



MISSISSIPPI INSURANCE DEPARTMENT

501 N. WEST STREET, SUITE 1001
WOOLFOLK BUILDING
JACKSON, MISSISSIPPI 39201
www.doi.state.ms.us

MAILING ADDRESS
Post Office Box 79
Jackson, Mississippi 39205-0079
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MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

May 5, 2008

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Mr. Mike Sellari, President and CEO
Mississippi Valley Title Insurance Company
P.O. Box 2901
Madison, MS 39130-2901

RE: Report of Examination as of December 31, 2006

Dear Mr. Sellari:

In accordance with Miss. Code Ann. § 83-5-201 et seq. (Rev. 1999), an examination of your Company has been completed. Enclosed herewith is the Order adopting the report and a copy of the final report as adopted.

Pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 1999), the Mississippi Department of Insurance shall continue to hold the content of said report as private and confidential for a period of ten (10) days from the date of the Order. After the expiration of the aforementioned 10-day period, the Department will open the report for public inspection.

If you have any questions or comments, please feel free to contact me.

Sincerely,

MIKE CHANEY
COMMISSIONER OF INSURANCE

BY J. Mark Haire
J. Mark Haire
Special Assistant Attorney General

MC/JMH/bs
Encls. Order w/exhibit

FINDINGS OF FACT

III.

That the Commissioner, or his appointee, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 1999), called for an examination of Mississippi Valley Title Insurance Company and appointed Mitch Rayborn, Examiner-In-Charge, to conduct said examination.

IV.

That on or about March 5, 2008, the draft Report of Examination concerning Mississippi Valley Title Insurance Company for the period of January 1, 2004 through December 31, 2006, was submitted to the Department by the Examiner-In-Charge, Mitch Rayborn.

V.

That on or about March 28, 2008, pursuant to Miss. Code Ann. § 83-5-209(2) (Rev. 1999), the Department forwarded to the Company a copy of the draft report and allowed the Company a 30-day period to submit any rebuttal to the draft report. The Company responded to the draft report on or about April 8, 2008, and in response thereto, no revisions were made to the draft report.

CONCLUSIONS OF LAW

VI.

The Commissioner, pursuant to Miss. Code Ann. § 83-5-209(3) (Rev. 1999), must consider and review the report along with any submissions or rebuttals and all relevant portions of examiner work papers and enter an Order: (1) adopting the Report of Examination as final or with modifications or corrections; (2) rejecting the Report of Examination with directions to reopen; or (3) calling for an investigatory hearing.

IT IS, THEREFORE, ORDERED, after reviewing the Report of Examination, the Company's rebuttal, and all relevant examiner work papers, that the Report of Examination of Mississippi Valley Title Insurance Company, attached hereto as Exhibit "A", should be and same is hereby adopted as final.


IT IS FURTHER ORDERED that a copy of the adopted Report of Examination, accompanied with this Order, shall be served upon the Company by certified mail, postage pre-paid, return receipt requested.

IT IS FURTHER ORDERED that the Mississippi Department of Insurance shall continue to hold the content of this report as private and confidential for a period of ten (10) days from the date of this Order, pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 1999).

IT IS FURTHER ORDERED, pursuant to Miss. Code Ann. § 83-5-209(4) (Rev. 1999), that within thirty (30) days of the issuance of the adopted report, Mississippi Valley Title Insurance Company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related orders.

IT IS FURTHER ORDERED that Mississippi Valley Title Insurance Company take the necessary actions and implement the necessary procedures to ensure that all recommendations contained in the Report of Examination are properly and promptly complied with.

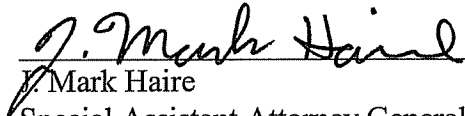
SO ORDERED, this the 5th day of May, 2008.


