



MISSISSIPPI INSURANCE DEPARTMENT

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

MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of Insurance

MAILING ADDRESS
Post Office Box 79
Jackson, Mississippi 39205-0079
TELEPHONE: (601) 359-3569
FAX: (601) 359-2474

October 12, 2012

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Mr. Rowan Hurt Taylor, Jr., President
Mississippi Guaranty Title Insurance Company
1755 Lelia Dr., Suite 102
Jackson, MS 39216

Re: Mississippi Guaranty Title Insurance Company
Report of Examination as of December 31, 2010

Dear Mr. Taylor:

Enclosed is an Amended Order in the above-referenced matter.


Please note that the only purpose of the Amended Order is to correct the typographical error regarding the date of the report, which is attached as Exhibit "A".

If you have any questions pertaining to this matter, please do not hesitate to contact this office.

Sincerely,

MIKE CHANEY
COMMISSIONER OF INSURANCE

BY


Christina J. Kelsey
Senior Attorney

MC/CJK/bs
Enclosures

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

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

CAUSE NO. 12-6536

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. 2011). 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:

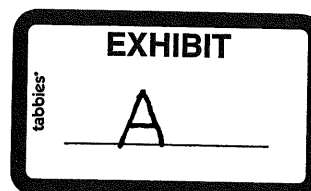
JURISDICTION

I.

That the Commissioner has jurisdiction over this matter pursuant to the provisions of Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011).

II.

That Mississippi Guaranty 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. 2011), called for an examination of Mississippi Guaranty Title Insurance Company and appointed Steve Page, Examiner-In-Charge, to conduct said examination.

IV.

That on or about February 20, 2012, the draft Report of Examination concerning Mississippi Guaranty Title Insurance Company for the period of January 1, 2007 through December 31, 2010, was submitted to the Department by the Examiner-In-Charge, Steve Page.

V.

That on or about April 2, 2012, pursuant to Miss. Code Ann. § 83-5-209(2) (Rev. 2011), the Department forwarded to the Company a copy of the draft report and allowed the Company a 15-day period to submit any rebuttal to the draft report. On or about April 18, 2012, the Company responded by email 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. 2011), 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 revised Report of Examination, the Company's rebuttal, and all relevant examiner work papers, that the revised Report of Examination of Mississippi Guaranty 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. 2011).

IT IS FURTHER ORDERED, pursuant to Miss. Code Ann. § 83-5-209(4) (Rev. 2011), that within thirty (30) days of the issuance of the adopted report, Mississippi Guaranty 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 Guaranty 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 18th day of June 2012.



J. MARK HAIRE
DEPUTY COMMISSIONER OF INSURANCE
STATE OF MISSISSIPPI



MISSISSIPPI INSURANCE DEPARTMENT

MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

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MARK HAIRE
Deputy Commissioner of Insurance

June 18, 2012

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Rowan Hurt Taylor, Jr., President
Mississippi Guaranty Title Insurance Company
1755 Lelia Dr., Suite 102
Jackson, MS 39216

RE: Report of Examination as of December 31, 2010

Dear Taylor:

In accordance with Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011), 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. 2011), 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 Kelsey", written over a horizontal line.

Christina Kelsey
Senior Attorney

MC/CK/bs
Encls. Order w/exhibit

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

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

CAUSE NO. 12-6536

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. 2011). 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. 2011).

II.

That Mississippi Guaranty 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. 2011), called for an examination of Mississippi Guaranty Title Insurance Company and appointed Steve Page, Examiner-In-Charge, to conduct said examination.

IV.

That on or about February 20, 2012, the draft Report of Examination concerning Mississippi Guaranty Title Insurance Company for the period of January 1, 2007 through December 31, 2010, was submitted to the Department by the Examiner-In-Charge, Steve Page.

V.

That on or about April 2, 2012, pursuant to Miss. Code Ann. § 83-5-209(2) (Rev. 2011), the Department forwarded to the Company a copy of the draft report and allowed the Company a 15-day period to submit any rebuttal to the draft report. On or about April 18, 2012, the Company responded by email 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. 2011), 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 revised Report of Examination, the Company's rebuttal, and all relevant examiner work papers, that the revised Report of Examination of Mississippi Guaranty 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. 2011).

IT IS FURTHER ORDERED, pursuant to Miss. Code Ann. § 83-5-209(4) (Rev. 2011), that within thirty (30) days of the issuance of the adopted report, Mississippi Guaranty 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 Guaranty 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 18th day of June 2010.



