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2019 Title Insurance Financial Survey/Overview

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Information Memorandum - May 201

Set forth below is an updated schedule of suggested "Maximum Risk" amounts for the largest title insurance companies in the United States, as well as a number of their smaller affiliates and independent title insurance companies active in particular states or regions. The schedule is based on the insurers' financial reports to State regulatory agencies for the year ending December 31, 2018. The suggested "Maximum Risk" is just that, a suggestion as to the most title insurance risk a particular insurance company should be allowed to retain on a given project or financing. In most instances, the title insurance companies can legally accept more risk (and would be happy to do so) and this schedule is intended as a guideline for when it may be appropriate in larger transactions to diversify the title insurance risk (by requiring coinsurance and/or reinsurance) based on the financial size of the companies involved. The schedule indicates which insurers are affiliated companies, identifying the parent company under the heading "Corporate Group" where applicable. Particularly in larger transactions, real estate investors and lenders may prefer to treat one "Corporate Group" as a single insurer and require that risk be shared with unaffiliated companies through reinsurance and/or co-insurance.

The suggested "Maximum Risk" herein is simply one-third of a company's reported "Surplus as Regards Policyholders" and reflects a rule of thumb used by certain financial institutions in the past. The underlying data from which the figures herein were derived is from the December 31, 2018 financial statements filed with state regulators by the title insurance companies listed or their affiliates (copies furnished by the insurers). Schiff Hardin LLP makes no representation or warranty regarding the accuracy of that data or the relative merits of using the calculation of "Maximum Risk" contained herein versus other indicia of the relative financial characteristics of title insurance companies. The financial condition of the companies listed may have changed since the date of those financial statements, and persons concerned as to the current condition of any company should contact that company, state insurance regulators, and/or independent rating agencies that may evaluate their financial condition (rating agencies which cover title insurers include Demotech, Inc., A.M. Best Company, Inc., Fitch Ratings Ltd., Moody's Investors Services and Standard & Poor's, Inc.). Schiff Hardin LLP expressly disclaims any obligation to update this information for any reason. Schiff Hardin LLP does not provide financial advice and has compiled the information contained herein solely as a courtesy to its clients and other interested parties.

If you have questions regarding use of the suggested Maximum Risk schedule or other considerations in developing requirements for title coinsurance and/or reinsurance to diversify title insurance risk in transactions in which you are involved, please contact any of the undersigned.

May 2019

TITLE INSURANCE COMPANIES

Suggested Maximum Single Risk Amounts*

The logo for Schiff Hardin, featuring the word "Schiff" in a blue, cursive-style font above the word "Hardin" in a black, serif font.

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<u>Company</u>	<u>Corporate Group</u>	<u>Maximum Risk \$</u>
Alamo Title Insurance (TX) (NAIC #50598)	Fidelity National	\$ 7,300,000
American Guaranty Title Insurance Company (OK) (NAIC #51411)	Old Republic	9,800,000
Attorney's Title Guaranty Fund, Inc. (CO) (NAIC #51560)	N/A	1,200,000
Attorney's Title Guaranty Fund, Inc. (IL) (NAIC #50004)	N/A	17,000,000
Chicago Title Insurance Company (NE) (NAIC #50229)	Fidelity National	305,400,000
Commonwealth Land Title Insurance Company (NE) (NAIC #50083)	Fidelity National	120,900,000
Conestoga Title Insurance Co. (PA) (NAIC #51209)	N/A	4,200,000
Connecticut Attorneys Title Insurance Company (VT) (NAIC #51268)	N/A	9,000,000
Fidelity National Title Insurance Company (CA) (NAIC #51586)	Fidelity National	148,200,000
First American Title Insurance Company (NE) (NAIC #50814) ^[1]	First American	410,600,000
First American Title Insurance Company of Louisiana (LA) (NAIC #51527)	First American	6,200,000
First American Title Insurance Company of NY (NY) (NAIC #51039)	First American	N/A ^[2]
First American Title Guaranty Company (TX) (f/k/a United General Title Insurance Company (CA)) (NAIC #51624)	First American	11,200,000
Investors Title Insurance Company (NC) (NAIC #50369)	Investors	37,200,000
Mississippi Valley Title Insurance Company (MS) (NAIC #51004)	Old Republic	N/A ^[3]
National Investors Title Insurance Company (TX) (NAIC #50377)	Investors	4,400,000
National Title Insurance Company of New York Inc. (NY) (NAIC #51020)	Fidelity	13,700,000
North American Title Insurance Company (CA) (NAC #50130)	North American	11,500,000
Ohio Bar Title Insurance Company (OH) (NAIC #51330)	First American	5,000,000
Old Republic National Title Insurance Company (MN) (NAIC #50520) ^[4]	Old Republic	157,700,000
States Title Insurance Company (A7) (NAIC #16137)	North American	1,000,000
States Title Insurance Company of California (CA) (NAIC #16398)	North American	1,000,000