MIKE CHANEY
COMMISSIONER OF INSURANCE
STATE OF MISSISSIPPI

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the above and foregoing Order and a copy of the final Report of Examination, as adopted by the Mississippi Department of Insurance, was sent by certified mail, postage pre-paid, return receipt requested, on this the 5th day of May, 2008, to:

Mr. Mike Sellari, President and CEO
Mississippi Valley Title Insurance Company
P.O. Box 2901
Madison, MS 39130-2901



J. Mark Haire
Special Assistant Attorney General

J. Mark Haire
Special Assistant Attorney General
Counsel for the Mississippi Department of Insurance
Post Office Box 79
Jackson, MS 39205-0079
(601) 359-3577
Miss. Bar No. 2065



Mississippi Insurance Department

Report of Examination

of

MISSISSIPPI VALLEY TITLE INSURANCE COMPANY

**315 Tombigbee Street
Jackson, Mississippi 39201**

As of December 31, 2006


**NAIC Company Code 51004
NAIC ETS No. MS029-C36**

STATE OF MISSISSIPPI
COUNTY OF HINDS

Mitch Rayborn, CFE, FLMI, being duly sworn, states as follows:

1. I have authority to represent the Commissioner of Insurance of the State of Mississippi in the examination of Mississippi Valley Title Insurance Company.
2. The Mississippi Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.
3. I have prepared the examination work papers and examination report, and the examination of Mississippi Valley Title Insurance Company as of December 31, 2006, was performed in a manner consistent with the standards and procedures required by the Commissioner of Insurance of the State of Mississippi.

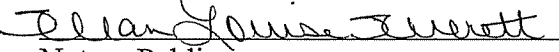
The affidavit says nothing further.



Mitch Rayborn, CFE, FLMI
Examiner

Subscribed and sworn before me this 30th day of April, 2008.

(SEAL)



Notary Public

My commission expires _____.

MISSISSIPPI STATEWIDE NOTARY PUBLIC
MY COMMISSION EXPIRES SEPT. 26, 2008
BONDED THRU STEGALL NOTARY SERVICE

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February 18, 2008

Honorable Mike Chaney
Commissioner of Insurance
State Fire Marshal
Mississippi Insurance Department
501 N. West Street
1001 Woolfolk Building (39201)
Post Office Box 79
Jackson, Mississippi 39205-0079

Honorable Alfred W. Gross
Chair, Financial Condition (E) Subcommittee
Bureau of Insurance
Commonwealth of Virginia
Post Office Box 1157
Richmond, Virginia 23218

Dear Sirs:

Pursuant to Commissioner Chaney's instructions and authorization and in compliance with statutory provisions, an examination has been conducted, as of December 31, 2006, of the affairs and financial condition of:

MISSISSIPPI VALLEY TITLE INSURANCE COMPANY
(NAIC COMPANY CODE 51004)
315 Tombigbee Street
Jackson, Mississippi 39201

This examination was commenced in accordance with Miss. Code Ann. § 83-5-201 et seq. and was performed in Jackson, Mississippi at the statutory home office of the Company. The report of examination is herewith submitted.

INTRODUCTION

This examination was performed by examiners representing the Mississippi Insurance Department ("MID") and covered Mississippi Valley Title Insurance Company ("MVTIC" or "the Company") operations and financial condition from January 1, 2004, through December 31, 2006, including material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

For purposes of this examination report, the examination period is defined as January 1, 2004, through December 31, 2006, and the examination date is defined as December 31, 2006.

SCOPE OF EXAMINATION

This examination was a full scope financial examination that included assessing the Company's financial condition, its ability to fulfill and manner of fulfillment of its obligations, the nature of its operations, and compliance with the law. A full scope market conduct examination was not performed; however, limited procedures were performed on specific areas of the Company's market conduct.

This examination was conducted in accordance with procedures recommended by the National Association of Insurance Commissioners ("NAIC") *Financial Condition Examiners Handbook*.

Reporting in the comment and recommendation section of this report was by exception; therefore, items that were tested and deemed acceptable by the examiners without material change receive little or no comment.

HISTORY OF THE COMPANY

On May, 28, 1941, the Company was incorporated under the laws of the State of Mississippi as Mississippi Title Insurance Company, for the purpose of writing title insurance and contracts of guaranty on the stock plan as provided by Section 5164 of the Mississippi Code of 1930.

