



STATE OF OREGON

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

INSURANCE DIVISION

REPORT OF FINANCIAL EXAMINATION

OF

**CHICAGO TITLE INSURANCE COMPANY OF OREGON
PORTLAND, OREGON**

NAIC COMPANY CODE 50490

AS OF

December 31, 2007

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SALUTATION

March 6, 2009

Alfred W. Gross, Commissioner
Chairman, NAIC Financial Condition (E) Committee
State Corporation Commission
Bureau of Insurance
Commonwealth of Virginia
PO Box 1157
Richmond, Virginia 23218

Honorable Cory Streisinger, Director
Department of Consumer and Business Services
State of Oregon
350 Winter Street NE, Room 440
Salem, Oregon 97301-3883

Dear Commissioner and Director:

In accordance with your instructions and guidelines in the National Association of Insurance Commissioners (NAIC) Examiners Handbook, pursuant to ORS 731.300 and 731.302, respectively, we have examined the business affairs and financial condition of

CHICAGO TITLE INSURANCE COMPANY OF OREGON

**888 SW Fifth Avenue
Portland, Oregon 97204**

NAIC Company Code 50490

hereinafter referred to as the "Company." The following report is respectfully submitted.

SCOPE OF EXAMINATION

This financial examination was conducted as of December 31, 2007, covering the four -year period then ended. Material transactions or events occurring subsequent to the examination cut-off date were noted during the examination.

This examination was conducted pursuant to the provisions of ORS 731.300 and in accordance with procedures and guidelines prescribed by the NAIC. It determined the Company's financial condition, ability to fulfill its obligations, nature of its operations, and compliance with the Insurance Code. Accounting methods, internal control procedures, records, and other supporting evidence were examined or tested by appropriate methods to the extent deemed necessary and appropriate for the type, volume, and complexity of the accounting system and operations utilized by the Company. Assets, liabilities, income and expense items were tested. A review was also made of the corrective actions taken by the Company with respect to comments and recommendations in the previous report of examination as of December 31, 2003.

COMPANY HISTORY

The Company was incorporated as National Title Company and commenced business on May 1, 1970, as an Idaho domestic company. National Title Company was a wholly owned subsidiary of SAFECO Title Insurance Company of Idaho. Effective August 19, 1975, National Title Company became an Oregon domestic and its name was changed from National Title Company to SAFECO Title Insurance Company of Oregon.

On March 22, 1977, the outstanding stock of SAFECO Title Insurance Company of Oregon was acquired from SAFECO Title Insurance Company of Idaho by SAFECO Title Insurance Company of California, which was owned by SAFECO Corporation of Washington.

In January 1987, Chicago Title and Trust Company, an Illinois corporation, acquired 100% of SAFECO Corporation's various title companies. In March of 1988, the company's name was changed from SAFECO Title Insurance Company of Oregon to Chicago Title Insurance Company of Oregon.

On March 20, 2000, Fidelity National Financial, Inc., merged with Chicago Title and Trust Company. As a result of that merger, Fidelity National Financial, Inc. became the Company's ultimate parent.

CAPITALIZATION

There are 1,000 shares of \$300 par value common stock authorized, all of which are issued and outstanding at December 31, 2007. Security Union Title Insurance Company (SUTIC), a California domiciled insurer, owns 100% of the Company's outstanding shares.

MANAGEMENT AND CONTROL

The Bylaws vest management and control of the Company in a Board of Directors consisting of between 5 and 15 members. The Board of Directors meets all of the requirements of ORS 732.305. The following were the directors serving at December 31, 2007:

<u>Name</u>	<u>Affiliation</u>	<u>Director Since</u>
Diane D. Kinkade Portland, OR	Vice President - County Manager Chicago Title Ins. Co. of OR	2006
Malcolm D. Newkirk Portland, OR	Vice President - Commercial Division Manager Chicago Title Ins. Co. of OR	1995
Tammy D. Weaver Oregon City, OR	Manager Escrow Chicago Title Ins. Co. of OR	2005
Bradley J. London Washougal, WA	President Chicago Title Ins. Co. of OR	1988
Raymond R. Quirk* Jacksonville, FL *Chairman of the Board	President and Chief Operating Officer Fidelity National Financial Inc.	2003

