



MISSISSIPPI INSURANCE DEPARTMENT

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WOOLFOLK BUILDING
JACKSON, MISSISSIPPI 39201
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Post Office Box 79
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MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of Insurance

December 2, 2010

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. James Michael Sellari, President and CEO
Mississippi Valley Title Insurance Company
124 One Madison Plaza, Suite 2100
Madison, MS 39110

RE: Report of Examination as of December 31, 2009

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

A handwritten signature in cursive script, appearing to read "Christina J. Kelsey".

Christina J. Kelsey
Senior Attorney

MC/CJK/bs
Encls. Order w/exhibit

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF MISSISSIPPI**

**IN RE: REPORT OF EXAMINATION OF
 MISSISSIPPI VALLEY TITLE INSURANCE COMPANY**

CAUSE NO. 10-6198

ORDER

THIS CAUSE came on for consideration before the Commissioner of Insurance of the State of Mississippi ("Commissioner"), or his designated appointee, in the Offices of the Commissioner, 1001 Woolfolk Building, 501 North West Street, 10th Floor, Jackson, Hinds County, Mississippi, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 1999). The Commissioner, having fully considered and reviewed the Report of Examination together with any submissions or rebuttals and any relevant portions of the examiner's work papers, makes the following findings of fact and conclusions of law, to-wit:

JURISDICTION

I.

That the Commissioner has jurisdiction over this matter pursuant to the provisions of Miss. Code Ann. § 83-5-201 et seq. (Rev. 1999).

II.

That Mississippi Valley Title Insurance Company is a Mississippi-domiciled company licensed to write Title coverage.

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 Joseph R. May, Examiner-In-Charge, to conduct said examination.

IV.

That on or about September 30, 2010, the draft Report of Examination concerning Mississippi Valley Title Insurance Company for the period of January 1, 2007 through December 31, 2009, was submitted to the Department by the Examiner-In-Charge, Joseph R. May.

V.

That on or about November 4, 2010, 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. On or about November 9, 2010, the Department received correspondence from the Company and, in response thereto, minor revisions were made to the 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.

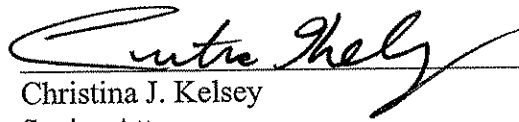
SO ORDERED, this the 2nd day of December 2010.


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 2nd day of December 2010, to:

**Mr. James Michael Sellari, President and CEO
Mississippi Valley Title Insurance Company
124 One Madison Plaza, Suite 2100
Madison, MS 39110**


Christina J. Kelsey
Senior Attorney

Christina J. Kelsey
Senior Attorney
Counsel for the Mississippi Department of Insurance
Post Office Box 79
Jackson, MS 39205-0079
(601) 359-3577
Miss. Bar No. 9853



Mississippi Insurance Department

Report of Examination

of

MISSISSIPPI VALLEY TITLE INSURANCE COMPANY

**124 One Madison Plaza, Suite 2100
Madison, MS 39110**

As of December 31, 2009

**NAIC Group Code 150
NAIC Company Code 51004
NAIC ETS No. MS029-C36**

Mississippi Valley Title Insurance Company

December 31, 2009

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Mississippi Valley Title Insurance Company
December 31, 2009

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EXAMINER AFFIDAVIT AS TO STANDARDS AND
PROCEDURES USED IN AN EXAMINATION


State of Mississippi,

County of Madison,

Joseph R. May, CPA, CMA, CPE, CIE being duly sworn, states as follows:

1. I have authority to represent the State of Mississippi in the examination of Mississippi Valley Title Insurance Company as of December 31, 2009.
2. The Mississippi Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.
3. I have prepared the examination report, and the examination of Mississippi Valley Title Insurance Company, as of December 31, 2009, was performed in a manner consistent with the standards and procedures required by the National Association of Insurance Commissioners and the Mississippi Insurance Department.

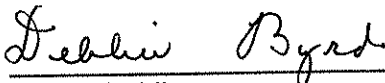
The affiant says nothing further.