On July 1, 1955, the Company amended its Articles of Incorporation to change its name to its current title, Mississippi Valley Title Insurance Company, and its purpose; to insure owners and other interests in real estate against loss by reason of defective titles; to make abstracts of title searches, furnish information relating to land titles, give certificates as to such titles and to act as an escrow agent in handling real estate transactions.

HOLDING COMPANY STRUCTURE

The Company was a member of an insurance holding company system as defined within Miss. Code Ann. § 83-6-1. Holding Company Registration Statements were filed during the examination period with the Mississippi Insurance Department in accordance with Miss. Code Ann. § 83-6-5 and § 83-6-9. The statements and applicable amendments that were filed with the Mississippi Insurance Department during the examination period were reviewed and it appeared that any changes and material transactions by and between the Company and its affiliates were disclosed appropriately.

Organizational Chart

The following organizational chart displays the direct line of ownership, along with a brief description of each member:



Old Republic International Corporation (ORIC)

This company was a publicly traded Delaware insurance holding company that was organized on March 6, 1969, for the principal business of the management and direct or indirect ownership of various life, property and casualty, mortgage guaranty, surety and title insurance companies and insurance agencies, as well as the management of the corporations' other non-insurance company assets.

Old Republic Title Insurance Group (ORTIG)

This company was a Delaware corporation that was organized on December 3, 1979, for the principal business of providing title insurance and related real estate transfer services for individuals, businesses and government entities. ORTIG is a wholly-owned subsidiary of ORIC.

Old Republic National Title Holding Company (ORNTHC)

This company was a Delaware corporation that was organized on December 16, 1981, for the principal business of being an intermediate holding company. ORNTHC is a wholly-owned subsidiary of ORTIG.

Old Republic National Title Insurance Company (ORNTIC)

This company was a Minnesota corporation that was organized on August 20, 1907, for the principal business purpose of being an intermediate holding company. ORNTIC reinsured amounts in excess of retention limits from MVTIC. ORNTIC is a wholly-owned subsidiary of ORNTHC.

Mississippi Valley Title Insurance Company (MVTIC)

This company was a Mississippi corporation that was organized on May 28, 1941. MVTIC is a wholly-owned subsidiary of ORNTIC.

MANAGEMENT AND CONTROL

Stockholder

As of December 31, 2006, the Company had issued and outstanding three hundred twenty three (323) shares of common capital stock with a par value of \$1,548.29 per share. Old Republic National Title Insurance Company owned 100% of the outstanding shares. During the examination period, ordinary dividends were paid to Old Republic National Title Insurance Company in the amounts of \$900,000, \$950,000, and \$825,000 in 2006, 2005 and 2004, respectively.

Board of Directors

The Articles of Association and Bylaws vest the management and control of the Company's business affairs with the Board of Directors (the "Board"). The members of the duly elected Board, along with their place of residence and principal occupation, as of December 31, 2006, were:

<u>Name and Place of Residence</u>	<u>Principal Occupation or Affiliation</u>
Dudley Black Bridgforth, Jr. Southhaven, Mississippi	Attorney
John Thompson Cossar Jackson, Mississippi	Chairman of the Board, MVTIC
Mark Byron Higdon Jackson, Mississippi	Executive Vice President and Chief Operating Officer of MVTIC
James Michael Ingram Jackson, Mississippi	Executive Vice President and Chief Investment Officer, Parkway Properties, Inc.
Robert Conrad Khayat University, Mississippi	Chancellor, University of Mississippi
Robert Howard Lampton Jackson, Mississippi	President, Ergon, Inc.
Joseph Walter Michel, III Jackson, Mississippi	President, J. Walter Michel Agency, Inc.
Donnie Dean Riley Gulfport, Mississippi	Attorney
James Michael Sellari Jackson, Mississippi	President and Chief Executive Officer, MVTIC

Ronnie Glynn Smith Jackson, Mississippi	Senior Vice President, Regions Bank
John Herschel Thames, Jr. Jackson, Mississippi	Developer
Harry Moore Walker Jackson, Mississippi	President and Chief Operating Officer, Trustmark National Bank
Rande Keith Yeager Minneapolis, Minnesota	President and Chief Executive Officer, Old Republic National Title Insurance Company