Officers

Officers appointed and serving as of December 31, 2007, are as follows:

<u>Name</u>	<u>Office</u>
Raymond R. Quirk	Chairman of the Board and Chief Executive Officer
Bradley J. London	President
Todd C. Johnson	Senior Vice President & Corporate Secretary
Anthony J. Park	Executive Vice President & Chief Financial Officer
Thomas E. Evans, Jr.	Executive Vice President
Patrick G. Farenga	Senior Vice President & Treasurer
Peter T. Sadowski	Executive Vice President
Gary R. Urquhart	Executive Vice President
Alan L. Stinson	Executive Vice President

Parent, Subsidiary and Affiliated Companies

The Company is a member of a group of companies whose ultimate parent is Fidelity National Financial, Inc. These companies provide a variety of products and services including, but not limited to, title insurance, escrow, asset management, reinsurance, and credit reporting. The following companies, within this group, are related to the Company's operations:

Fidelity National Financial, Inc. (FNF) is a publicly traded Delaware holding company which owns 100% of Fidelity National Title Group, Inc. FNF is the Company's ultimate parent.

Fidelity National Title Group, Inc. (FNTG) is a Delaware holding company which owns 100% of Chicago Title and Trust Company.

Chicago Title and Trust Company (CTT) is an Illinois company which owns 100% of Security Union Title Insurance Company.

Security Union Title Insurance Company (SUTIC) is a California domiciled title insurer and wholly owned subsidiary of CTT. SUTIC is the Company's immediate parent.

INTERCOMPANY AGREEMENTS

The Company is party to several intercompany agreements as of December 31, 2007:

Master Services Agreement

FNF entered into a master services agreement as of March 12, 2003, with certain subsidiary corporations or majority owned entities. FNF is the parent company of entities known as the insurance group (which includes the Company) and the real estate related services group. Fidelity National Management Services, LLC (FNMS) provides claims settlement, payroll, legal, communications, advertising, regulatory, financial, general administrative services, investment services, benefits administration, management reporting, marketing, administrative support and personnel services. Fidelity National Information Solutions, Inc., provides information technology. FNMS handles all personnel related matters for the companies signed to the agreement. The following explains how FNMS allocates the salaries among the companies:

For departments other than the corporate claims department, the premiums of each of the members who are underwriters, underwritten title companies, and agents are aggregated, and the percentage of the total is calculated for each company. Salaries are allocated to each company based on those percentages.

For the claims department, processed claims count for each of the members who are underwriters, underwritten title companies, and agents are aggregated, and the percentage of the total is calculated for each company. Salaries are allocated to each company based on those percentages.

Personal Property Lease

Beginning April 1, 2002, the Company leased personal property from Fidelity Asset Management, Inc. Other lessees signing the lease included FNF, CTT, SUTIC, CTIC and 11 other affiliated title insurers. A monthly lease payment of \$445,413 is spread among the group. Lessees must pay any taxes and insurance associated with the personal property.

Lessees are individually liable for their own portion of the monthly payment. The lease was renewed on October 1, 2005. This lease can be extended through renewals to December 31, 2009.

Tax Sharing Agreement

The Company files a consolidated income tax return with FNF and affiliates. The Company has a written agreement approved by its Board of Directors which sets forth the manner in which the total federal income tax is allocated to each entity that is a party to the consolidation. The written agreement provides that each entity in FNF's consolidated group compute its tax as though the entity paid tax on a stand-alone basis.

CONFLICT OF INTEREST

The Company's conflict of interest policy requires officers and directors report conflicts of interest to the Company. Completed conflict of interest statements were made available for all officers and directors in compliance with ORS 732.245.

