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A laminated copy of the revised Lien Table is available from your Agency rep.

Are You Supporting Your Competition?

■ *Scott Pierce, Southeast Region Manager*

Retail shops, direct operations, company-owned offices - whatever the name, underwriter closing offices competing for the same customers as their agents have been around for some time. Some bear the name of the underwriter while others operate under a more local name. Over the last two years there has been an abundance of business, so no one appeared to mind this competition. Now that the refinance business has slowed, the situation has changed. Competition is more noticeable, as are some of the tactics.

Within the last two months, a number of agents have called to relay stories and complain that one or more of their developer/builder customers have been approached by an underwriter closing office offering a rebate of the premium in order to get the business. In one case, the agent related that the builder would get 30% of the premium. Needless to say, the agent could not afford to close transactions for only 40% of the premium they would normally receive.

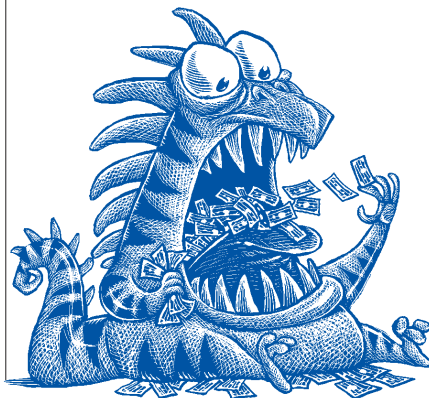
In another circumstance, an attorney agent who handled a

developer's commercial business received a call from his client. The client said that an underwriter direct closing branch was willing to rebate back to him 50% of the premium on the residential transactions now being closed by another agent if he would switch the commercial business from our attorney agent to that underwriter branch. If he did that, they would also rebate to the developer 50% on the commercial business.

Although perhaps somewhat appalling, such activity is allowed due to the Supreme Court's decision in the *Butler* case. However, the issue here is more than just the fact that an underwriter has deeper pockets and a "30% edge" to begin with. That's always been the case. My concern is, "What does such rebating and special pricing say about justifying our rate structure?" If this becomes the norm, the agents have more to worry about than just competition from underwriters. The rate structure itself could be in serious jeopardy.

In 2002, four national underwriters in Florida reported to the NAIC that over 25% of their Florida premium came from either Direct Offices or Affiliated Agents in which the underwriter owned 10% or more interest in that agency. The numbers for 2003 will be made public in a few months and we will pass them on.

Agents do have a choice as to which underwriter's policy to issue. Please remember that when you see your underwriter's sales rep coming out of your customer's door as you are going in.





Fitch Affirms Ratings of Old Republic Title Group at 'AA-'

19 Feb 2004 11:07 AM (EST)

Fitch Ratings-Chicago-February 19, 2004: Fitch Ratings has affirmed the 'AA-' insurer financial strength ratings of the Old Republic Title Group (ORT), which consists of the following title insurance companies: Old Republic National Title Insurance Co., Old Republic General Title Insurance Corp., Mississippi Valley Title Insurance Co., and American Guaranty Title Insurance Co. The Rating Outlook is Stable.

ORT's ratings benefit from the support of its parent, Old Republic International Corp. (NYSE: ORI). ORI is a publicly traded insurance organization, with interests in property/casualty, title, mortgage guaranty, and life insurance. ORI reported consolidated GAAP assets of \$9.71 billion and stockholders' equity of \$3.55 billion at Dec. 31, 2003. The title operations represented greater than one-third of total revenue for ORI, which is higher than past years given the record-breaking market for title insurance.

ORT's ratings are also supported by its competitive

position as one of the five title underwriters with a national presence, and by its profitable operations. In addition, ORT is managed in a conservative fashion, as seen in its reserving and investment policies.

ORT is the smallest of the five national title insurers with a 6% share of the market as measured by premium volume. ORT's title operating revenues increased by 40% during the first nine months of 2003, which was right at the average for the seven publicly-traded U.S. organizations with title insurance operations. The entire title insurance industry enjoyed improved results over the past several years, driven by a declining interest rate environment and a robust real estate market.

The company's distribution favors agents over owned distribution, which is different than most national peers. Consequently, ORT's cost structure is more variable and should be a benefit during the projected slowdown in title revenue during 2004.

Profitability on a statutory basis was strong, witnessed by an

annualized nine-month 2003 return on assets and return on surplus of 8.5% and 37.7%, respectively.

