



MISSISSIPPI INSURANCE DEPARTMENT

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MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of Insurance

RICKY DAVIS
State Chief Deputy Fire Marshal

January 9, 2017

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Michael Kirschman, President
US National Title Insurance Company
935 Gravier Street, Suite 1700
New Orleans, LA 70112

RE: Report of Examination as of December 31, 2015

Dear Mr. Kirschman:

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


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 US NATIONAL
TITLE INSURANCE COMPANY (FORMERLY
MISSISSIPPI GUARANTY TITLE INSURANCE
COMPANY)**

CAUSE NO. 17-7044

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 US National Title Insurance Company (Formerly 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 US National Title Insurance Company (Formerly Mississippi Guaranty Title Insurance Company) and appointed Kimberly D. Strong, Examiner-In-Charge, to conduct said examination.

IV.

That on or about November 21, 2016, the draft Report of Examination concerning US National Title Insurance Company (Formerly Mississippi Guaranty Title Insurance Company) for the period of January 1, 2011 through December 31, 2015, was submitted to the Department by the Examiner-In-Charge, Kimberly D. Strong.

V.

That on or about December 8, 2016, 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 30-day period to submit any rebuttal to the draft report. The Department received the Company's response to the report in a letter on or about December 19, 2016.

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 Report of Examination, the Company's rebuttal, and all relevant examiner work papers, that the Report of Examination of US National Title Insurance Company (Formerly 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, US National Title Insurance Company (Formerly 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 US National Title Insurance Company (Formerly 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 9th day of January 2017.



J. Mark Haire

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 9th day of January 2017, to:

**Mr. Michael Kirschman, President
US National Title Insurance Company
935 Gravier Street, Suite 1700
New Orleans, LA 70112**



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

**US NATIONAL TITLE INSURANCE COMPANY
(FORMERLY MISSISSIPPI GUARANTY TITLE
INSURANCE COMPANY)**

as of

December 31, 2015

TABLE OF CONTENTS

Examiner's Affidavit	1
Salutation	2
Scope of Examination	3
Comments and Recommendations of Previous Examination	3
History of the Company	3
Corporate Records	4
Management and Control.....	4
Stockholders	4
Board of Directors	4
Committees.....	5
Officers	5
Conflict of Interest.....	5
Holding Company Structure	5
Organizational Chart	6
Fidelity Bond and Other Insurance	6
Pensions, Stock Ownership and Insurance Plans	6
Territory and Plan of Operation	6
Growth of Company	6
Accounts and Records.....	7
Reinsurance.....	7
Statutory Deposits.....	7
Financial Statements	8
Introduction	8
Statement of Assets, Liabilities, Surplus and Other Funds	9
Statement of Income.....	10
Reconciliation of Capital and Surplus.....	11
Market Conduct Activities	12
Commitments and Contingent Liabilities	12

Comments and Recommendations.....	12
Subsequent Events	12
Acknowledgment	14

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

State of Mississippi,
County of Madison,

Kimberly Strong, being duly sworn, states as follows:

1. I have authority to represent the Mississippi Insurance Department in the examination of US National Title Insurance Company (formerly Mississippi Guaranty Title Insurance Company) as of December 31, 2015.
2. The Mississippi Insurance Department 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 US National Title Insurance Company (formerly Mississippi Guaranty Title Insurance Company) 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.

Kimberly Strong
Kimberly Strong, CPA, CFE
Examiner-in-Charge

Subscribed and sworn before me by Elaine Manuel on this 22nd day of December, 2016.


Elaine H. Manuel
Notary Public

My commission expires 10/1/17 [date].



MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of
Insurance

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November 14, 2016

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, 2015, of the affairs and financial condition of:

US National Title Insurance Company
(formerly Mississippi Guaranty Title Insurance Company)
232 Market Street, Suite 232
Flowood, MS 39232

License #	NAIC Group #	NAIC #	FEETS#
9600020	N/A	50030	50030-MS-2015-8

This examination was commenced in accordance with Miss. Code Ann. § 83-5-201 *et seq.* and was performed in New Orleans, LA, at the office of the Company. The report of examination is herewith submitted.

SCOPE OF EXAMINATION

We have performed our single-state examination of US National Title Insurance Company (formerly Mississippi Guaranty Life Insurance Company) (“Company” or “USNTIC”). The last exam was completed as of December 31, 2010. This examination covers the period January 1, 2011 through December 31, 2015.

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, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management’s compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company’s financial statements.

