

MITCHELL | WILLIAMS

Stanton Strickland
Direct Dial: 512-480-5123
Fax 512-322-0301
E-mail: sstrickland@mwlaw.com

500 West 5th Street, Suite 1150
Austin, TX 78701-3835
Telephone: 512-480-5100
Fax: 512-322-0301

December 1, 2023

Via email: Jne.Byckovski@tdi.texas.gov

Ms. J'ne Byckovski
Chief Actuary
Texas Department of Insurance
1601 Congress Avenue
Austin, TX 78701

Re: Texas Land Title Association Texas Title Insurance Rate Report

Dear Ms. Byckovski:

Thank you for the opportunity to participate in the Texas Department of Insurance (“TDI”) rate review process. Our firm represents the Texas Land Title Association (“TLTA”). As a follow up, we have attached to this letter the TLTA Texas Title Insurance Rates Study (“Actuarial Report”) to supplement the TLTA Cost of Capital report and related information that we previously submitted in our initial comments regarding the TDI 2023 Title Rate Report and Cost of Capital Assessment.

TLTA’s actuaries, Charles “Chuck” Faerber and Khiem Ngo of the Austin, Texas actuarial consulting firm of Rudd & Wisdom, prepared the attached Actuary Report for your consideration in this title rate review process. Mr. Faerber has been consulting with the firm since 1978. He specializes in property and casualty insurance. Mr. Ngo joined the firm in 2007. He consults large group insurance programs including the Texas Medicaid Program, Texas Children’s Program, the State of Texas Group Benefit Program, and the University of Texas Employee Group Insurance Program. Both are Fellows of the Society of Actuaries, Associates of the Casualty Actuarial Society, and Members of the American Academy of Actuaries.

The Actuarial Report analyzed data from independent agents, affiliated agents, direct operations, and underwriters and details the development of an indicated rate change for title insurance firms in Texas. In producing the Actuarial Report, Mr. Faerber and Mr. Ngo relied upon the following data sources:

- The Texas Title Insurance Experience Report Compilation from 1998 through 2021. This report compiles experience for all underwriters.

Ms. J'ne Byckovski
Texas Department of Insurance
December 1, 2023

- The Texas Title Insurance Agent Experience Report Compilation from 1998 through 2021. This report compiles experience for all agents including independent agents, affiliated agents and direct operation.
- The Title Industry Annual Statement Compilation data from the American Land Title Association (ALTA) derived from NAIC data for all title underwriting companies.
- The TLTA Cost of Capital Report provided by Dr. Greg Hallman and Mr. Kevin Jewell.
- The TLTA Survey of CY2023 expense from Texas title agents.

The indicated rate provides a reasonable provision to cover i) expected expense, ii) expected loss & LAE, iii) catastrophic load, and iv) underwriting profit. The following scenarios was selected to determine a reasonable rate change range because premiums under each scenario are similar to the projected premiums in CY2023.

- Average of most recent 20-year period (2002-2021)
- Average of most recent 15-year period (2007-2021)
- Average of most recent 5-year period prior to COVID (2015-2019)
- Linear Regression Model

Additionally, the Actuarial Report compiled and analyzed the loss, Loss Adjustment Expense (LAE), and expense ratios for each year from 1998 through 2021 to complete the rating analysis. TLTA members have stated that premium in CY2023 is similar to what it was in 2019, but expense is much higher. That's because a significant portion of title industry's expenses are fixed and title agents are not able to reduce expenses as quickly as the drop in premium volume. TLTA conducted a survey of all of its members and asked, in part, "[A]re your average monthly expenses in 2023 higher or lower than your average monthly expenses in 2019 and if they're higher, by what percent?" 141 out of a total of 157 responses (90%) said average expense in 2023 is higher than 2019. 94 out of a total of 157 responses (60%) said average expense in 2023 is at least 20% higher than 2019.

The 20, 15, and 5-year scenarios listed above rely on historical experience to project the expenses and losses. However, based on the survey responses from TLTA members, the historical expense in each of the scenarios is understated compared to CY2023 expense experience. Based on survey of Texas title agents, expense in 2023 is at least 20% higher than it was in 2019. However, the Actuarial Report has assumed expense in 2023 as a modest 5% more than in 2019 for rate setting purposes. Using the 5% increase, the indicated rate change for the three scenarios ranges from -1.9% to +2.0%. Accordingly, based on their actuarial judgement, Mr. Faerber and Mr. Ngo recommend a rate change of 0.0% under this scenario.

Ms. J'ne Byckovski
Texas Department of Insurance
December 1, 2023

Based on the study of these scenarios, Mr. Faerber and Mr. Ngo determined that a reasonable rate change range is between 0.0% to -6.4%

We continue to be optimistic that through this collaborative process, we will reach a fair, reasonable, and adequate rate for the title industry and consumers that meets the statutory requirement under the Texas Insurance Code.

We sincerely appreciate the opportunity to participate in this process and are looking forward to continuing this discussion at the TDI stakeholder meeting on December 12th. Meanwhile, please let us know if you have any questions or would like to discuss anything.

Sincerely yours,

MITCHELL, WILLIAMS, SELIG,
GATES & WOODYARD, P.L.L.C.

By:

Stanton Strickland

Stanton Strickland

Enclosures
cf: SS

cc: Rodney Anderson, President, TLTA Board of Directors
Leslie Midgley, Executive Vice President & CEO, TLTA
Aaron Day, Director of Governmental Affairs and Counsel, TLTA



Rudd and Wisdom, Inc.
Consulting Actuaries

KHIEM D. NGO, F.S.A, A.C.A.S., M.A.A.A.

CHARLES V. FAERBER, F.S.A, A.C.A.S., M.A.A.A.