Fitch uses its own risk-adjusted capital (RAC) ratio to measure the capital adequacy of title insurance companies. ORT's RAC ratio was tied for the highest ratio among the national title insurers at 241%, and factors favorably in its insurer financial strength ratings.

Entity/Issue/Type Action
Rating/Outlook

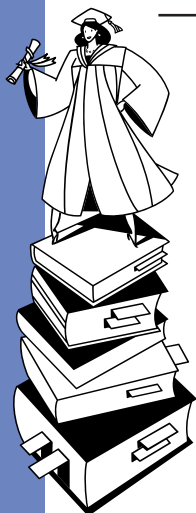
—Old Republic National Title Insurance Company;

—Old Republic General Title Insurance Corporation;

—Mississippi Valley Title Insurance Company;

—American Guaranty Title Insurance Company;

—Insurer financial strength Affirmed 'AA-'/Stable.



John Thornton Scholarship

■ *Michael S. Davis, Florida State Counsel*

As we advised you last year, Old Republic National Title Insurance Company is sponsoring the **John S. Thornton, Jr. Memorial Scholarship**. Many of us remember John as a great legal mind and a true friend of the title industry. He was dedicated and devoted to our business and was always willing to give of his time to help a colleague, to participate in a seminar, or to serve on a board or committee. Old Republic is very pleased to sponsor this scholarship.

We are attaching an application for your use in applying for the scholarship.

COMMENTS:

We invite your feedback and welcome your suggestions regarding "*In The Title Corner*" and the publication of future articles. Address correspondence to:

In The Title Corner

Old Republic National Title Insurance Co.
100 S. Ashley Drive, Suite 700
Tampa, FL 33602
800-342-5957
Fax: 813-223-3401



More Continuing Ed Hours

Some new classes, great locations!

If you need hours before the end of the year, or just want some useful information, please join us at any one of the following presentations.

Invitations will be mailed to agents in the surrounding area for each Seminar, but if those times are not convenient, you are welcome to attend any presentation.

Old Republic National Title Insurance Company –
Your partners in education.

CONTINUING EDUCATION CLASSES

2004 Spring/Summer Schedule

DATE	LOCATION	HOURS	CLASSES
03/11/04	Jacksonville	1	“Escrow Closings & Agreements” – Linda Hernandez
		1	“Powers of Attorney” – Carolyn Broadwater
		1	“Survey Issues Relating to Policy Coverage” – Linda Hernandez
04/08/04	Destin	1	“Escrow Closings & Agreements” – Linda Hernandez
		1	“Powers of Attorney” – Carolyn Broadwater
		1	“Survey Issues Relating to Policy Coverage” – Linda Hernandez
04/14/04	Deerfield	1	“Examining the Title” – Linda Hernandez
		1	“Escrow Closings & Agreements” – Linda Hernandez
		1	“Examining Court Files” – Carolyn Broadwater
		1	“Title Agent’s Survival Guide to Bankruptcy” – Carolyn Broadwater
05/05/04	Miami	1	“Examining the Title” – Linda Hernandez
		1	“Title Agent’s Survival Guide to Bankruptcy” – Carolyn Broadwater
		1	“Escrow Closings & Agreements” – Linda Hernandez
		1	“Love and Marriage” – Carolyn Broadwater
06/17/04	Gainesville	1	“Escrow Closings & Agreements” – Linda Hernandez
		1	“Powers of Attorney” – Carolyn Broadwater
		1	“Survey Issues Relating to Policy Coverage” – Linda Hernandez
Wk of 7/12	Orlando		T/B/A

Report from the Florida Land Title Association (FLTA)

■ James C. Russick, Florida State Counsel

The Florida Land Title Association held its annual pre-legislative meeting in early February and addressed several issues of significant interest to title agents in the state.

First among these matters was a detailed review of the procedure for the approval of forms and rates. By law, the Office of Insurance Regulation must review and approve any form of title insurance coverage before it may be sold in Florida. That process has been effectively suspended for years while the *Butler* case wound itself through the court system. During that period there have been a number of new endorsements and policy forms approved by the American Land Title Association, none of which have been approved for use in Florida.

In November of last year, several underwriters submitted the ALTA Junior Loan Policy to the Department for approval. A workshop was held in Tallahassee to consider an appropriate rate and the appropriateness of the coverage under Florida law. To date, the Department has not acted on these filings.