This examination report includes significant findings of fact and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

COMMENTS AND RECOMMENDATIONS OF PREVIOUS EXAMINATION

As of December 31, 2015, the Company was not actively engaged in the selling of insurance. The Company ceased writing new business effective September 30, 2014 at which time the Company ceded all of its policy liabilities pursuant to a Risk Transfer Agreement with London America Insurance Company (“LAIC”). As such, the comments and recommendations of the previous examination were not applicable to the current examination.

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;
- On November 9, 2015, CivicSource Holdings, L.L.C. filed a Form-A with the MID to acquire the Company which was subsequently approved effective December 21, 2015.

CORPORATE RECORDS

The Board met on June 17, 2014 and approved an action of the Board to instruct and give authority to the President to take any action necessary sell the Company if a prospective buyer could be located effective September 30, 2014. The articles of association and bylaws, along with any amendments thereto, were reviewed.

MANAGEMENT AND CONTROL

Stockholders

The Company was a Mississippi domestic stock insurance company whose common stock at December 31, 2015 was 100 percent owned by CivicSource Holdings, L.L.C.

Board of Directors

The articles of association and bylaws vest the management and control of the Company's business affairs with the Board. The members of the duly elected Board, along with their place of residence, number of years as a Director, and principal occupation, at December 31 2015, were as follows:

Name and Residence	Year Elected/Appointed	Principal Occupation
Mr. Bryan Barrios Thibodaux, Louisiana	2015	Chief Executive Officer Archon Information Systems, LLC
Mr. William Sossamon New Orleans, Louisiana	2015	Chief Technology Officer Archon Information Systems, LLC
Mr. Brian Danos Metairie, Louisiana	2015	Chief Operating Officer Archon Information Systems, LLC
Mr. Michael Kirschman New Orleans, Louisiana	2015	President Archon Information Systems, LLC

Committees

There were no active committees of the Board during the exam period.

Officers

Name and Residence	Year Elected/Appointed	Title
Mr. Bryan Barrios	2015	Chief Executive Officer
Mr. William Sossamon	2015	Chief Technology Officer
Mr. Brian Danos	2015	Chief Operating Officer
Mr. Michael Kirschman	2015	President

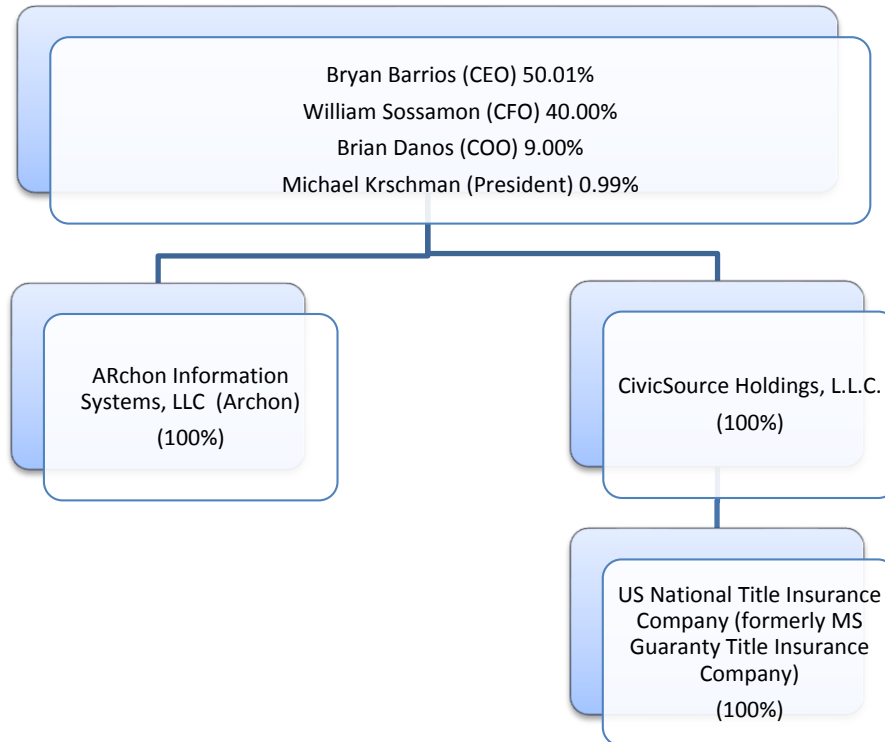
Conflict of Interest

Conflict of interest statements were not available for the years under examination.