PRINCIPAL AND CONSULTING ACTUARY

Texas Title Insurance Rate Study



PREPARED FOR:



NOVEMBER 28, 2023

TABLE OF CONTENTS

I.	Executive Summary	1
II.	Introduction.....	2
III.	Overview of Rating Methodology.....	3
IV.	Rating Analysis.....	8
V.	Actuarial Qualifications	11
VI.	Attachments.....	12

I. EXECUTIVE SUMMARY

This report details the development of the indicated rate change for title insurance firms in Texas. The actuarial model used to derive the indicated rate change relies primarily on the experience of title insurance underwriters and agents in Texas. This includes data from independent agents, affiliated agents, direct operations, and underwriters. The loss, LAE, and expense ratio were compiled and analyzed for each year from 1998 through 2021. The indicated rate provides a reasonable provision to cover i) expected expense, ii) expected loss & LAE, iii) catastrophic load, and iv) underwriting profit.

The rating analysis uses the following scenarios to determine a reasonable rate range. Each of these scenarios is described in more detail in Section IV – Rating Analysis of the report. In addition, these scenarios were selected because premiums under each scenario are similar to the projected premiums in CY2023. The indicated rate change for each of the scenarios is presented in the table below and in Attachment 1.

- Average of most recent 20-year period (2002-2021)
- Average of most recent 15-year period (2007-2021)
- Average of most recent 5-year period prior to COVID (2015-2019)
- Linear Regression Model
- Adjustment to Historical Expense Model

Based on our study, a reasonable rate change range is between 0.0% to -6.4%.

Components	5-Year 2015-2019 ^A	15-Year 2007-2021 ^A	20-Year 2002-2021 ^A	Linear Regression ^B	Expense Adjustment ^C
Expense Ratio	80.9%	79.7%	82.8%	80.7%	85.2%
Loss & LAE Ratio	2.1%	2.4%	2.5%	2.5%	2.5%
Provision for Catastrophic Claims	<u>1.0%</u>	<u>1.0%</u>	<u>1.0%</u>	<u>1.0%</u>	<u>1.0%</u>
Total	84.0%	83.1%	86.4%	84.2%	88.7%
Profit Load - 11.30% ^D	11.30%	11.30%	11.30%	11.30%	11.30%
Indicated Rate Change	-5.3%	-6.4%	-2.6%	-5.0%	0.0%

Notes:

A - Attachment 2 - Exhibit A

B - Attachment 4 - Exhibit B

C - Attachment 5 - Exhibit B

D - Attachment 7 - Exhibit A

II. INTRODUCTION

Rudd and Wisdom, Inc. has been asked by the Texas Land Title Association (TLTA) to develop indicated rate change for Texas title insurance firms. This report presents the indicated rate change calculations and assumptions used in developing the indicated rates.

Rudd and Wisdom has relied on the following data sources:

- Texas Title Insurance Experience Report Compilation from 1998 through 2021. This report compiles experience for all underwriters.
- Texas Title Insurance Agent Experience Report Compilation from 1998 through 2021. This report compiles experience for all agents including independent agents, affiliated agents and direct operation.
- Title Industry Annual Statement Compilation data from the American Land Title Association (ALTA) derived from NAIC data for all title underwriting companies.
- Cost of capital provided by Dr. Greg Hallman and Mr. Kevin Jewell.
- Survey of CY2023 expense from Texas title agents.

Although the above data was reviewed for reasonableness, Rudd and Wisdom did not audit the data.

III. OVERVIEW OF RATING METHODOLOGY

This report details the development of the indicated rate change for title insurance firms in Texas. The actuarial model used to derive the indicated rate change relies primarily on the experience of title insurance underwriters and agents in Texas. This includes data from independent agents, affiliated agents, direct operations, and underwriters. The loss, LAE, and expense ratio were compiled and analyzed for each year from 1998 through 2021. The rating analysis determines an appropriate rate by analyzing the costs that are expected to prevail at the time the rates are in effect. The indicated rate provides a reasonable provision to cover i) expected expense, ii) expected loss & LAE, iii) catastrophic load, and iv) underwriting profit. The formula used to determine the indicated rate change is:

$$[(Expense\ Ratio + Loss\ Ratio + Catastrophic\ Load) / (1 - Underwriting\ Profit)] - 1$$

EXPENSE

Unlike other forms of insurance, title insurance is based primarily on loss prevention and the largest percent of the premiums is used to cover the expenses necessary to prevent title claims from occurring. These expenses cover searching for, identifying and eliminating risks that could result in a future claim. A typical title search involves visits to the offices of recorders or registries of deeds, clerks of courts and other officials, and the company's own title plant. Title professionals search for second or third mortgages, judgments, liens, street and sewer system assessments, special taxes and levies and numerous other matters to prevent future claims. A higher expense ratio (expense as percent of premiums) typically means more research is done on the front end of the process and that results in lower loss and LAE ratios. Alternatively, a lower expense ratio typically means less research is done resulting in a higher loss and LAE ratios.

The expense ratio for title insurance is highly correlated with premium volume. Generally, the higher the premium volume the lower the expense ratio. Conversely, a lower premium volume will produce a higher expense ratio. This inverse relationship between expense ratio and premium volume occurs because a significant portion of title industry's expenses are fixed, at least in the short term. Expense items, such as salary, benefits and rent are not directly impacted by premium volume. However, the expense ratio is very much impacted by premium volume. The premium volume should be considered when projecting the expense ratio for ratemaking purposes.

LOSS AND LAE

Loss and Loss Adjustment Expense (LAE) is intended to account for the expected cost of claims against a title policy. When there is a claim, it is often due to a title defect that was undetected during the title search. A title defect is anything that can cause a title to be considered invalid or defective in some way. Some examples are:

- Invalid documents due to forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation.
- Failure of any person or entity to have authorized a transfer or conveyance.
- A document affecting title that is not properly executed, signed, witnessed, notarized, or delivered.
- Undisclosed or unrecorded easements not otherwise apparent on the property.

- No right of access to and from the land.
- A document executed under a falsified, expired, or otherwise invalid power of attorney.
- A document not properly filed, recorded, or indexed in the public records.
- Ownership claims by undisclosed or missing heirs.
- Defect arising from an improper prior foreclosure.
- Undisclosed restrictive covenants affecting the property.