J. MARK HAIRE
DEPUTY 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 14th day of June 2010, to:

**Mr. Rowan Hurt Taylor, Jr., President
Mississippi Guaranty Title Insurance Company
1755 Lelia Dr., Suite 102
Jackson, MS 39216**



Christina Kelsey
Senior Attorney

Christina 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 GUARANTY TITLE INSURANCE
COMPANY**

as of

December 31, 2010

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**EXAMINER'S AFFIDAVIT AS TO STANDARDS AND
PROCEDURES USED IN AN EXAMINATION**

State of Mississippi,

County of Hinds,

Steve Page, CPA, being duly sworn, states as follows:

1. I have authority to represent Mississippi in the examination of Mississippi Guaranty Title Insurance Company as of December 31, 2010.
2. Mississippi is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of Mississippi Guaranty Title Insurance Company, as of December 31, 2010, 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.

Steve Page, CPA

Examiner's Signature

Subscribed and sworn before me by Steve Page on this 14 day of

June, 2012.

(SEAL)



Notary Public

My commission expires

August 19, 2013



MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of
Insurance

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February 20, 2012

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

Dear Commissioner Chaney:

Pursuant to your instructions and authorization and in compliance with statutory provisions, an examination has been conducted, as of December 31, 2010, of the affairs and financial condition of:

MISSISSIPPI GUARANTY TITLE INSURANCE COMPANY

1755 Lelia Drive, Suite 102
Jackson, MS 39216

License #	NAIC #	ETS#
9600020	50030	MS029-F7

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.

SCOPE OF EXAMINATION

We have performed our single-state examination of Mississippi Guaranty Title Insurance Company. The last exam was completed as of December 31, 2006. This examination covers the period of January 1, 2007 through December 31, 2010.

We conducted our examination in accordance with the NAIC *Financial Condition Examiners 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.

COMMENTS AND RECOMMENDATIONS OF PREVIOUS EXAMINATION

The following recommendations were included in the Report of Examination of the Company as of December 31, 2006. Following each of the recommendations is the status based upon this examination.

1. Conflict of Interest: It was recommended that the Company's officers and directors prepare conflict of interest statements on a yearly basis.

The Conflict of Interest Affidavits have not been updated since 2007.

2. Corporate Records: It was recommended that the Company amend its Bylaws to reflect its current operations and so that they don't conflict with Miss. Code Ann. § 83-19-15.

The Company's Bylaws have not been updated since the last examination.

3. Fidelity Coverage: It was recommended that the Company obtain fidelity coverage that meets the recommendations of the NAIC.

The Company has not obtained fidelity coverage.

4. Reinsurance: It was recommended that the Company require its reinsurer, as required by the reinsurance agreement, to follow up its verbal approval of coverage exceeding \$1.1 million in writing.

The Company provided evidence of the reinsurers written approval of coverage for policies issued during 2010 exceeding \$1.1 million.

5. Producer Licensing: It was recommended that the Company's attorney-agents always have a current Certificate of Authority.

The examiner noted that attorney-agents who produced approximately 72% of the 2010 written premium did not have current appointments.

HISTORY OF THE COMPANY

On July 2, 1996, the Company was formed under the laws of the State of Mississippi as Mississippi Guaranty Title Insurance Company for the purpose of writing title insurance. The original Articles of Association ("Articles") authorized the following classes of stock: 1) 6,000 shares of class "A" common stock; par value \$100 per share; 2) 4,000 shares of class "B" common stock; par value \$1 per share; and 3) 10,000 shares of preferred stock; par value \$100 per share. The Articles have been amended as follows:

- On August 16, 1996, the Company amended its Articles to revise the basis for paying dividends;
- On December 31, 1997, the Company amended its Articles to provide for a non-voting class of common stock, designated as class "C" common stock; par value \$30 per share, and convertible by option into a like number of shares of class "A" common stock;
- On August 17, 1998, the Company amended its Articles to reduce the par value of the preferred stock to \$45 per share; and
- On May 26, 2005, the Company amended its Articles to reduce the par value of the preferred stock to \$1 per share.