The delays associated with form and rate approval have caused some underwriters to review the provisions and procedures governing rate review and forms approval. Some of the proposals are alarming because they would open the door to competition not just on service, but also on product and price. In other words, their breadth would permit those underwriters with direct operations to unfairly compete with agents by submitting uniquely crafted forms of coverage issued

electronically from a central office elsewhere in the United States at unique rates that are lower than those available to independent agents. Old Republic has witnessed such submissions elsewhere in the country. This is a very serious matter that should alarm all Florida title agents. In this regard, please see the accompanying article in this issue by Scott Pierce about doing business with underwriters that compete with agents.

There was also discussion of a serious lawsuit filed in South Florida against another underwriter that alleges failure on the part of that underwriter to follow Florida's promulgated rate rule. Specifically, it contends that reissue credit is not being given where appropriate. We again remind agents that the giving of reissue credit to the customer is mandatory, where applicable, under Rule 4-186, F.A.C. We are aware of similar litigation elsewhere in the country.

Another issue of significance relating to the pre-funding release of promissory notes to lenders was submitted to the Department legal counsel for review. There has been a growing practice of lenders requiring the delivery of the promissory note before the release of a funding number. Various reasons are given for this practice; however, the Department is concerned that the real reason given by many of these lenders is their need to immediately assign the note to the originating lender's line of credit so that



they have the funds necessary to lend. In other words, this is a good funds issue.

Additionally, there is a potential breach of escrow issue here as well. Counsel for the Department are currently reviewing these requirements and there is the possibility that they may issue an opinion prohibiting agents from releasing the note. Short of that, Old Republic suggests that agents resist these lender demands. In the event that you have no choice, we strongly recommend that you get the borrower's written consent to pre-release the note and retain that provision in your file until the note has been funded.

FLTA is addressing all of these issues and many more. The organization is the industry's voice in Tallahassee. For those of you who are members, you now understand the value of membership. For those of you who are not, we encourage you to join and participate in the many issues that impact your business. Please do not hesitate to contact us if you have any questions on either membership or the issues discussed.

DOI Requirements for Interest-Bearing Accounts

Auditing Department

As you know, the Department of Financial Services (formerly the DOI) requires that any funds deposited into an interest-bearing escrow account must be disclosed to the customer at the time the agent deposits the funds. That means that you must have the customer sign a disclosure form containing “interest language” (or it could be disclosed on the Purchase Agreement that the deposit is being placed into an interest-bearing account), before the funds are deposited.

Career as City Attorney Ends!

Connie M. Whitmire, 1031 and Underwriting Paralegal

James Devito, Old Republic agent since 1988, was St. Pete. Beach City Attorney for more than three decades, and advised the City on legal matters since July 30, 1969. That all ended with his retirement on December 31.

Jim and his law partner, Gerald Colen, both represented St. Pete. Beach until the early 1990s, but Mr. Colen’s private practice increased to the point that Jim became the City’s primary attorney. To his credit, Jim has worked under 10 mayors and eight City managers. He stated in a *St. Petersburg Times* article that the reason he was able to avoid a “pink slip” while working with so many different administrations was that he stayed out of politics, was always professional and gave good opinions.

Jim plans to spend more time traveling with his wife, Cathy, and attending art classes at the Art Center in downtown St. Petersburg.

Congratulations, Mr. Devito, on a well-deserved retirement. All your friends at Old Republic wish you the very best with your new endeavors!



Check it Out!

Connie M. Whitmire, 1031 and Underwriting Paralegal

Remember, our Florida web site has a new look and a new address. Go to www.ortfl.com to see the changes we’ve made. If you have any problems accessing that address, go to www.oldrepublictitle.com/flnational, and you’ll be able to see the Florida site from that address.

You can print copies of Alerts or Bulletins, order supplies and Insured Closing Letters, check on upcoming seminars, or use the search engine to locate information on various topics from any of our publications. If you have any comments, suggestions or problems with our web site, or if there’s other information you’d like to see included, please send an email to Connie Whitmire at cwhitmire@oldrepublictitle.com or Linda Hernandez at lindahernandez@oldrepublictitle.com, or call us at 800/342-5957.



Ask Your Underwriter

■ *Linda M. Hernandez, Florida State Underwriter*

Question:

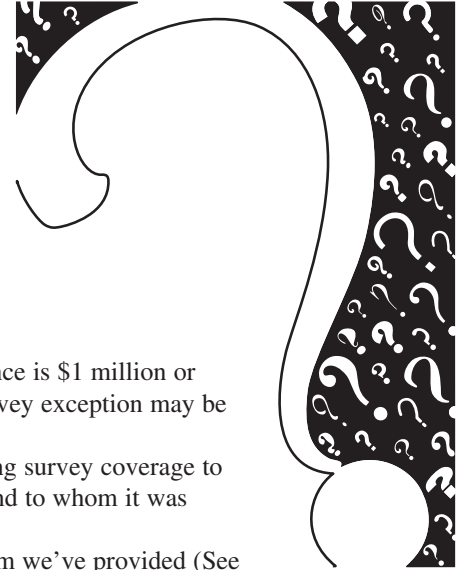
Can we use a survey certified to an owner in the back chain of title as a basis for deleting the standard survey exception?