HOLDING COMPANY STRUCTURE

The Company was a member of an insurance holding company system as defined in Miss. Code Ann. § 83-6-1 for the period January 1, 2011 through December 31, 2015. Prior to the sale of the Company effective December 21, 2015, the Company was not required to file holding company registration statements due to the filing of disclaimers of affiliation. As of December 31, 2015, CivicSource Holdings, L.L.C. filed holding company registration statements with the MID in compliance with Miss. Code Ann. §§ 83-6-5 and 83-6-9.

Organizational Chart



FIDELITY BOND AND OTHER INSURANCE

The Company did not maintain fidelity coverage during the examination period as recommended by the NAIC.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company had no employees as of December 31, 2015. No pension obligation existed as of December 31, 2015.

TERRITORY AND PLAN OF OPERATION

The Company was licensed to issue title insurance in the State of Mississippi.

GROWTH OF COMPANY

The review of the growth of the Company was performed based on balances as reported in the annual statements filed with the MID during the period under examination.

	2015	2014	2013	2012	2011
Change in surplus	\$ (45,565)	\$ (64,650)	\$ (21,009)	\$ (58,017)	\$ 149,047
Ratio of premiums to capital and surplus	.000 to 1	.365 to 1	.678 to 1	.721 to 1	.560 to 1
Ratio of assets to liabilities	4.248 to 1	24.545 to 1	1.519 to 1	1.557 to 1	1.665 to 1
Ratio of revenues to expenses	.000 to 1	.610 to 1	.934 to 1	.886 to 1	.800 to 1
Cash flows from operations	\$ (167,875)	\$ (751,932)	\$ 30,458	\$ 16,143	\$ 14,124
Net income (loss)	\$ (245,698)	\$ (69,449)	\$ (8,508)	\$ (29,057)	\$ (59,414)

ACCOUNTS AND RECORDS

The Company is licensed as a single-line insurance company pursuant to Miss. Code Ann. § 83-15-5(1), which requires the Company to maintain a minimum capital of \$150,000 and surplus of \$75,000. Pursuant to Miss. Code Ann. § 83-5-55, the Company is required to file an NAIC Title Annual Statement.

REINSURANCE

Effective December 23, 1998, the Company entered into an excess loss reinsurance agreement with First American Title Insurance Company of New York, a wholly owned subsidiary of First American Title Insurance Company. Pursuant to this agreement the Company ceded all policy liabilities in excess of \$100,000.

Effective September 30, 2014, the Company ceded all its remaining policy liabilities as of that date pursuant to a Risk Transfer Agreement with LAIC.

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, 2015:

Description of Security	State Deposited	Book Value	Fair Value
Certificate of Deposit	Mississippi	\$75,586	\$77,586
Certificate of Deposit	Mississippi	\$57,200	\$57,200
Certificate of Deposit	Mississippi	\$2,600	\$2,600

FINANCIAL STATEMENTS

Introduction

The financial statements consist of a Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2015, a Summary of Operations for year ended December 31, 2015 and a Reconciliation of Capital and Surplus for the examination period ended December 31, 2015.

The following financial statements are based on the statutory financial statements filed by the Company with the Mississippi Insurance Department and present the financial condition of the Company for the period ending December 31, 2015.

**Statement of Assets, Liabilities, Surplus and Other Funds
December 31, 2015**

Assets

Cash and short-term investment	\$	189,294
Receivables from Parent, subsidiaries and affiliates		200,000
		<hr/>
Total assets		389,294

Liabilities, Surplus and Other Funds

Other expenses	\$	1,150
Payable to parent, subsidiaries and affiliates		90,500
		<hr/>
Total liabilities		91,650
		<hr/>
Common capital stock		208,600
Preferred capital stock		1,920
Gross paid in and contributed surplus		1,196,480
Unassigned funds (surplus)		(1,109,356)
		<hr/>
Total surplus and other funds		297,644
		<hr/>
Total liabilities, surplus and other funds	\$	389,294

Statement of Income
For the examination period ended December 31, 2015

Operating Income

Title insurance and related income	\$	-
<hr/>		
Total income		-

Expenses

Operating expenses incurred	\$	245,689
<hr/>		
Total expenses		245,689
<hr/>		
Net operating loss		(245,689)

Investment Income

Net investment income earned	\$	(9)
<hr/>		
Net investment loss		(9)

Other Income

Aggregate write-ins for miscellaneous income	\$	133
<hr/>		
Net income after capital gains tax and before all other federal income taxes		(245,565)
<hr/>		
Net income (loss)	\$	(245,565)

Reconciliation of Capital and Surplus
For the examination period ended December 31, 2015

	2015	2014	2013	2012	2011
Capital and surplus, beginning of the year	\$ 343,209	\$ 407,859	\$ 428,868	\$ 486,885	\$ 337,808
Net income (loss)	(245,656)	(69,449)	(8,508)	(29,057)	(59,414)
Change in non-admitted assets	-	14,175	-	(13,086)	8,491
Capital changes paid in	200,000	-	-	-	200,000
Surplus adjustment – paid in	-	(9,376)	-	-	-
Dividends to stockholders	-	-	(9,376)	(15,874)	-
Dividend Payable	-	-	(3,125)	-	-
Capital and surplus, end of the year	\$ 297,644	\$ 343,209	\$ 428,868	\$ 486,885	\$ 337,808

MARKET CONDUCT ACTIVITIES

As the Company was not operational as of December 31, 2015, market conduct activities were not reviewed.