CORPORATE RECORDS

There have been no formal meetings of the Company's Shareholders or its Board of Directors during the period covered by the examination. As a result, no minutes of meetings of the Shareholders and Board of Directors were available for review by the examiners in connection with its consideration of corporate governance. The Company's Bylaws require an annual meeting of the Shareholders in February of each year followed immediately thereafter by a regular meeting of the Board of Directors. It is recommended that the Company hold annual meetings of its Shareholders followed immediately by a regular meeting of the Board of Directors as required by the Bylaws. Minutes of these meetings should be prepared in order to record actions on matters brought up at these meetings for deliberation, including the approval and support of the Company's transactions and events. (Page 16).

In addition, during the last examination, it was noted that the Company's Bylaws state that the number of directors of the corporation shall be fixed at nine and that five officers should be elected by the Board. The Company had three officers and five directors at December 31, 2010. It is recommended, as in connection with the previous examination, that the Company amend its Bylaws in order to reflect its current operations. (Page 16).

MANAGEMENT AND CONTROL

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, 2010, were as follows:

Name and Residence	Year Elected/Appointed	Principal Occupation
Mr. Rowan Hurt Taylor, Jr. Jackson, Mississippi	1996	President of the Company
Mrs. Connie Hawkins Taylor Jackson, Mississippi	1996	Secretary and Treasurer of the Company
Mr. Ken Hall Barnett Jackson, Mississippi	2001	Senior Vice-President, Stephens, Inc.
Mr. Jeffrey Scott Wilson Jackson, Mississippi	2001	President, Trinity Capital Investors
Mr. James Charles Galloway, Jr. Columbus, Mississippi	2001	Managing Partner, Galloway-Chandler-McKinney Insurance

Committees

Separate committees of the Board of Directors did not exist during the period covered by this examination.

Officers

The following are the officers that were duly elected by the Board of Directors and holding office at December 31, 2010:

Name	Year Elected/Appointed	Title
Mr. Rowan Hurt Taylor, Jr.	1996	President
Mrs. Connie Hawkins Taylor	1996	Secretary and Treasurer

Conflict of Interest

The Company's officers and directors, in May of 2007, prepared conflict of interest statements that covered the previous examination period, and no material interest or affiliation on the part of any officer or director that was, or would likely be, a conflict with their official duties, was noted. The Company's conflict of interest statements have not been updated since 2007. (Page 16).

Corporate Governance

The examiner performed an assessment of corporate governance giving consideration to the size of Company and the nature of its operations. The Company has three employees, including the President who oversees and directly participates in all key business activities. There has been very little turnover from the last examination. Two of the three employees have been employed by the Company since its inception in 1996. Three of the Company's five Board members are independent of the Company's management. However, as noted on Page 5 of this report, there were no formal meetings of the Board during the period covered by this examination.

HOLDING COMPANY STRUCTURE

Organizational Structure

According to the MID, as defined within Miss. Code Ann. § 83-6-1, the Company is a member of an insurance holding company system; however, due to the approvals of “disclaimers of affiliation,” the Company, during the examination period, was not required to file holding company registration statements. Mr. Rowan Hurt Taylor, Jr., the president and founder of the Company, through his personal stock ownership and control of a limited partnership which also owns stock in the Company, is considered the “ultimate controlling person.”

Affiliated and Related Party Transactions

There were no significant transactions with related parties during the period covered by this examination.

FIDELITY BOND AND OTHER INSURANCE

The NAIC recommends that an insurance company the size of MGTIC maintain fidelity coverage in the amount of \$25,000 to \$50,000. The Company did not have fidelity coverage during the examination period and it is recommended that the Company obtain fidelity coverage that meets the NAIC suggested amounts. The Company was a \$250,000 beneficiary on a life insurance policy insuring the Company’s president in the amount of \$1,250,000.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company provided a generally complete welfare program for its officers and employees, which included health insurance and paid-time for vacations, illness, and holidays. The Company does not currently offer pension and stock ownership plans to its employees.

TERRITORY AND PLAN OF OPERATION

The Company was licensed to transact business in the State of Mississippi and, during the examination period, sold title insurance through various independent insurance agencies and attorneys.