Lien issues can also cause title defects. Some examples of lien issues are:

- Any statutory or constitutional contractor's, mechanic's, or materialman's lien for labor or materials that began on or before the policy date.
- Lien for labor or materials furnished by a contractor without consent.
- A previous owner failed to pay
 - a mortgage or deed of trust
 - a judgment, tax, or special assessment
 - a charge by a homeowners or condominium association.
- Other liens or claims that may exist against a title that are not listed in the policy.

CATASTROPHIC LOAD PROVISION

The loss and LAE ratios were developed using the past 20 years of data. This period doesn't include catastrophic claims. Attachment 10 presents the historical loss and LAE ratios and the provision for catastrophic claims. The provision for catastrophic claims was defined as the loss and LAE ratio in excess of 5.0%. The loss and LAE ratio have not exceeded 5% in any single year using the past 20 years of data. However, using the 37 years of data reflects the catastrophic event from the savings and loan crisis experienced in the late 1980s and early 1990s. The straight average 37-year provision for catastrophic claims is 1.4%.

We have selected a margin of 1.0% in the rating analysis for the provision of catastrophic losses that is not reflected in our 20-year historical loss and LAE ratios.

UNDERWRITING PROFIT LOAD

The underwriting profit load provision is a margin in the rates that together with investment and miscellaneous income provides an adequate return to the title insurance firms considering the capital required, the expenses incurred, and risks involved with selling title insurance.

The suggested cost of capital was provided by Dr. Greg Hallman and Mr. Kevin Jewell. They have recommended using a cost of capital of 15.8%. We removed the return on investment to determine the appropriate underwriting profit load to include in the rates. We have determined the underwriting profit load to be 11.30%. Attachment 7 presents the underwriting profit load calculations and summarized below.

- The after-tax return of capital is assumed to be 15.8% and comes directly from Dr. Hallman's and Mr. Jewell's cost of capital analysis. It represents the total return from both investments and underwriting (i.e. profit load through rating).

- The historical pre-tax return on invested assets is assumed to be 6.2% and is 1.0% higher than the current 20-year Treasury bill. The historical pre-tax return on invested assets is then converted into an after-tax and the return on invested assets is converted into return on capital by applying historical leverage ratio which results in an after-tax return on capital of 7.66%.
- The after-tax return on capital from underwriting is 8.14% which equals the total return on capital (15.8%) minus the return on capital that the companies are assumed to achieve through investments (7.66%).
- The after-tax return on capital from underwriting is then converted into after tax return on premiums from underwriting by applying historical leverage ratio.
- The after-tax return on premiums from underwriting is then converted into pre-tax return on premiums from underwriting resulting in our profit load assumption of 11.30%.

ADJUSTMENT TO REVENUE AND EXPENSE

The rating analysis primarily relies on the “Texas Title Insurance Industry Experience Report Compilation” for Underwriters and “Texas Title Insurance Agent Experience Report Compilation” for Agents published by TDI and included in Attachment 3. The Agent report groups experience into three types of operation: title insurance, escrow and non-policy abstract. Only experience reported as title insurance is used for the purpose of rate setting. Experience reported as escrow or non-policy abstract are excluded from the rating analysis because it’s not part of the rate regulated title policy.

Historical premiums were adjusted by applying an “on-level” factor, which reflect what the premiums would be using the rates that are currently in effect. The “on-level” factor is presented in Attachment 8 and derived from historical rate changes and policy changes.

In addition, title insurance rates should only include revenue and expense related to issuing title policy. Title agents provide certain “title” services that are beyond the scope of the rate regulated title policy and should be excluded from rate setting. This is achieved by excluding the following revenue and expense items.

- Pass Through. Tax Certificates and Recording Fees are “pass through” payments made by title agents on behalf of the insured, which are then reimbursed as part of the closing transaction. This results in artificially increasing the overall expense ratio for agents. For example, Agents A pays Agent B \$100 for examination services then A will record expense and B will record as income. Prior to this, total expense is \$900 and income is \$1,000 for 90% expense ratio (\$900/\$1,000). The industry transfer will result in increase in both income and expense by \$100 resulting in expense ratio of 91% (\$1,000/\$1,100). Pass through payments are reported as both revenue and expense and are excluded from rating.
- Industry Transfer. Evidence/Examination Fees and Closing Fees paid to Title Agents are “industry transfer” payments made between two title agents when one agent completes work for another agent.

Similar to pass through payments, industry transfer payments are reported as both revenue and expense and are excluded from rating.

- **Excluded Expense.** Expense items excluded from rate setting include (i) damages for bad faith suits, (ii) fines or penalties, (iii) donations/lobbying and (iv) trade association fees. The purpose of the exclusion is the philosophy that these expenses should not be passed onto policyholders in the rate making process.

SUMMARY OF EXPENSE AND LOSS EXPERIENCE

Attachment 2 presents information regarding on-level premiums, expenses, and losses & LAE from 1998 through 2021. A summary of each exhibit in Attachment 2 is shown below.

- Exhibit A - Summary of Loss & Expense Ratios for All Title Firms
- Exhibit B - Summary of Loss & Expense Ratios for Underwriting Companies
- Exhibit C - Summary of Loss & Expense Ratios for All Agents, including Independent Agents, Affiliated Agents and Direct Operations

Exhibit A of Attachment 2 presents the combined experience all underwriters and agents used for the rating analysis. Exhibit B of Attachment 2 presents experience for all underwriters and Exhibit C of Attachment 2 presents experience for all agents. Each of these exhibits uses the following terms which are described below.

Adjusted Gross Title Income. The sum of all revenue in the experience report is called the gross title income. The Adjusted Gross Title Income removes pass through and industry transfer items from the gross title income.