Joseph R. May, CPA, CMA, CPE, CIE
Examiner-In-Charge

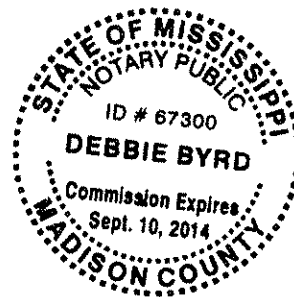
Subscribed and sworn before me by Joseph May on 11-29- 2010.

(SEAL)



Notary Public

My commission expires 9-10-14





MISSISSIPPI INSURANCE DEPARTMENT

MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of Insurance

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TELEPHONE: (601) 359-1061
FAX: (601) 359-1076

September 8, 2010

Honorable Mike Chaney
Commissioner of Insurance
Mississippi Insurance Department
1001 Woolfolk Building
501 North West Street
Jackson, Mississippi 39201

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

Dear Sirs:

Pursuant to your instructions and authorization and in compliance with statutory provisions, an examination has been conducted, as of December 31, 2009, of the affairs and financial condition of:

MISSISSIPPI VALLEY TITLE INSURANCE COMPANY
COMPANY LICENSE # 7700801
NAIC COMPANY CODE 51004
124 One Madison Plaza, Suite 2100
Madison, MS 39110

This examination was commenced in accordance with Miss. Code Ann. § 83-5-201 et seq. and was performed in Madison, 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, 2007, through December 31, 2009, including material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

SCOPE OF EXAMINATION

We have performed our full-scope examination of MVTIC; the last exam was completed as of December 31, 2006. For purposes of this examination report, the examination period is defined as January 1, 2007, through December 31, 2009, and the examination date is defined as December 31, 2009.

We conducted our examination in accordance with the NAIC *Financial Condition Examiners Handbook* ("Handbook"). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks.

An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions, when applicable to domestic state regulations. All accounts and activities of the company were considered in accordance with the risk-focused examination process.

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.

COMMENTS AND RECOMMENDATIONS OF PREVIOUS EXAMINATION

1. It was noted that the financial institution bond in place at December 31, 2006, contained an exclusion regarding "loss resulting solely from any violation of any law regulating insurance companies, or of any rule or regulation made pursuant to any such law." It was recommended that the Company obtain fidelity coverage that does not exclude violations relating to the laws or regulation of insurance companies.

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 also defined its purpose, which is to insure owners and others interested 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.

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.

MANAGEMENT AND CONTROL

Stockholders

As of December 31, 2009, the Company had 1,600 shares authorized and three hundred twenty three (323) outstanding 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. Dividends were paid to Old Republic National Title Insurance Company in the amount of \$900,000 in 2007. No dividends were paid during 2008 and 2009.

Board of Directors

The Articles of Incorporation and Bylaws vest the management and control of the Company's business affairs with the Board of Directors ("Board"). The members of the duly elected Board, along with their place of residence, number of years as Director, and principal occupation, at December 31, 2009, were as follows:

Name and Residence	Number of Years as Director	Principal Occupation
Dudley Black Bridgeforth, Jr. Southhaven, Mississippi	19	Attorney
John Thompson Cossar Jackson, Mississippi	32	Chairman Emeritus, MVTIC
Mark Bryon Higdon Jackson, Mississippi	6	Executive Vice President and Chief Operating Officer of MVTIC
James Michael Ingram Jackson, Mississippi	6	Executive Vice President and Chief Investment Officer, Parkway Properties, Inc.
Stewart Rhymes Speed Ridgeland, Mississippi	1	Developer
Robert Howard Lampton Jackson, Mississippi	6	President, Ergon, Inc.
Joseph Walter Michel, III Jackson, Mississippi	6	President, J. Walter Michel Agency, Inc.
John Joseph Stroble Jackson, Mississippi	1	Chief Executive Officer, Southern Farm Bureau Life Insurance Company
James Michael Sellari Jackson, Mississippi	20	President and Chief Executive Officer, MVTIC
Ronnie Glynn Smith Jackson, Mississippi	5	Senior Vice President, Regions Bank
John Herschel Thames, Jr. Jackson, Mississippi	9	Developer
Harry Moore Walker Jackson, Mississippi	12	President and Chief Operating Officer, Trustmark National Bank
Randy Keith Yeager Minneapolis, Minnesota	7	President and Chief Executive Officer, ORNTIC Chairman of the Board, MVTIC

Committees

The Company does not have any board committees. However, the audit committee of Old Republic International provides oversight over the entire Old Republic International Corporation holding company system as does the compensation committee. These committees are at the highest parent level.