Officers

The officers holding the following positions as of December 31, 2006, were:

<u>Name</u>	<u>Position</u>
James Michael Sellari	President and Chief Executive Officer
Jacob Morton Matrick	Executive Vice President and Title Counsel
Mark Byron Higdon	Executive Vice President, Chief Operating Officer, Secretary and Treasurer

Conflict of Interest

The Company had a formal policy whereby disclosure was made to the Board of Directors of any material interest or affiliation on the part of any officer or director that was, or would likely be, a conflict with the official duties of such persons. These procedures were reviewed and no exceptions to the Company's policy were noted.

CORPORATE RECORDS

The minutes of the meetings of the Stockholder and Board of Directors, taken during the period covered by the examination, were reviewed and appeared to be complete and in order with regard to recording action on matters brought up at these meetings for deliberation, which included the approval and support of the Company's transactions and events.

FIDELITY BONDS AND OTHER INSURANCE

The Company shared in a comprehensive corporate insurance program as a subsidiary of Old Republic International Corporation. Old Republic International Corporation maintained a financial institutions bond with a \$20,000,000 per occurrence/\$40,000,000 aggregate limit, which exceeded the minimum fidelity coverage suggested by the NAIC for a company of this size. In addition, the Company was a covered insured on a directors' and officers' liability policy and an errors and omissions policy, as well as additional policies, as deemed appropriate by the Company's management.

DIRECTORS', OFFICERS', EMPLOYEES', AND AGENTS' WELFARE

The Company provided a health and welfare program for its officers and employees, through its parent companies. Employees could participate in a 401(k) plan and dividend reinvestment and voluntary stock purchase plan.

ACCOUNTS AND RECORDS

The 2006 trial balance of the Company's accounts was traced to the balance sheet of the Company's statutory annual statement filed with the Mississippi Insurance Department, with no exceptions noted. The Company was audited annually by an independent CPA firm.

STATUTORY DEPOSITS

The Company's statutory deposits with the State of Mississippi complied with Miss. Code Ann. § 83-15-5 (2). The following chart displays the Company's deposits as of December 31, 2006:

<u>Type of Security</u>	<u>State Deposited</u>	<u>Par Value</u>	<u>Book Value</u>	<u>Fair Value</u>
US Treasury Bond	Mississippi	\$ 250,000	\$ 303,525	\$ 297,188
US Treasury Bond	Alabama	\$ 60,000	\$ 69,380	\$ 71,325
Totals		<u>\$ 310,000</u>	<u>\$ 372,905</u>	<u>\$ 368,513</u>

INTRODUCTION TO THE FINANCIAL STATEMENTS

The following financial statements consist of a Statement of Admitted Assets, Liabilities, Surplus and Other Funds at December 31, 2006, a Statement of Income for year ended December 31, 2006, a Reconciliation of Capital and Surplus for the examination period ended December 31, 2006, and a Reconciliation of Examination Adjustments to Surplus.

MISSISSIPPI VALLEY TITLE INSURANCE COMPANY
STATEMENT OF ADMITTED ASSETS, LIABILITIES, SURPLUS AND
OTHER FUNDS
DECEMBER 31, 2006

ADMITTED ASSETS

Bonds	\$39,588,271
Cash and short-term investments	1,873,492
Title plants	290,245
Investment income due and accrued	568,795
Uncollected premiums	318,560
Current federal income taxes	55,733
Net deferred taxes	424,860
Electronic data processing equipment	<u>26,407</u>
 Total admitted assets	 <u>\$43,146,363</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Known claims reserve	\$ 2,309,319
Statutory premium reserve	29,773,728
Commissions, brokerage and other charges due or accrued	322,000
Other expenses	262,615
Taxes, licenses and fees	90,945
Payable to parent, subsidiaries and affiliates	166,604
Accounts payable	<u>63,786</u>
Total Liabilities	<u>32,988,997</u>
 Common capital stock	 500,098
Gross paid in and contributed surplus	1,347,508
Unassigned funds	8,403,714
Less treasury stock, at cost	<u>(93,954)</u>
Surplus as regards policyholders	<u>10,157,366</u>
 Total liabilities, surplus and other funds	 <u>\$43,146,363</u>