COMMITMENTS AND CONTINGENT LIABILITIES

Procedures performed during the course of the examination revealed no pending litigation, commitments or other contingent liabilities to which the Company was a party.

COMMENTS AND RECOMMENDATIONS

There were no comments and recommendations reflected as findings as of the examination date.

SUBSEQUENT EVENTS

A Form A was filed with the MID on November 9, 2015 and approved on December 21, 2015. The Company, under new management, will write title insurance policies solely on tax forfeited properties for individuals who are clients of Archon Information Systems, LLC (“Archon”) and have purchased the properties through Archon’s auction website, CivicSource Information Systems.

Effective March 31, 2016, the Company’s name was changed to US National Title Insurance Company and amended and restated Articles of Association and Bylaws were executed.

Effective June 30, 2016, USNTIC was licensed to transact business in the State of Louisiana and the appropriate policy form and rate filings were approved by the Louisiana Department of Insurance (“LDI”).

Reinsurance

The Company obtained reinsurance with Dual Asset Underwriting effective April 29, 2016 and effective for 36 months. The agreement is an excess of loss policy. The Company will retain the first \$100,000.

- Layer 1: For amounts above \$100,000 but less than \$200,000 the reinsurer will reimburse 80% of the ultimate net loss in excess of the retained amount (maximum recovery on any one covered risk is \$80,000).
- Layer 2: Company will retain \$200,000 of losses for each covered risk and the reinsurer will reimburse 80% of the ultimate net loss up to \$300,000 (maximum recovery on any one risk \$240,000).
- Layer 3 Company will retain \$500,000 and the reinsurer will reimburse 80% of the ultimate net loss up to \$500,000 (maximum recovery on any one risk \$400,000).

The reinsurer has indicated that policies in excess of \$1 million may be approved on an

individual, facultative basis. The maximum recoverable under the policy is limited to \$3,000,000 in 12 a month period and \$6,000,000 in total for term of contract.

Related Party Agreement

Pursuant to a servicing agreement with Archon effective March 28, 2016, USNTIC will pay commissions to Archon equal to 20% of all title insurance premiums as long a licensed title agent is employed by Archon. In addition, USNTIC will pay an administration fee to Archon of \$10,000 per month for the use of Archon's resources, employees, proprietary software, technology oversight. Fees will be paid within 45 days of USNTIC receiving a written invoice from Archon. Archon shall submit invoices no later than the 10th day of the month of the services rendered. The agreement appears to comply with the provisions of SSAP No. 25.

Fidelity Bond and Other Insurance

Effective March 29, 2016, USNTIC obtained a Crime Protection Policy insuring against employee dishonesty in the amount of \$150,000.

Corporate Governance

Current ownership of the Company is in the process of evaluating the necessary committees of the Board of Directors to be implemented. As the Company is a small closely held insurer, all material matters concerning the operations of the Company are brought before the entire Board which consists of the four (4) owners/officers of the Company.

Conflict of Interest

Subsequent to the examination date, the new ownership and management of the Company Conflict of Interest procedures have been implemented whereby conflict of interest statements are to be executed annually.

Capital

Subsequent to the examination date, an additional \$1,400,000 was contributed to the additional paid in capital of the Company.

Operations

USNTIC began issuing title insurance policies on adjudicated tax sale properties auctioned by Archon effective August 11, 2016 in the State of Louisiana. As part of the examination as of December 31, 2015, the examiners reviewed a sample of policies issued from the period August 11, 2016, through September 15, 2016 with no areas of concern noted.

ACKNOWLEDGMENT

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

Examiner-in-charge	Kimberly D. Strong, CPA, CFE
Administrative Examiner	Jimmy D. Blissett, CFE
IT Examiner	Steve Sartin, CISA, CRISC
Examiner	Todd Merchant, CPA

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

Respectfully submitted,



Kimberly D. Strong, CPA, CFE
Examiner-in-charge