CORPORATE RECORDS

The corporate records, including the Articles of Incorporation, Bylaws and minutes of the Board of Directors meetings were reviewed for the period under examination.

Articles of Incorporation

The Articles of Incorporation conformed to Oregon statutes. No amendments were made to the Articles during the period covered by this examination.

Bylaws

The Bylaws conformed to Oregon statutes. No amendments were made to the Bylaws during the period covered by this examination.

Board of Director Minutes

A review of the Board of Director minutes verified it performed its duties in managing the Company's affairs as specified in the Bylaws. The Board approved investments in accordance with ORS 733.730 and ORS 733.740. All employees' salaries are paid by FNF, so no approval of officers' salaries by the Board is necessary. A quorum met at all meetings.

FIDELITY BONDS AND OTHER INSURANCE

FNF purchased insurance covering itself and its subsidiaries, (including the Company). A Financial Institution Bond insures against loss resulting directly from dishonest or fraudulent acts committed by an employee acting alone or in collusion with others. This coverage extends up to an aggregate loss limit of \$30 million after a \$250,000 per loss retention. Fidelity bond coverage exceeded the NAIC recommended minimum. In addition, FNF purchased executive protection liability against losses up to \$15,000,000 per wrongful act after a \$1,500,000 per loss retention. FNF covers itself and its subsidiaries, as of December 31, 2007, with the following type policies:

Commercial general liability	Automobile
Property insurance	Directors and officers
EDP equipment	Errors and omissions
Workers compensation	Fiduciary liability
Excess liability	Fidelity - Computer crime

The above coverages were quite sufficient for the risks insured.

PENSION PLANS AND OTHER POST RETIREMENT BENEFITS

The Company's employees are covered under a qualified voluntary contributory savings plan ("401(k) Plan") sponsored by FNF. Under the plan, participating employees make contributions of up to 40% from pre-tax annual compensation, up to the amount allowed pursuant to the Internal Revenue Code, into individual accounts that are generally not

available until the employee reaches age 59 1/2. The Company matches participants' contributions at a rate of 50% of the first 6% of compensation.

The Company's employees are covered to participate in an Employee Stock Purchase Plan ("ESPP"). Under this plan, eligible employees may purchase, at current market prices, shares of FNF's common stock through payroll deduction. Pursuant to the ESPP, employees may contribute an amount between 3% and 15% of their base salary and certain commissions. The Company contributes varying amounts as specified in the ESPP.

Certain Company officers are participants in the 1987, 1991, 1993, 1998, 2001, and 2004 Executive Incentive Stock Option Plans and the 2005 Omnibus Incentive Plan (the "Plans") sponsored by FNF. Under the Plans, participants have the option to purchase FNF stock at annually declining share prices. Options granted under these plans expire within a specified period from the grant date. The 2005 Plan provides for the grant of stock options, stock appreciation rights, restricted stock, and other cash and stock-based awards and dividend equivalents. There is no material effect on the Company's financial statements as a result of the creation of these Plans.

In connection with the acquisition of its parent by FNF in 2000, FNF assumed the options outstanding under CT&T's existing stock option plans: the 1998 Long-term Incentive Plan and the Directors Stock Option Plan. Pursuant to the acquisition agreement, options under these plans became fully vested on March 20, 2000. The options granted in accordance with these two plans generally have a term of five to ten years.

In connection with the acquisition of its parent by FNF in 2000, FNF also assumed CT&T's noncontributory defined benefit plan (the "Pension Plan"). The Pension Plan covers certain CT&T and subsidiary employees. The benefits are based on years of service and the

employee's average monthly compensation in the highest 60 consecutive calendar months during 120 months ending at retirement or termination. CT&T's funding policy is to annually contribute at the least the minimum required contribution under the Employee Retirement Income Security Act (ERISA). Contributions are intended to provide not only for benefits accrued to date, but also for those expected to be earned in the future. Each year the Company is allocated net periodic pension expense from CT&T based on employee count for plan participants. Effective January 1, 2001, the Pension Plan was frozen and future contributions of Pension Plan benefits will terminate.

