Consulting, LLC, are recognized for participation in the examination.

Respectfully submitted,



Brian Sewell, CFE, MCM
Chief Examiner
Florida Office of Insurance Regulation