GROWTH OF COMPANY

	2010	2009	2008	2007
Total admitted assets	\$ 980,541	\$ 957,490	\$ 899,874	\$ 885,409
Total liabilities	\$ 683,942	\$ 651,087	\$ 609,590	\$ 585,309
Total capital and surplus	\$ 296,599	\$ 306,403	\$ 290,284	\$ 300,100
Net cash from operations	\$ 30,852	\$ 20,656	\$ 8,004	\$ 66,585
Title insurance premiums earned	\$ 391,135	\$ 266,197	\$ 227,666	\$ 260,012
Other title fees and service charges	\$ 18,493	\$ 63,005	\$ 98,631	\$ 38,961
Total operating income	\$ 409,628	\$ 329,202	\$ 326,297	\$ 298,973
Net operating gain (loss)	\$ (38,469)	\$ (4,711)	\$ (43,359)	\$ (116,401)
Net investment income earned	\$ 14,200	\$ 23,507	\$ 35,154	\$ 17,107
Net realized capital gains	\$ 17,513	\$ -	\$ -	\$ -
Net income (loss)	\$ (6,756)	\$ 18,796	\$ (8,205)	\$ (116,401)

LOSS EXPERIENCE

The Company has incurred no reported losses since its inception.

REINSURANCE

With an effective date of December 23, 1998, the Company entered into an excess loss reinsurance agreement with First American Title Insurance Company of New York (“FATIC-NY”), a wholly owned subsidiary of First American Title Insurance Company (“FATIC”), which is considered one of the largest title insurers in the nation. Through this arrangement, the Company ceded all liability under its issued title insurance policies in excess of \$100,000. The agreement and related transactions were reviewed noting no material concerns. Effective September 22, 2010, FATIC-NY was merged into FATIC.

ACCOUNTS AND RECORDS

Through the use of desktop computers, the Company's policy administration was maintained using Microsoft Access and Microsoft Excel, while its accounting records were processed using Quickbooks. The certified public accounting firm of Carr, Riggs & Ingram, LLC, performed a compilation of the Company's financial statements during the examination period..

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 at December 31, 2010.

Description of Security	State Deposited	Book Value	Fair Value
Certificate of Deposit	Mississippi	\$77,586	\$77,586
Certificate of Deposit	Mississippi	\$57,200	\$57,200
Certificate of Deposit	Mississippi	\$2,600	\$2,600

FINANCIAL STATEMENTS

The following financial statements, as determined by the examination, consist of a Statement of Admitted Assets, Liabilities, Surplus and Other Funds at December 31, 2010, a Statement of Income for year ended December 31, 2010, a Reconciliation of Capital and Surplus for examination period ended December 31, 2010, and a Reconciliation of Examination Changes to Surplus and Other Funds at December 31, 2010.

**STATEMENT OF ASSETS, LIABILITIES, SURPLUS AND OTHER FUNDS
DECEMBER 31, 2010**

ASSETS

Bonds	\$559,687
Cash on deposit	352,188
Investment income due and accrued	10,178
Uncollected premiums	55,302
Title Fees Receivable	1,750
Electronic data processing equipment and software	<u>1,436</u>
Total Admitted Assets	<u>\$980,541</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Statutory premium reserve	\$602,882
Supplemental reserve	50,000
Commissions payable	22,980
Other expenses	4,205
Taxes, licenses and fees	<u>3,875</u>
Total Liabilities	<u>683,942</u>
Capital common stock	208,600
Preferred capital stock	1,520
Gross paid in and contributed surplus	796,880
Unassigned funds	<u>(710,401)</u>
Total Surplus as Regards Policyholders	<u>296,599</u>
Total Liabilities, Surplus and Other Funds	<u>\$980,541</u>

**SUMMARY OF OPERATIONS
FOR YEAR ENDED DECEMBER 31, 2010**

INCOME:

Title insurance premiums earned	\$391,135
Other title fees and service charges	18,493
Investment income earned	14,200
Net realized capital gains	<u>17,513</u>
Total Income	<u>441,341</u>

EXPENSES:

Operating expenses incurred	<u>448,097</u>
Net Income (loss)	<u>\$ (6,756)</u>

**RECONCILIATION OF CAPITAL AND SURPLUS
FOR EXAMINATION PERIOD ENDED DECEMBER 31, 2010**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Surplus as regards policyholders, beginning of year	\$394,690	\$300,100	\$290,284	\$306,403
Net income, as reported	(116,401)	(8,205)	18,796	26,696
Change in nonadmitted assets	21,811	(1,611)	(2,677)	(5,291)
Examination adjustments	0	0	0	(41,209)
Paid in capital	0	0	0	20
Paid in surplus	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,980</u>
Surplus as regards policyholders, end of year	<u>\$300,100</u>	<u>\$290,284</u>	<u>\$306,403</u>	<u>\$296,599*</u>

*The Company's surplus and other funds, as determined by the examination, was in compliance with Miss. Code Ann. §83-15-5, which requires the Company to maintain \$150,000 in capital and \$75,000 in surplus.