Officers

The following officers were duly elected by the Board and were holding office at December 31, 2009:

Name	Title
James Michael Sellari	President and Chief Executive Officer
Jacob Morton Matrick	Executive Vice President and Title Counsel
Mark Bryon 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 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 Governance

Upon review of the corporate governance structure, the overall corporate structure was determined to be reasonable based upon the Company's size. MVTIC is owned 100% by Old Republic National Title Insurance Company, which is ultimately 100% owned by Old Republic International (NYSE symbol ORI). Management is stable with most of the key personnel having been with the Company for several years. There did not appear to be any compensation arrangements that caused unusual emphasis on earnings. Management records, such as Board minutes, appeared to be in order.

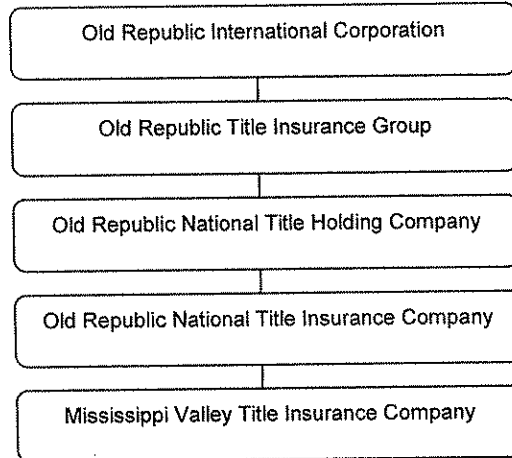
Several aspects of the Company's operations including investments, accounting and reinsurance functions are handled primarily by the Company's parent, ORNTIC. The functions performed at the Company level are primarily focused on assisting and oversight of attorney agents and handling of claims.

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 MID in accordance with Miss. Code Ann. § 83-6-5 and § 83-6-9. The statements and applicable amendments that were filed with the MID during the examination period were reviewed and it appeared that any changes and material transactions by and between the Company and its affiliates were appropriately disclosed.

Organizational Chart

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



Old Republic International Corporation ("ORI")

This company is 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 noninsurance company assets.

Old Republic Title Insurance Group ("ORTIG")

This company is 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 ORI.

Old Republic National Title Holding Company ("ORNTHC")

This company is 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 is a Minnesota corporation that was organized on August 20, 1907. 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 is a Mississippi corporation that was organized on May 28, 1941. MVTIC is a wholly-owned subsidiary of ORNTIC.

Affiliated and Related Party Transactions

In December 2008, the Company advanced \$350,000 to the Employees Savings and Stock Ownership Plan which is offered and administered by ORI. The loan is renewable annually on March 31st of each year beginning in March 2009, with final scheduled maturity in 2018. Interest is payable quarterly at a variable interest rate indexed to the London Interbank Offered Rate ("LIBOR") plus 350 basis points. The Company received principal and interest payments of \$23,450 and \$14,290, respectively, during 2009.

The Company has entered into a reinsurance agreement with its immediate parent, as discussed more in the Reinsurance section of this report.

The Company is provided with certain investment services under an investment counsel agreement with an affiliated company. The aggregate amount incurred for this service amounted to \$20,875 in 2009. The company also shares various general and administrative expenses with its parent and affiliated companies. The aggregate amount incurred for these services amounted to \$60,000 in 2009. Such expenses are allocated based on time and usage studies. The Company periodically reviews the allocation basis to determine that it reflects current operations.

FIDELITY BOND 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.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

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.