The Company recorded an adjustment to statutory equity in the amount of \$626,273 and \$750,546 during 2007 and 2006, respectively, to adjust the funded status of the pension and other post retirement benefit plans.

FNF assumed certain health care and life insurance benefits for retired CT&T and subsidiary employees in connection with the CT&T acquisition. The cost of these benefit plans are accrued during the periods the employees render service. CT&T is self insured for its post retirement health care and life insurance benefit plans, and the plans are not funded. The health care plans provide for insurance benefits after retirement and are generally contributory, with contributions adjusted annually. Post retirement life insurance benefits are contributory, with coverage amounts declining with increases in a retiree's age. The current expenses of these plans are charged to participating subsidiaries on a pass through cost basis.

Certain Company employees and directors may be eligible to participate in a non-qualified deferred compensation plan sponsored by the Company's ultimate parent FNF. Selected participants may elect to defer an annual amount of salary, bonus, commissions and/or directors fees for a minimum of \$25,000 and a maximum of 100%. Plan assets are

maintained by a trust established by the sponsor. There is no expense to the Company in connection with this plan

TERRITORY AND PLAN OF OPERATION

The Company is authorized to insure titles to real property and to issue policies of title insurance throughout Oregon and Kansas. As of December 31, 2007, the Company had partial ownerships in three title plants providing full services in Multnomah and Washington counties. In addition to these title plants, the Company is a partner in the Tri-county Title Plant, a partnership with eleven other title insurers.

Under various underwriting agreements, the Company insures titles to real property and issues policies of title insurance in 27 other counties through agents who, at their own expense, maintain suitable offices in the counties in which they provide complete title insurance services. Policies of title insurance issued by agents must be on approved forms furnished by the Company without cost to the agent. Under a typical underwriting agreement, the agent retains 90% of the premiums as compensation on all title policies issued and, in the event of a claim on a policy issued by an agent, the agent may be responsible for reimbursing the Company for the first \$5,000 of loss if the loss is attributed to error, fault or negligence of the agent. If the loss is imputed to a matter which the agent could not reasonably determine, such as a forgery, the Company bears the entire loss.

GROWTH OF THE COMPANY

The following exhibit reflects the growth of the Company since 2003. The stated amounts were compiled from the Company's filed annual statements and, where indicated, from an examination report.

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Surplus as Regards Policyholders</u>	<u>Net Income</u>
2003*	\$30,915,627	\$15,229,931	\$15,685,696	\$7,052,956
2004	30,047,857	17,418,503	12,629,354	5,069,436
2005	29,925,892	16,416,913	13,508,979	5,583,988
2006	28,819,024	14,831,312	13,987,712	5,244,724
2007*	27,326,973	13,760,086	13,566,887	3,913,228

*Per examination

LOSS EXPERIENCE

The following exhibit reflects the annual underwriting results of the Company since 2003.

The amounts were compiled from the Company's filed annual statements and, where indicated, from an examination report.

Income Statement - Loss Ratios on a Calendar Year Basis

<u>Year</u>	<u>(1) Premium Earned</u>	<u>(2) Loss and Loss Adjustment Expenses (LAE) Incurred</u>	<u>(2/1) Ratio</u>
2003*	\$35,927,653	\$ 815,927	2.27%
2004	25,287,692	1,308,003	5.17%
2005	32,063,164	1,240,873	3.87%
2006	32,860,688	301,247	0.92%
2007	26,265,761	655,119	2.49%

*Per examination

ESCROW ACCOUNTS

Escrow funds totaling \$22,902,024, at December 31, 2007, were maintained in segregated bank accounts and excluded from the assets and liabilities reported on the annual statement.