Company	Corporate Group	Maximum Risk \$
Stewart Title Guaranty Company (TX) (NAIC #50121)	Stewart ^[5]	19,600,000
Stewart Title Insurance Company (NY) (NAIC #51420)	Stewart ^[5]	18,600,000
Westcor Land Title Insurance Company (CA) (NAIC #50050)	N/A	21,600,000
WFG National Title Insurance Company (SC) (NAIC #51152)	WFG	9,600,000
WFG Title Insurance Company (CA) (NAIC #50849)	WFG	N/A ^[6]

* The suggested "Maximum Risk" amount is one-third of each company's "Surplus as Regards Policy Holders" from the financial statements for the year ending December 31, 2018 which each insurer is required to file with the insurance regulators of the States where they do business, as provided by the companies. The suggested "Maximum Risk" amounts are rounded to the nearest increment of \$100,000. Although many insurance companies are publicly traded corporations or subsidiaries of a publicly traded corporation, the state filings allow for comparison of the insurance companies themselves under generally consistent accounting methods. Certain states regulate the maximum risk a title insurance company may assume before being required to reissue that risk, and those maximums may be higher or lower than those suggested on this list. As with any large corporation, the financial statements of title insurance companies contain extensive and detailed information regarding the company's finances and there are any number of methods of evaluating a company's financial strength.

[1] First American Title Insurance Company was previously domiciled in California but redomesticated to Nebraska effective July 1, 2014

[2] Merged into First American Title Insurance Company (NAIC #50814) on September 30, 2010

[3] Ceased issuing policies October 1, 2015

[4] Old Republic National Title Insurance Company was previously domiciled in Minnesota but redomesticated to Florida on November 25, 2014

[5] On March 19, 2018, Fidelity National Financial, Inc. ("FNF"), the parent company of the Fidelity National family insurance companies noted on this list, announced that it has signed an agreement to acquire Stewart Information Services Corporation, the parent company of the Stewart family title insurance companies noted on this list. As of the filing of FNF's Form 10Q with the Securities and Exchange Commission (the "SEC") for the quarter ending March 31, 2019, the merger was still pending regulatory approvals. Per FNF's Annual Report 10K filed with the SEC for the year ending December 31, 2018, "[FNF has] filed applications regarding acquisition of control of the Stewart domestic insurers with the states of Texas and New York. The Texas application regarding acquisition of control of Stewart Title Guaranty Company, a Texas domiciled title insurance company licensed in 48 states, is under review by the Texas Department of Insurance. On January 31, 2019, the New York State Department of Financial Services ("NYDFS") provided written notice to us of its disapproval of our application to acquire control of Stewart Title Insurance Company, a New York domiciled title insurance company that is licensed only in the State of New York. Receipt of approval from the NYDFS is a condition to closing the Stewart." The 10Q as of March 31, 2019 "[FNF] continue[s] to respond to the Federal Trade Commission's ("FTC") request for additional information and documentary material (referred to as a 'Second Request'). [FNF has] also filed a new Form A application with the New York State Department of Financial Services, which disapproved a prior application, to acquire control of Stewart Title Insurance Company. [FNF] will continue to respond to the FTC's Second Request and maintain discussions with all other relevant regulatory bodies to seek approval of the Stewart Merger."

[6] Merged into WFG National Title Insurance Company (NAIC #51152) on April 1, 2014

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