Adjusted Retained Premiums. Starting in 2004, underwriter premiums transferred to agents didn't match the sum of retained premiums for all agents. The reason for this is because a portion of the home office premiums for agents started to be reported in Examination/Evidence Fee (Income Line 4) and/or Closing Fee (Income Line 5). As a result, in order to account for the HOI premiums, we need to add Retained Premiums (Income Line 3), Examination/Evidence Fee (Income Line 4) and Closing Fee (Income Line 5). However, this will overstate the agents premiums due to double counting of some industry transfers. As a result, we need to remove the Evidence/Examination Fees (Expense Line 3a.) and Closing Fees Paid (Expense Line 4a) reported on the Expense lines. Attachment 9 compares the premiums retained by agents reported by the underwriters and the Adjusted Retained Premiums calculated for the agents. The difference is immaterial and due to reporting time differences between underwriters and agents.

Adjusted Expense. The Adjusted Expense removes pass through, industry transfer and excluded expense items from the total operating expenses. In addition, the Loss and LAE expense is excluded since it is accounted for separately.

Expense Included in Rating. Even after removing pass throughs, industry transfers and excluded expenses, the Adjusted Expense still include expenses with a mixture of rate-regulated and non-rate regulated title activities. The expense adjustment ratio, which equals Adjusted Retained Premiums divided by Adjusted Gross Title Income, is applied to the Adjusted Expense to approximate the expenses that are only associated

with rate-regulated title insurance. In addition, the net change to unearned premium is added to determine the Expense Included in Rating.

On-Level Expense Ratio. The On-Level Expense Ratio equals the Expense Included in Rating divided by Adjusted Retained Premiums.

On-Level Loss and LAE Ratio. The On-Level Loss and LAE Ratio equals the Loss and LAE expense divided by Adjusted Retained Premiums.

The experience data included in Attachment 2 was aggregated using data from the Texas Title Insurance Industry Experience Report Compilation for Underwriters included in Exhibit A of Attachment 3 and the Texas Title Insurance Agent Experience Report Compilation for Agents included in Exhibit B of Attachment 3. These reports are compiled and published annually on [TDI's website](#).

IV. RATING ANALYSIS

Downturn in Title Market

The rating analysis relies on historical data for the Texas title industry since historical experience is the best indicator of future experience. However, actuarial judgement should be relied on more when recent experience is significantly different than current market conditions. The rating analysis projects what the cost is expected to be during the rating period.

Although the 2021 data reflects a period of high profitability for the title industry, more recent data reflects a significant downward market trend that raises concerns and uncertainty that requires substantial consideration to ensure an adequate and reasonable rate. The pandemic spurred a steep drop in interest rates, a continued rise in home prices, shortages in supply, and an increased demand in the refinancing of homes, the market – both residential and commercial - has since experienced a significant decrease in activity in the second half of 2022 and the first half of 2023. Texas written premiums from January through June of 2023 are 40.1% less than same time period in 2022 based on ALTA Industry Annual Statement Compilation data derived from NAIC data. Exhibit A of Attachment 6 presents written premium data by state and year that the American Land Title Association (“ALTA”) published using the NAIC annual statement data from all underwriting companies. Texas written premiums in CY2023 are expected to be 42.5% less than CY2021 written premiums.

Another data source confirming that the Texas title market is experiencing a significant downturn is the current Quarterly Guaranty Fee Report that the Texas Title Insurance Guaranty Association produced. In accordance with Texas Insurance Code § 2602.151, a guaranty fee is collected on each owner or mortgagee title insurance policy issued in Texas. Exhibit C of Attachment 6 presents the Quarter Guaranty/GARC Fees and Policies Quarter 2023 Report. It reports that the number of policies reported where a guaranty fee is collected from the Texas Title Insurance Guaranty Association for Q1 and Q2 of 2023 is 30% less than same time period in 2022 and 40% less than same time period in 2021.

Rate Indication

The rating analysis uses the following scenarios to determine a reasonable rate range. Each of the scenarios was selected because premiums under each scenario is similar to the projected premiums in CY2023 presented in Exhibit A of Attachment 6.

1. Average of most recent 20-year period (2002-2021)

The COVID pandemic spurred a steep drop in interest rates, a continued increase in home prices, shortages in supply, and an increased demand for refinancing of homes resulting in a significant increase in premium volume that is not expected to continue. Retained premiums increased by \$1B in one year between 2020 and 2021. For reference, it took 15 years for retained premiums to increase by \$1B between 2000 and 2015.

Using experience for the most recent 20-year period has the advantage of smoothing out experience due to the cyclical nature of the title insurance industry. Periods of low expense ratio such as 2020 and 2021 from the COVID pandemic is combined with period of high expense ratio such as 2007-2009 from the Great Recession caused by the subprime mortgage crisis. The most recent 20-year period results in a rate change of -2.6%.

2. Average of most recent 15-year period (2007-2021)

Similar to the Scenario 1 except using experience for the most recent 15-year period. The most recent 15-year period results in a rate change of -6.4%.

3. Average of most recent 5-year period prior to COVID (2015-2019)

As described above, the COVID pandemic resulted in a significant increase in premium volume that is not expected to continue in the near future. Using experience for the most recent 5-year period prior to COVID eliminates outlier years not expected to continue. The most recent 5-year period prior to COVID results in a rate change of -5.3%.

4. Linear Regression Model

The expense ratio for title insurance is highly correlated with premium volume. Generally, the higher the premium volume the lower the expense ratio and vice versa. This inverse relationship between expense ratio and premium volume occurs because a significant portion of title industry's expenses are fixed, at least in the short term. Expense items, such as salary, benefits and rent are not directly impacted by premium volume. For example, the expense ratio was 95.6% based on \$1.0B in retained premiums in 2009 and was 66.4% based on \$3.7B in retained premiums in 2021.

Linear regression is used to adjust historical expense ratios assuming retained premium is \$2.1B, which is the projected premium volume for CY2023. Exhibit A of Attachment 4 presents the output of the linear regression model projecting the expense ratio based on on-level retained premiums. Exhibit B of Attachment 4 presents the analysis to adjust historical expense. Linear regression results in a rate change of -5.0%.