**RECONCILIATION OF EXAMINATION ADJUSTMENTS TO SURPLUS
DECEMBER 31, 2010**

<u>ASSETS</u>	<u>BALANCE PER ANNUAL STATEMENT</u>	<u>BALANCE PER EXAMINATION</u>	<u>INCREASE (DECREASE) IN SURPLUS</u>
Uncollected Premiums	\$66,736	\$55,302	\$(11,434)
Title Fees Receivable	31,525	1,750	<u>(29,775)</u>
Total Examination Adjustments			<u>(41,209)</u>
Surplus as regards policyholders, per annual statement			<u>337,808</u>
Surplus as regards policyholders, per examination			<u>\$ 296,599</u>

COMMENTS ON FINANCIAL STATEMENTS

Uncollected Premiums **\$55,302**

The above captioned amount is \$11,434 less than that amount reported in the annual statement filed by the Company. Examination adjustments were made due to errors in the Company's summarization of uncollected premium balances in the amount of \$9,702 and the non-admission of uncollected premiums older than ninety days in the amount of \$1,732.

Title Fees Receivable **\$ 1,750**

The above captioned amount is \$29,775 less than that amount reported in the annual statement filed by the Company. An examination adjustment was made in the amount of \$17,675 for title fees that had not been billed by the Company. In addition, examination adjustments were made due to errors in the Company's summarization of title fees receivable in the amount of \$6,075 and the non-admission of title fees receivable in the amount of \$6,025.

MARKET CONDUCT ACTIVITIES

A full market conduct examination, in accordance with the NAIC's Market Conduct Handbook, was not performed; however, particular areas of the Company's market conduct were examined in connection with the financial examination, and no significant exceptions were noted. The particular areas reviewed are as follows:

Complaint Handling

The Company did not have any registered complaints during the examination period.

Marketing and Sales

The Company, during the period under examination, issued title insurance policies through various agencies and attorneys.

Producer Licensing

The agents writing business for the Company in the State of Mississippi, during the period under examination, were reviewed and it was noted that five of the Company's nine attorney-agents issuing policies during 2010 did not have Certificates of Authority. It is recommended that the Company's attorney-agents always have a current Certificate of Authority.

Underwriting and Rating

The Company had appropriate licensure to issue its products, and the applicable policy forms and rates for title insurers in the State of Mississippi are not required to be filed and/or approved by the MID. In addition, the Company's products are underwritten through the process of thoroughly examining the chain of owners and lien holders to prove that title is insurable.

Claims

The Company, since its formation, has not incurred any reported claims.

Privacy

The Company's privacy policy, as approved by the Board, is that no nonpublic personal information about its customers or former customers can be disclosed, unless permitted by law.

COMMITMENTS AND CONTINGENT LIABILITIES

The examination revealed no commitments and contingent liabilities outside of the normal course of the Company's business.

SUBSEQUENT EVENTS

On June 29, 2011, the Company issued 400 shares of its preferred stock for \$200,000 to PPR2, Inc. Defined Benefit Plan.

COMMENTS AND RECOMMENDATIONS

1. Corporate Governance: It is recommended that the Company hold annual meetings of its Shareholders followed immediately by a regular meeting of the Board of Directors as required by the Bylaws. Minutes of these meetings should be prepared in order to record actions on matters brought up at these meetings for deliberation, included the approval and support of the Company's transactions and events. (Page 6)
2. Corporate Records: It was recommended that the Company amend its Bylaws to reflect its current operations. (Page 5)
3. Conflict of Interest: It was recommended that the Company's officers and directors prepare conflict of interest statements on a yearly basis. (Page 6)
4. Fidelity Coverage: It was recommended that the Company obtain fidelity coverage that meets the recommendations of the NAIC. (Page 7)
5. Producer Licensing: It was recommended that the Company's attorney-agents always have a current Certificate of Authority. (Page 15)


ACKNOWLEDGMENT

The examiner representing the Mississippi Insurance Department and participating in this examination was:

Examiner-In-Charge: Steve Page, CPA

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

Respectfully submitted,



Examiner-in-charge