The Oregon Real Estate Commissioner audits escrow accounts pursuant to ORS 696.541(2); therefore, they were not included in this examination

HOLDING COMPANY REGISTRATION

Holding company registration statements were filed by the Company in accordance with the provisions of ORS 732.552, 732.554, 732.564 and Oregon Administrative Rule (OAR) 836-027-0020(1).

During the period examined, the Company paid dividends to its parent and made the proper disclosure of these dividends to the Director of the Department of Consumer and Business Services in accordance with the reporting requirements of ORS 732.554. The Company did not pay extraordinary dividends during the period examined.

REINSURANCE

Ceded Reinsurance

Effective November 18, 2006, FNF and its subsidiaries, including the Company, signed a Title Excess of Loss treaty. Guy Carpenter, a reinsurance intermediary, placed the reinsurance with a European reinsurer, a group of Bermuda based insurers and Lloyds Syndicate underwriters splitting the reinsurance coverage as follows:

Layer	Retention	Reinsurer's Limits of Liability	
	Ultimate Net Loss in respect of each and every Loss Occurrence	In respect of each and every Loss Occurrence	As respects all Loss Occurrences during the term of the Contract
First Excess	\$10,000,000	\$10,000,000	\$20,000,000
Second Excess	\$20,000,000	\$20,000,000	\$40,000,000
Third Excess	\$40,000,000	\$40,000,000	\$80,000,000

This treaty expired on November 18, 2007. It was renewed for a one year term with similar terms through November 18, 2008.

Assumed Reinsurance

The Company assumed reinsurance from Fidelity National Title Insurance Company and Ticor Title Insurance Company. The Company's maximum retention on any of its policies as of January 1, 2008, is \$5,000,000 per risk, which complies with ORS 731.504.

ACCOUNTS AND RECORDS

Statutory accounting is done at FNF's offices in Jacksonville, Florida. Regional accounting moved from Clackamas, Oregon to Seattle, Washington in November 2008. Company records and documents supported the 2007 annual statement and, generally, were maintained in a manner by which the financial condition was readily verifiable as required by ORS 733.170. The following issues, however, were identified that require attention:

Reclassification of Bank Account

The Company reported the asset "Harris Govt. Asset Insight Fund" on Schedule DA - Part 1. In the course of the examination, the examiner determined that there was no asset called "Harris Govt. Asset Insight Fund". Instead, "Harris Govt. Asset Insight Fund" was a corporate checking bank account at Harris Bank, N.A. At one time the bank balance in Harris Bank was swept into an investment account each night and that investment account was the money market fund "Harris Govt. Asset Insight Fund" According to the Company's Treasury Department, the sweep into the money market fund "Harris Govt. Asset Insight Fund" is no longer occurring. Therefore, since the balance in the bank account is defined as cash in accordance with SSAP No. 2 and the 2007 Title Company Annual Statement Instructions, the amount should be reported on Schedule E instead of on Schedule DA.

I recommend the Company report the bank balance in the Harris Bank as cash on Schedule E instead of listing it on Schedule DA, in accordance with the 2007 Title Company Annual Statement Instructions and ORS 733.210.

COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS

The Company has taken corrective action with respect to the ten (10) recommendations made in the 2004 report of examination.