TERRITORY AND PLAN OF OPERATION

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

GROWTH OF COMPANY

The Company's financial position at December 31, 2009 reflected decreases in assets and liabilities of 1.9% and 4.2% respectively, and an increase in policyholders' surplus of 7.1%, when compared to the immediately preceding year-end. Cash and invested assets represented approximately 95% of assets at December 31, 2009, 2008 and 2007. Operating cash flow was negative in 2009 at approximately \$1,013,000 compared to positive operating cash flow of approximately \$771,000 and \$3,599,000 in 2008 and 2007, respectively. As of December 31, 2009, the invested asset base decreased approximately 2% principally as a result of negative operating cash flow.

REINSURANCE

The Company is appointed by ORNTIC as its agent for issuing joint obligation title insurance forms and policies in Alabama, Mississippi and various counties in Tennessee. MVTIC treats all such policies as MVTIC policies for the purposes of pricing and regulatory compliance, including such things as establishing loss reserves and paying premium taxes. ORNTIC is responsible for losses in excess of \$1,000,000 for any policy with liability amounts in excess of \$1,000,000.

ACCOUNTS AND RECORDS

The 2009 trial balance of the Company's accounts was traced to the balance sheet of the Company's statutory annual statement filed with the MID, with no exceptions noted. MVTIC was audited annually by an independent CPA firm.

STATUTORY DEPOSITS

The Company's statutory deposits complied with Miss. Code Ann. § 83-15-5(2). The following chart displays the Company's deposits as of December 31, 2009:

<u>Description of Security</u>	<u>State Deposited</u>	<u>Book Value</u>	<u>Fair Value</u>
US Treasury Bond	Mississippi	\$ 288,718	\$ 309,473
US Treasury Bond	Alabama	66,846	74,273
		<u>\$ 355,564</u>	<u>\$ 383,746</u>

FINANCIAL STATEMENTS

The following financial statements consist of a Statement of Admitted Assets, Liabilities, Surplus and Other Funds - Statutory at December 31, 2009, a Statement of Income - Statutory for year ended December 31, 2009, a Reconciliation of Statutory Capital and Surplus for the examination period ended December 31, 2009, and a Reconciliation of Examination Adjustments to Surplus.

**MISSISSIPPI VALLEY TITLE INSURANCE COMPANY
STATEMENT OF ADMITTED ASSETS, LIABILITIES, SURPLUS
AND OTHER FUNDS - STATUTORY**

<i>December 31,</i>	2009
ASSETS	
Bonds	\$ 39,903,237
Common stocks	215,422
Cash and short-term investments	2,555,621
Title plants	67,888
Investment income due and accrued	558,814
Uncollected premiums	145,325
Receivable from parent, subsidiaries and affiliates	408,087
Net deferred taxes	641,588
Electronic data processing equipment	13,689
<div style="display: flex; justify-content: space-between;"> Total admitted assets \$ 44,509,671 </div>	
LIABILITIES, SURPLUS AND OTHER FUNDS	
Known claims reserve	\$ 2,295,331
Statutory premium reserve	31,801,141
Commissions, brokerage and other charges due or accrued	230,000
Other expenses	205,076
Taxes, licenses and fees	38,285
Federal income tax	114,811
Accounts payable	14,333
<div style="display: flex; justify-content: space-between;"> Total liabilities 34,698,977 </div>	
Common capital stock	500,098
Gross paid in and contributed surplus	1,347,508
Unassigned funds	8,057,042
Less treasury stock, at cost	(93,954)
<div style="display: flex; justify-content: space-between;"> Surplus as regards policyholders 9,810,694 </div>	
<div style="display: flex; justify-content: space-between;"> Total liabilities, surplus and other funds \$ 44,509,671 </div>	

**MISSISSIPPI VALLEY TITLE INSURANCE COMPANY
STATEMENT OF INCOME - STATUTORY**

<i>For the year ended December 31,</i>	2009
<hr/>	
Operating Income	
Title insurance premiums earned	\$ 19,009,776
Escrow and settlement services	19,503
Other title fees and service charges	1,132,188
Misscellaneous income	553
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Total Operating Income	20,162,020
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Deductions:	
Losses and loss adjustment expenses incurred	3,153,225
Operating expenses incurred	18,609,698
<hr/>	
Total Operating Deductions	21,762,923
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Net operating loss	(1,600,903)
<hr/>	
Investment Income	
Net investment income earned	1,878,357
Net realized capital losses	(56,067)
<hr/>	
Net investment gain	1,822,290
<hr/>	
Net income before federal income taxes	221,387
<hr/>	
Federal income taxes benefit	26,427
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Net income	\$ 247,814
<hr/>	