MISSISSIPPI VALLEY TITLE INSURANCE COMPANY
STATEMENT OF INCOME
FOR YEAR ENDED DECEMBER 31, 2006

Operating Income	
Title insurance premiums earned	\$23,592,561
Escrow and settlement services	33,822
Other title fees and service charges	1,638,518
Aggregate write-ins for other operating income	<u>4,744</u>
Deductions:	
Losses and loss adjustment expenses incurred	1,158,089
Operating expenses incurred	<u>23,392,866</u>
Net operating gain	<u>718,690</u>
Investment Income	
Net investment income earned	1,768,813
Net realized capital gains (losses)	<u>(15,392)</u>
Net investment gain	1,753,421
Net income before federal income taxes	2,472,111
Federal income taxes incurred	<u>742,780</u>
Net income	<u>\$ 1,729,331</u>

**MISSISSIPPI VALLEY TITLE INSURANCE COMPANY
RECONCILIATION OF CAPITAL AND SURPLUS
FOR EXAMINATION PERIOD ENDED DECEMBER 31, 2006**

	2004	2005	2006
Capital and surplus, beginning of year	\$ 8,280,543	\$ 9,540,886	\$ 9,301,479
Net Income (loss)	2,080,446	579,321	1,729,331
Net unrealized capital gains	1,750	(12,466)	5,771
Change in net deferred income tax	73,306	9,125	510,752
Change in non-admitted assets	(70,159)	134,613	(489,967)
Dividends to stockholder	(825,000)	(950,000)	(900,000)
Examination adjustments	-0-	-0-	-0-
Capital and surplus, end of the year	<u>\$ 9,540,886</u>	<u>\$ 9,301,479</u>	<u>\$ 10,157,366</u>

**MISSISSIPPI VALLEY TITLE INSURANCE COMPANY
RECONCILIATION OF EXAMINATION ADJUSTMENTS TO SURPLUS
DECEMBER 31, 2006**

As a result of this examination, there have been no adjustments affecting Surplus as regards policyholders reported by the Company in the December 31, 2006 annual statement. The Surplus as regards policyholders reported by the Company of \$10,157,366 is accepted as reasonably stated for purposes of the balance sheet per the examination.

MARKET CONDUCT ACTIVITIES

A full market conduct examination in accordance with the NAIC *Market Conduct Handbook* was not performed; however, particular areas of the Company's market conduct were examined in connection with the financial examination. The particular areas reviewed are as follows:

Claims

A sampling of claims paid by the Company were selected and reviewed without significant exception.

Marketing and Sales

The majority of the marketing and sales material was designed to promote name recognition and consisted of brochures and various promotional items. They did not appear to mislead or deceive the public.

Privacy

The Company had a privacy policy in place for the protection of its policyholders, and this policy appeared to be in compliance with applicable law and standards.

Producer licensing

The agents writing business for the Company in the State of Mississippi were compared to the licenses issued by the MID and no exceptions were noted.

Territory and Plan of Operation

The Company was authorized to write the title insurance in the states of Mississippi, Alabama, and Tennessee. The title policies are issued through an agency system consisting primarily of attorneys.

ACKNOWLEDGMENT

The examiners representing the Mississippi Insurance Department and participating in this examination were:

Actuary:	Robert P. Daniel, ACAS, MAAA
Actuary:	Matthew P. Merlino, FCAS, MAAA, FCA
Automation:	J. Scott Joyner, AES, CISA
Examiner-in-charge:	Mitch Rayborn, CFE, FLMI
Supervising Examiner:	Joseph R. May, CPA, CMA, CFE, CIE, FAHM

The courteous cooperation of the officers and employees responsible for assisting in the examination is hereby acknowledged and appreciated.

Respectfully submitted,



Mitch Rayborn, CFE, FLMI
Examiner-in-charge