5. Adjustment to Historical Expense Model

TLTA members have stated that premium in CY2023 is similar to what it was in 2019 but expense is much higher. That's because a significant portion of title industry's expenses are fixed and title agents are not able to reduce expenses as quickly as the drop in premium volume. TLTA conducted a survey to all of its members and asked "are your average monthly expenses in 2023 higher or lower than your average monthly expenses in 2019 and if they're higher, by what percent?" Exhibit C of Attachment 5 summarizes all of the responses. 141 out of a total of 157 responses (90%) said average expense in 2023 is higher than 2019. 94 out of a total of 157 responses (60%) said average expense in 2023 is at least 20% higher than 2019.

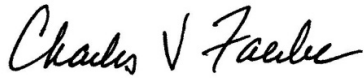
Scenarios 1 through 3 described above rely on historical experience to project the expenses and losses. However, based on responses from TLTA members, the historical expense in each of the scenarios is understated compared to CY2023 expense experience. Exhibit B of Attachment 5 presents the projected expense assuming expense is 5% higher than historical experience. Based on survey of Texas title agents, expense in 2023 is at least 20% higher than it was in 2019. However, we have assumed expense in 2023 is a modest 5% more than in 2019 for rate setting purposes.

Exhibit A of Attachment 5 presents the indicated rate change for each scenario assuming expense is 5% higher than historical experience. The indicated rate change for the three scenarios ranges from -1.9% to +2.0%. We have selected a rate change of 0.0% based on actuarial judgement.

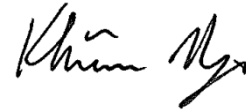
V. ACTUARIAL QUALIFICATIONS

We, Charles V. Faerber and Khiem D. Ngo are principals with the firm of Rudd and Wisdom, Inc., Consulting Actuaries (Rudd and Wisdom). We are Fellows of the Society of Actuaries, Associates of the Casualty Actuarial Society and members of the American Academy of Actuaries.

We meet the Academy's General Qualification Standard for rendering this opinion.



Charles V. Faerber, F.S.A., A.C.A.S., M.A.A.A



Khiem D. Ngo, F.S.A., A.C.A.S., M.A.A.A

VI. ATTACHMENTS

Attachment 1 – Summary of Indicated Rate Change

Attachment 2 – Summary of Claim and Expense Experience

Attachment 3 – Texas Title Experience Report

Attachment 4 – Linear Regression Model

Attachment 5 – Adjustment to Historical Expense Model

Attachment 6 – ALTA Written Premium

Attachment 7 – Underwriting Profit Load Provision

Attachment 8 – Development of On-Level Factors

Attachment 9 – Adjusted Retained Premium

Attachment 10 – Catastrophic Load Provision

Attachment 1 - Summary of Indicated Rate Change

The actuarial model used to derive the indicated rate change relies primarily on the experience of title insurance underwriters and agents in Texas. This includes data from independent agents, affiliated agents, direct operations, and underwriters. The loss, LAE, and expense ratio were compiled and analyzed for each year from 1998 through 2021. The indicated rate provides a reasonable provision to cover i) expected expense, ii) expected loss & LAE, iii) catastrophic load, and iv) underwriting profit.

The rating analysis uses the following scenarios to determine a reasonable rate range. Each of these scenarios is described in more detail in Section IV – Rating Analysis of the report. In addition, these scenarios were selected because premiums under each scenario are similar to the projected premiums in CY2023.

- Average of most recent 20-year period (2002-2021)
- Average of most recent 15-year period (2007-2021)
- Average of most recent 5-year period prior to COVID (2015-2019)
- Linear Regression Model
- Adjustment to Historical Expense Model

Based on our study, a reasonable rate change range is between 0.0% to -6.4%.

Texas Land Title Association
Texas Title Insurance Rate Indication Summary

<u>Components</u>	<u>5-Year 2015-2019^A</u>	<u>15-Year 2007-2021^A</u>	<u>20-Year 2002-2021^A</u>	<u>Linear Regression^B</u>	<u>Expense Adjustment^C</u>
Expense Ratio	80.9%	79.7%	82.8%	80.7%	85.2%
Loss & LAE Ratio	2.1%	2.4%	2.5%	2.5%	2.5%
Provision for Catastrophic Claims	<u>1.0%</u>	<u>1.0%</u>	<u>1.0%</u>	<u>1.0%</u>	<u>1.0%</u>
Total	84.0%	83.1%	86.4%	84.3%	88.7%
Profit Load - 11.30% ^D	11.30%	11.30%	11.30%	11.30%	11.30%
Indicated Rate Change	-5.3%	-6.4%	-2.6%	-5.0%	0.0%

Notes:

- A - Attachment 2 - Exhibit A
- B - Attachment 4 - Exhibit B
- C - Attachment 5 - Exhibit B
- D - Attachment 7 - Exhibit A

Attachment 2 - Summary of Claim and Expense Experience

Attachment 2 presents information regarding on-level premiums, expenses, and losses & LAE from 1998 through 2021. A summary of each exhibit in Attachment 2 is shown below.

- Exhibit A - Summary of Loss & Expense Ratios for All Title Firms
- Exhibit B - Summary of Loss & Expense Ratios for Underwriting Company
- Exhibit C – Summary of Loss & Expense Ratios for All Agents, including Independent Agents, Affiliated Agents and Direct Operations

Exhibit A of Attachment 2 presents the combined experience all underwriters and agents used for the rating analysis. Exhibit B of Attachment 2 presents experience for all underwriters and Exhibit C of Attachment 2 presents experience for all agents. Each of these exhibits uses the following terms which are described below.

Adjusted Gross Title Income. The sum of all revenue in the experience report is called the gross title income. The Adjusted Gross Title Income removes pass through and industry transfer items from the gross title income.