CHICAGO TITLE INSURANCE COMPANY OF OREGON
BALANCE SHEET
As of December 31, 2007

<u>ASSETS</u>	<u>Per</u>	<u>Examination</u>	<u>Per</u>
	<u>Company</u>	<u>Adjustments</u>	<u>Examination</u>
Bonds (Note 1)	\$23,231,311	\$ 0	\$23,231,311
Cash & short term investments (Note 2)	3,028,961	(638,110)	2,390,851
Other invested assets	160,874		160,874
Title plants	612,207		612,207
Investment income due & accrued	298,120		298,120
Uncollected premiums and agents balances in course of collection	143,305		143,305
Current federal and foreign income tax recoverable	140,435		140,435
Net deferred tax asset	<u>349,870</u>	<u>0</u>	<u>349,870</u>
 Total Assets	 <u>\$27,965,083</u>	 <u>(\$638,110)</u>	 <u>\$27,326,973</u>
 <u>LIABILITIES</u>			
Known claims reserve (Note 3)	\$ 484,242		\$484,242
Statutory premium reserve	10,648,750		10,648,750
Other expenses (Note 4)	1,809,149	(638,110)	1,171,039
Taxes licenses & fees	345,230		345,230
Amounts withheld for others	749,053		749,053
Payable to parent, subsidiaries and affiliates	342,149		342,149
Aggregate write-ins for other liabilities	<u>19,623</u>	<u>0</u>	<u>19,623</u>
 Total Liabilities	 <u>14,398,196</u>	 <u>(638,110)</u>	 <u>13,760,086</u>
 <u>SURPLUS</u>			
Common capital stock	300,000		300,000
Gross paid in and contributed surplus	2,433,152		2,433,152
Unassigned funds	<u>10,833,735</u>	<u>(0)</u>	<u>10,833,735</u>
Surplus as regards policyholders	<u>13,566,887</u>	<u>(0)</u>	<u>13,566,887</u>
 Total Liabilities and Surplus	 <u>\$27,965,083</u>	 <u>(\$638,110)</u>	 <u>\$27,326,973</u>

CHICAGO TITLE INSURANCE COMPANY OF OREGON
INCOME STATEMENT
For the Year Ended December 31, 2007

OPERATING INCOME

Title insurance premiums earned	\$26,265,761
Escrow and settlement services	5,519,830
Other title fees and service charges	<u>1,473,625</u>
Total operating income	<u>33,259,216</u>

Deduct:

Losses and loss adjustment expenses incurred	655,119
Operating expenses incurred	<u>28,329,828</u>
Total operating deductions	<u>28,984,947</u>
Net operating gain	<u>4,274,269</u>

INVESTMENT INCOME

Net investment income earned	1,152,795
Net realized capital gains	<u>(1,358)</u>
Net investment gain	<u>1,151,437</u>

OTHER INCOME

Net income before Federal taxes	5,425,706
Federal income taxes incurred	<u>1,512,478</u>
Net income	<u>\$ 3,913,228</u>

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31, 2006	<u>\$13,987,712</u>
Net income	3,913,228
Net unrealized capital gains or losses	(66,081)
Change in net deferred income tax	(393,926)
Change in nonadmitted assets	699,682
Dividends to stockholders (cash)	(5,200,000)
Aggregate write-ins for gains and losses in surplus	<u>626,272</u>
Change in surplus as regards policyholders for the year	<u>(420,825)</u>
Surplus as regards policyholders, December 31, 2007	<u>\$13,566,887</u>

NOTES TO FINANCIAL STATEMENTS

Note 1 - Bonds

Bonds comprised 83% of the total admitted assets of the Company at December 31, 2007. Categories of bonds held were: States, territories, and possessions bonds 47%, US government-backed bonds 35%, industrial and miscellaneous bonds 16% and political subdivisions bonds 2% of the total admitted assets. The Company had only one (NAIC designation 5) lower grade bond, which it carried at market value. A quality distribution of the Company's bonds is presented below:

<u>Year</u>	<u>Statement Value of Securities</u>	<u>Market Value of Securities</u>	<u>Medium and Lower Grade Securities*</u>	<u>Percent of Portfolio</u>
2003	\$19,572,932	\$19,708,938	\$ 0	0.00%
2004	\$22,116,326	\$22,136,253	\$ 0	0.00%
2005	\$22,710,827	\$22,357,334	\$ 0	0.00%
2006	\$23,637,567	\$23,397,248	\$211,823	0.90%
2007	\$23,231,310	\$23,409,114	\$146,340	0.63%

*Medium grade is defined by the NAIC as those securities with a NAIC Securities Valuation Office rating of "3." SVO designations of "4" to "6" are considered low investment grade.