Answer:

Yes, if: (1) the property is residential (1- 4 family); (2) the amount of insurance is \$1 million or less; and (3) the lands are part of a recorded plat. If these criteria are met, the survey exception may be deleted on either an Owner's or Mortgagee policy.

You must, however, obtain for your file either (1) a copy of a policy providing survey coverage to the current owner (or any one of his lenders), or (2) a survey, regardless of age and to whom it was certified (as long as it is certified to someone in your chain of title).

In either case, you must obtain an Affidavit from the current owner in the form we've provided (See ORT Bulletin 01-02) and retain that in your file as well. Of course, if the prior policy or survey reveals any survey-related matters, you must make exceptions for them.



Old Republic National Title Insurance Co.

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Florida Land Title Association, Inc.
2004 Sam D. Mansfield, Marjorie S. Schwartz and John Starr Thornton, Jr.
Memorial Scholarships

GUIDELINES

An applicant Must:

- **Be a member or the child, grandchild, brother, sister, niece or nephew of a principal or employee of a Florida Title Association member. (Regular Member or Associate Member).**
- **Be a resident of the State of Florida.**
- **Be accepted to any accredited institution of higher learning in the United States.**
- **If you meet these criteria please request an application and return prior to August 31, 2004.**

Florida Land Title Association, Inc.
Attn. Scholarship Committee
249 East Virginia Street
Tallahassee, Florida 32301

*If you have any questions, please call FLTA at (850) 681-6422; or
Toll Free in Florida at 1-800-552-1065.*

About the Scholarship Award:

The Sam D. Mansfield Memorial Scholarship Award was created in 1985 by the Board of Directors of the Florida Land Title Association, Inc., in memory of its namesake. Mr. Mansfield was a Past-President of this Association and was involved in many civic endeavors, always stressing the importance of education. The Marjorie S. Schwartz Memorial Scholarship was added in 2001 to commemorate our good friend Marge who, like Sam Mansfield, was an FLTA President and ardent supporter of our Association. The John Starr Thornton, Jr. Scholarship was added in 2003 to commemorate an outstanding FLTA member and title industry giant. Many thanks to the generous donation by Old Republic National Title Insurance Company who will underwrite the Thornton scholarship for a period of years...

The amount of the scholarship award is \$1,000.00 and will be awarded at the FLTA Annual Convention in November.

Eligible applicants will receive a questionnaire and personal profile to be completed and returned to FLTA. The scholarship committee, which consists of members of the Past President's Council, will review the submissions and make their selection based on major field of study, grade point average, and other information provided by the applicant.

**** APPLICANT MUST SUBMIT WITH THIS APPLICATION: ****

A ONE-PAGE DOUBLE SPACED ESSAY DESCRIBING YOUR FUTURE GOALS
UPON COMPLETION OF YOUR HIGHER EDUCATION

DATED and submitted this _____ day of _____, 2004.

Applicant's Signature

Mail Completed application. postmarked by midnight on August 31, 2004. to

Florida Land Title Association, Inc.
Attn: Scholarship Committee
249 East Virginia Street
Tallahassee, FL 32301

Florida Land Title Association, Inc.

2004 Sam D. Mansfield, Marjoire S. Schwartz and John Starr Thornton, Jr.

Memorial Scholarships

APPLICATION

(Application Deadline: August 31, 2004)

FLTA Sponsor Member: _____ Relationship: _____

Company: _____ Phone: _____

Company Address: _____

Student's Name: _____

Social Security Number: _____ Date of Birth: _____

Mailing Address: _____

Phone: _____

Permanent Address: _____

Phone: _____

Scheduled Date of Graduation _____

List Honors, Awards, Scholarships, etc. _____

List Clubs, Competitions, Research, etc. _____

Areas of Interest for College Study _____

Name of accredited college or university in the United States in which you have been accepted or are currently enrolled: _____

High School Grade Point Average _____ College Grade Point Average _____

Name and telephone number (including area code) of person to contact in the school's Admissions office for verification of enrollment: _____