Adjusted Retained Premiums. Starting in 2004, underwriter premiums transferred to agents didn't match the sum of retained premiums for all agents. The reason for this is because a portion of the home office premiums for agents started to be reported in Examination/Evidence Fee (Income Line 4) and/or Closing Fee (Income Line 5). As a result, in order to account for the HOI premiums, we need to add Retained Premiums (Income Line 3), Examination/Evidence Fee (Income Line 4) and Closing Fee (Income Line 5). However, this will overstate the agents' premiums due to double counting of some industry transfers. As a result, we need to remove the Evidence/Examination Fees (Expense Line 3a.) and Closing Fees Paid (Expense Line 4a) reported on the Expense lines. Attachment 9 compares the premiums retained by agents reported by the underwriters and the Adjusted Retained Premiums calculated for the agents. The difference is immaterial and due to reporting time differences between underwriters and agents.

Adjusted Expense. The Adjusted Expense removes pass through, industry transfer and excluded expense items from the total operating expenses. In addition, the Loss and LAE expense is excluded since it is accounted for separately.

Expense Included in Rating. Even after removing pass throughs, industry transfers and excluded expenses, the Adjusted Expense still include expenses with a mixture of rate-regulated and non-rate regulated title activities. The expense adjustment ratio, which equals Adjusted Retained Premiums divided by Adjusted Gross Title Income, is applied to the Adjusted Expense to approximate the expenses that are only associated with rate-regulated title insurance. In addition, the net change to unearned premium is added to determine the Expense Included in Rating.

On-Level Expense Ratio. The On-Level Expense Ratio equals the Expense Included in Rating divided by Adjusted Retained Premiums.

On-Level Loss and LAE Ratio. The On-Level Loss and LAE Ratio equals the Loss and LAE expense divided by Adjusted Retained Premiums.

Texas Land Title Association
 Summary Of Loss & Expense Ratios
 Total - Agents & Underwriters

<i>Calendar Year</i>	<i>Adjusted Gross Title Income**</i>	<i>Adjusted Retained Premiums</i>	<i>On-Level Factor</i>	<i>On-Level Adjusted Retained Premium</i>	<i>Additional Unearned Premium</i>	<i>Adjusted Expense</i>	<i>Expense Included In Rate</i>	<i>Loss & LAE</i>	<i>On-Level Expense Ratio</i>	<i>On-Level Loss & LAE Ratio</i>
	(1)	(2)	(3)	(4)=(2)*(3)	(5)	(6)	(7)=(5)+(6)*(2)/(1)	(8)	(9) = (7)/(3)	(10) = (8)/(4)
1998	957,476,209	919,549,495	0.809	744,138,463	3,574,018	750,833,732	724,666,378	16,509,731	97.4%	2.2%
1999	981,629,994	944,059,272	0.824	777,587,134	8,927,714	829,063,591	806,259,880	21,140,434	103.7%	2.7%
2000	965,019,423	928,271,781	0.824	764,583,555	4,193,778	820,619,694	793,564,528	19,842,088	103.8%	2.6%
2001	1,130,461,715	1,088,158,258	0.824	896,276,205	7,045,092	952,595,491	923,993,129	18,335,658	103.1%	2.0%
2002	1,309,391,128	1,267,499,201	0.832	1,054,837,588	8,878,506	1,092,305,208	1,066,237,113	31,096,918	101.1%	2.9%
2003	1,583,352,486	1,535,651,202	0.877	1,346,047,003	20,833,908	1,308,125,967	1,289,550,274	40,870,014	95.8%	3.0%
2004	1,472,984,083	1,432,520,476	0.906	1,297,283,850	24,143,714	1,260,253,739	1,249,777,654	41,479,307	96.3%	3.2%
2005	1,531,594,629	1,489,421,947	0.937	1,396,158,806	18,484,082	1,318,117,757	1,300,307,273	49,224,084	93.1%	3.5%
2006	1,693,222,086	1,645,473,245	0.937	1,542,438,639	11,502,725	1,458,729,508	1,429,096,079	47,719,447	92.7%	3.1%
2007	1,613,149,613	1,561,206,017	0.966	1,508,151,367	12,551,994	1,396,594,294	1,364,175,798	51,647,343	90.5%	3.4%
2008	1,231,859,074	1,186,600,336	0.968	1,149,046,969	(4,283,461)	1,168,441,684	1,121,229,452	55,226,701	97.6%	4.8%
2009	1,062,325,934	1,013,798,824	0.968	981,714,256	(18,186,359)	1,002,378,417	938,403,354	35,639,008	95.6%	3.6%
2010	1,101,921,324	1,057,770,573	0.968	1,024,294,393	(11,471,165)	941,079,171	891,901,728	40,018,351	87.1%	3.9%
2011	1,159,122,044	1,123,156,521	0.968	1,087,611,015	(5,899,805)	959,720,307	924,042,065	58,064,437	85.0%	5.3%
2012	1,468,967,729	1,429,904,344	0.968	1,384,650,925	1,500,493	1,115,887,133	1,087,713,503	32,209,248	78.6%	2.3%
2013	1,746,679,174	1,690,315,410	0.945	1,596,929,470	10,090,537	1,280,082,525	1,248,865,951	39,906,444	78.2%	2.5%
2014	1,772,069,471	1,708,706,132	0.933	1,594,250,681	(22,601,407)	1,320,571,845	1,250,751,159	33,991,728	78.5%	2.1%
2015	1,960,377,130	1,902,011,015	0.933	1,774,607,288	23,228,575	1,455,372,166	1,435,270,089	34,869,621	80.9%	2.0%
2016	2,088,078,378	2,030,861,451	0.933	1,894,826,846	18,596,511	1,564,922,066	1,540,637,030	38,102,470	81.3%	2.0%
2017	2,111,486,189	2,050,197,611	0.933	1,912,867,799	13,272,179	1,609,525,914	1,576,079,552	39,006,846	82.4%	2.0%
2018	2,218,541,135	2,153,058,063	0.933	2,008,838,277	14,488,640	1,658,933,251	1,624,456,360	43,507,501	80.9%	2.2%
2019	2,337,278,585	2,268,426,680	0.954	2,164,718,222	15,956,856	1,747,256,301	1,711,742,217	50,651,643	79.1%	2.3%
2020	2,780,024,265	2,689,247,689	1.000	2,689,247,689	28,430,365	1,954,548,735	1,919,156,908	40,209,441	71.4%	1.5%
2021	3,818,427,267	3,687,118,037	1.000	3,687,118,037	62,837,349	2,469,359,551	2,447,279,818	35,813,839	66.4%	1.0%
15 Years Total	28,470,307,313	27,552,378,705		26,458,873,236	138,511,301	21,644,673,360	21,081,704,985	628,864,622	79.7%	2.4%
20 Years Total	36,060,851,726	34,922,944,776		33,095,639,122	222,354,236	28,082,205,539	27,416,673,379	839,254,392	82.8%	2.5%
2015-2019	10,715,761,417	10,404,554,821		9,755,858,433	85,542,761	8,036,009,698	7,888,185,248	206,138,081	80.9%	2.1%
2017-2019	6,667,305,909	6,471,682,354		6,086,424,298	43,717,675	5,015,715,466	4,912,278,129	133,165,990	80.7%	2.2%