Note 2 – Cash and Short-term Investments

The money in the Harris Bank account was formerly nightly swept into a short term sweep account. That practice was discontinued so the balance should be reported as cash, rather than a short term investment.

The Harris Bank account has two general ledger accounts linked to it. Deposits were recorded in one general ledger account and cash disbursements were recorded in the other. At the end of each period, checks written were to be offset against the deposits to arrive at the correct balance. This was not done properly so the Harris Bank balance was overstated by \$638,110 at December 31, 2007.

Note 3 - Known Claims Reserve

David F. Dahl, FCAS, MAAA, actuary for the State of Oregon, Department of Consumer and Business Services, Insurance Division, reviewed the liabilities established by the Company for losses and loss adjustment expenses in the Company's filed financial statements as of December 31, 2007. The purpose of his review was to determine in general if the Company's liabilities were reasonably stated. He determined the Company's liability for losses and loss adjustment expenses were reasonably stated as of December 31, 2007.

Note 4 – Other Expenses

Other Expenses was reduced by \$638,110 for expenses which had been paid, but were not recorded in the general ledger in time to be reflected in the 2007 annual statement. The effect was to overstate Other Expenses and Cash and Short Term Investments by \$638,110.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

Following is a summary of the comments and recommendations made as a result of this examination.

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16 I recommend the Company report the bank balance in the Harris Bank as cash on Schedule E instead of listing it on Schedule DA, in accordance with the 2007 Title Company Annual Statement Instructions and ORS 733.210.

CONCLUSION

During this examination's four year period, the Company's surplus decreased from \$15,685,696, as presented in the December 31, 2003, examination report to \$13,566,887, as shown in this examination report. Comparative assets and liabilities are shown below:

	<u>2007</u>	December 31, <u>2003</u>	<u>Change</u>
Assets	\$27,326,973	\$30,915,627	\$(3,588,654)
Liabilities	<u>13,760,086</u>	<u>15,229,931</u>	<u>(1,469,845)</u>
Surplus	<u>\$13,566,887</u>	<u>\$15,685,696</u>	<u>\$(2,118,809)</u>

SUBSEQUENT EVENT

On January 2, 2009, the Company paid a \$3,900,000 dividend to SUTIC. This dividend was declared payable by the Board of Directors in December 2008.

The Company complied with the above recommendation by properly reporting the bank balance in the Harris Bank as cash on Schedule E in its December 31, 2008, annual statement.

ACKNOWLEDGMENT

The cooperation and assistance extended by the officers and employees of the Company during the examination process are gratefully acknowledged.

In addition to the undersigned, Mark A. Giffin, CFE, Ellen F. Quale, CPA, insurance examiners, and David F. Dahl, FCAS, MAAA, actuary, for the State of Oregon Department of Consumer and Business Services, Insurance Division participated in the examination.

Respectfully submitted,

Michael P. Phillips, CFE, CPA, AES
Supervising Insurance Examiner
Insurance Division
Department of Consumer and Business Services
State of Oregon

AFFIDAVIT

STATE OF OREGON)
) ss
Marion County)

Mike P. Phillips, CFE, CPA, AES, being duly sworn, states as follows:

1. I have authority to represent the state of Oregon in the examination of Chicago Title Insurance Company of Oregon.

2. The Insurance Division of the Department of Consumer and Business Services of the state of Oregon 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 Chicago Title Insurance Company of Oregon, was performed in a manner consistent with the standards and procedures required by the Oregon Insurance Code.

The affiant says nothing further.

Mike P. Phillips, CFE, CPA, AES
Supervising Insurance Examiner
Insurance Division
Department of Consumer and Business Services
State of Oregon

Subscribed and sworn to before me this _____ day of _____, 2009.

Notary Public in and for the State of Oregon
My Commission Expires: _____