**MISSISSIPPI VALLEY TITLE INSURANCE COMPANY
RECONCILIATION OF STATUTORY CAPITAL AND SURPLUS**

<i>For the year ended December 31,</i>	2007	2008	2009
Capital and surplus, beginning of year	\$ 10,157,366	\$ 9,683,618	\$ 9,157,673
Net income (loss)	234,270	(753,690)	247,814
Net unrealized capital gains (losses)	(93,871)	565,576	77,196
Change in net deferred income tax	(123,214)	(12,899)	(114,749)
Change in non-admitted assets	409,067	(324,932)	442,760
Dividends to stockholders	(900,000)	-	-
Capital and surplus, end of the year	\$ 9,683,618	\$ 9,157,673	\$ 9,810,694

**MISSISSIPPI VALLEY TITLE INSURANCE COMPANY
RECONCILIATION OF EXAMINATION ADJUSTMENTS**

For the year ended December 31, 2009

There were no adjustments made to the admitted assets, liabilities or surplus balances reported by the Company for the year ended December 31, 2009. The capital and surplus, which totaled \$9,810,694 as of the examination date, was in compliance with Miss. Code Ann. §83-15-5.

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. These materials were reviewed without material concern noted.

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 laws 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.

COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of business, the Company is subject to various contingent liabilities, including possible income tax assessments resulting from tax law interpretation or issues raised by taxing or regulatory authorities in their regular examinations, failure to collect all amounts on its investments, or balances due from assureds or reinsurers. The Company does not have a basis for anticipating any significant losses or costs resulting from any known or existing contingencies.

Legal proceedings against the Company routinely arise in the normal course of business and usually pertain to claim matters related to insurance policies and contracts issued by the Company. Other non-routine legal proceedings which may prove to be material to the Company are discussed below.

Investigations are pending into claims filed against the Company beginning in early September 2009. The claims arise from a fraudulent, multi-loan/entity/property scheme designed and perpetrated by two brothers, one of whom acted as a developer and one of whom was an approved attorney for the Company who closed the transactions. The ultimate impact of these claims, attorneys' fees and expenses, is uncertain and not

reasonably estimable at the present time. However, the Company's exposure to this risk is limited based upon the joint obligation title insurance policy issued with ORNTIC, as discussed further in the Reinsurance section of this report. Although the Company does not believe that these claims will have a material adverse effect on its financial condition, results of operations or cash flows, there can be no assurance in those regards.

The Company leases office space under non-cancelable leases having original terms from one to five years. The charge to operations for building rent was \$455,108 for 2009. In addition, the Company incurred expense for various equipment lease obligations amounting to \$9,568 for 2009. The aggregate future rental commitments of \$1,246,504 at December 31, 2009 are summarized as follows: 2010: \$450,208; 2011: \$369,702; 2012: \$365,652; 2013: \$60,942. Management expects that in the normal course of business, branch and claim office leases that expire will be renewed or replaced by leases on other properties; thus, it is anticipated that future minimum lease commitments for branch and claim office space will not be less than the amount shown for 2009.

Segregated cash deposit accounts and the offsetting liabilities of \$105,459 at December 31, 2009 for escrow deposits in connection with real estate transactions are not included as assets or liabilities in the accompanying balance sheets, as the escrow funds are not available for regular operations.

COMMENTS AND RECOMMENDATIONS

The examination did not identify any material comments and/or recommendations deemed appropriate for inclusion in the examination report.


ACKNOWLEDGMENT

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

Examiner-in-Charge:	Joseph R. May, CPA, CMA, CFE, CIE
Supervising Examiner:	Dale Miller, CPA, CFE, CFF
Information Technology Examiner:	Francois Houde, CA, CISA
Examiner:	Jon Barnett
Actuary:	Merlinos' & Associates

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

Respectfully submitted,



Joseph R. May, CPA, CMA, CFE, CIE
Examiner-in-charge