Texas Land Title Association
 Summary Of Loss & Expense Ratios
 Underwriting Company Experience

Calendar Year	Adjusted Gross Title Income	Adjusted Retained Premiums	On-Level Factor	On-Level Adjusted Retained Premium	Additional Unearned Premium	Adjusted Expense ¹	Expense Included In Rate	Loss & LAE	On-Level Expense Ratio	On-Level Loss & LAE Ratio
	(1)	(2)	(3)	(4)=(2)*(3)	(5)	(6)	(7)=(5)+(6)*(2)/(1)	(8)	(9) = (7)/(3)	(10) = (8)/(4)
1998	161,352,746	157,204,201	0.809	127,216,309	3,574,018	84,517,189	85,918,183	14,943,440	67.5%	11.7%
1999	186,043,147	181,581,877	0.824	149,562,359	8,927,714	120,202,343	126,247,633	18,770,606	84.4%	12.6%
2000	167,569,170	163,914,407	0.824	135,010,309	4,193,778	112,538,576	114,277,834	17,929,279	84.6%	13.3%
2001	171,526,134	167,419,757	0.824	137,897,538	7,045,092	128,680,429	132,644,881	16,237,440	96.2%	11.8%
2002	191,174,671	187,197,154	0.832	155,789,127	8,878,506	128,995,440	135,190,110	29,527,514	86.8%	19.0%
2003	243,937,898	240,889,576	0.877	211,147,357	20,833,908	167,122,696	185,868,188	38,634,987	88.0%	18.3%
2004	262,158,664	258,223,493	0.906	233,845,989	24,143,714	183,913,564	205,296,616	38,220,749	87.8%	16.3%
2005	265,114,130	257,173,280	0.937	241,069,859	18,484,082	191,330,809	204,084,041	42,472,425	84.7%	17.6%
2006	281,783,217	276,653,461	0.937	259,330,250	11,502,725	216,203,275	223,770,102	43,538,927	86.3%	16.8%
2007	258,627,773	247,102,879	0.966	238,705,552	12,551,994	205,578,509	208,969,574	40,232,513	87.5%	16.9%
2008	196,583,181	188,949,375	0.968	182,969,531	(4,283,461)	177,873,497	166,682,773	38,765,768	91.1%	21.2%
2009	168,110,602	152,796,218	0.968	147,960,544	(18,186,359)	177,974,934	143,575,579	33,541,313	97.0%	22.7%
2010	175,230,880	161,134,619	0.968	156,035,052	(11,471,165)	136,606,252	114,145,943	37,811,090	73.2%	24.2%
2011	184,557,763	174,372,312	0.968	168,853,801	(5,899,805)	124,942,747	112,147,549	55,730,084	66.4%	33.0%
2012	223,846,557	215,105,633	0.968	208,297,999	1,500,493	136,180,586	132,363,400	28,028,121	63.5%	13.5%
2013	270,836,545	259,775,028	0.945	245,423,070	10,090,537	149,956,041	153,922,067	37,876,813	62.7%	15.4%
2014	286,066,639	277,631,736	0.933	259,034,937	(22,601,407)	147,448,742	120,499,691	31,586,849	46.5%	12.2%
2015	317,954,941	311,917,695	0.933	291,024,295	23,228,575	154,466,448	174,762,055	32,644,416	60.1%	11.2%
2016	340,009,926	333,691,419	0.933	311,339,535	18,596,511	159,078,830	174,719,131	33,120,651	56.1%	10.6%
2017	340,560,902	334,939,667	0.933	312,504,171	13,272,179	141,448,362	152,385,821	37,140,181	48.8%	11.9%
2018	370,102,734	364,170,519	0.933	339,777,032	14,488,640	156,911,097	168,884,678	39,293,988	49.7%	11.6%
2019	372,846,081	366,686,600	0.954	349,922,336	15,956,856	152,083,667	165,528,074	46,616,584	47.3%	13.3%
2020	430,297,407	424,517,833	1.000	424,517,833	28,430,365	170,837,077	196,972,830	34,949,059	46.4%	8.2%
2021	593,098,007	587,769,661	1.000	587,769,661	62,837,349	240,296,730	300,975,272	28,763,766	51.2%	4.9%
10 Years Total	3,137,079,496	3,062,808,443		2,910,695,009	97,062,943	1,493,353,597	1,552,185,296	376,986,746	53.3%	13.0%
15 Years Total	4,217,415,150	4,089,444,996		3,895,695,939	87,176,677	2,407,590,064	2,409,329,267	570,876,357	61.8%	14.7%

Notes
 Experience reported by Underwriting Company in the Texas Title Insurance Industry Experience Report. See Attachment 3 - Exhibit A.

- (1) Adjusted Expense includes title operating expense reported by Underwriters, excluding the following
- Expense Line 24. Loss Adjustment Expenses Incurred - This is captured as Loss/LAE instead of Expense
 - Expense Line 25. Losses Incurred - This is captured as Loss/LAE instead of Expense
 - Expense Line 28. Net Addition to Unearned Premium Reserve. This is captured in Unearned Premiums Reserve instead of Expense
 - Expense Line 29 thru 32 - Ineligible Expense not included in rating analysis.

All Agent Experience - Independent Agents, Affiliated Agents & Direct Operations

Calendar Year	Adjusted Gross Title Income ¹	Adjusted Retained Premiums ²	On-Level Factor	On-Level Adjusted Retained Premium	Additional Unearned Premium	Adjusted Expense ³	Expense Included In Rate	Loss & LAE	On-Level Expense Ratio	On-Level Loss & LAE Ratio
	(1)	(2)	(3)	(4)=(2)*(3)	(5)	(6)	(7)=(5)+(6)*(2)/(1)	(8)	(9) = (7)/(3)	(10) = (8)/(4)
1998	796,123,463	762,345,294	0.809	616,922,154	-	666,316,543	638,045,862	1,566,291	103.4%	0.3%
1999	795,586,847	762,477,395	0.824	628,024,775	-	708,861,248	679,361,002	2,369,828	108.2%	0.4%
2000	797,450,253	764,357,374	0.824	629,573,246	-	708,081,119	678,696,913	1,912,809	107.8%	0.3%
2001	958,935,581	920,738,501	0.824	758,378,667	-	823,915,062	791,096,226	2,098,217	104.3%	0.3%
2002	1,118,216,457	1,080,302,047	0.832	899,048,461	-	963,309,768	930,647,647	1,569,404	103.5%	0.2%
2003	1,339,414,588	1,294,761,626	0.877	1,134,899,646	-	1,141,003,271	1,102,964,880	2,235,027	97.2%	0.2%
2004	1,210,825,419	1,174,296,983	0.906	1,063,437,861	-	1,076,340,175	1,043,868,918	3,258,558	98.2%	0.3%
2005	1,266,480,500	1,232,248,667	0.937	1,155,088,946	-	1,126,786,949	1,096,330,907	6,751,659	94.9%	0.6%
2006	1,411,438,869	1,368,819,784	0.937	1,283,108,389	-	1,242,526,233	1,205,007,547	4,180,520	93.9%	0.3%
2007	1,354,521,840	1,314,103,138	0.966	1,269,445,815	-	1,191,015,785	1,155,476,077	11,414,830	91.0%	0.9%
2008	1,035,275,893	997,650,961	0.968	966,077,439	-	990,568,187	954,568,063	16,460,933	98.8%	1.7%
2009	894,215,332	861,002,606	0.968	833,753,712	-	824,403,483	793,783,692	2,097,695	95.2%	0.3%
2010	926,690,444	896,635,954	0.968	868,259,341	-	804,472,919	778,382,196	2,207,261	89.6%	0.3%
2011	974,564,281	948,784,209	0.968	918,757,215	-	834,777,560	812,695,255	2,334,353	88.5%	0.3%
2012	1,245,121,172	1,214,798,711	0.968	1,176,352,926	-	979,706,547	955,847,734	4,181,127	81.3%	0.4%
2013	1,475,842,629	1,430,540,382	0.945	1,351,506,400	-	1,130,126,484	1,095,436,289	2,029,631	81.1%	0.2%
2014	1,486,002,832	1,431,074,396	0.933	1,335,215,744	-	1,173,123,103	1,129,759,917	2,404,879	84.6%	0.2%
2015	1,642,422,189	1,590,093,320	0.933	1,483,582,993	-	1,300,905,718	1,259,457,834	2,225,205	84.9%	0.1%
2016	1,748,068,452	1,697,170,032	0.933	1,583,487,311	-	1,405,843,236	1,364,909,370	4,981,819	86.2%	0.3%
2017	1,770,925,287	1,715,257,944	0.933	1,600,363,628	-	1,468,077,552	1,421,929,938	1,866,665	88.9%	0.1%
2018	1,848,438,401	1,788,887,544	0.933	1,669,061,245	-	1,502,022,154	1,453,631,736	4,213,513	87.1%	0.3%
2019	1,964,432,504	1,901,740,080	0.954	1,814,795,886	-	1,595,172,634	1,544,264,680	4,035,059	85.1%	0.2%
2020	2,349,726,858	2,264,729,856	1.000	2,264,729,856	-	1,783,711,658	1,719,189,204	5,260,382	75.9%	0.2%
2021	3,225,329,260	3,099,348,376	1.000	3,099,348,376	-	2,229,062,821	2,141,995,957	7,050,073	69.1%	0.2%
10 Years Total	16,505,544,605	15,983,076,474		15,197,853,204	-	13,173,466,646	12,757,121,957	33,532,633	83.9%	0.2%
15 Years Total	22,127,686,983	21,421,288,917		20,418,497,899	-	18,226,453,253	17,644,339,531	69,893,872	86.4%	0.3%

Notes

Experience reported by Independent Agents, Affiliated Agents and Direct Operations in the Texas Title Insurance Industry Experience Report. See Attachment 5 - Exhibit B.

- (1) Adjusted Gross Title Income includes the gross title income reported by all agents, excluding the following
 Income Line 6. Tax Certificates (pass through item, removed from both income and expense)
 Income Line 7. Recording Fees (pass through item, removed from both income and expense)
 Expense Line 3a. Evidence/Examination Fees - Title Agents (industry transfer item, removed from both income and expense)
 Expense Line 4a. Closing Fees Paid - Title Agents (industry transfer item, removed from both income and expense)
- (2) Adjusted Retained Premiums includes income reported by all agents from
 Line 3. Premiums Retained, Line 4. Examination/Evidence Fees, and Line 5. Closing Fees, excludes the following
 Expense Line 3a. Evidence/Examination Fees - Title Agents (industry transfer item, removed from both income and expense)
 Expense Line 4a. Closing Fees Paid - Title Agents (industry transfer item, removed from both income and expense)

(3) Adjusted Expense includes title operating expense reported by all agents, excluding the following

Expense Line 3a. Evidence/Examination Fees - Title Agents (industry transfer item, removed from both income and expense)

Expense Line 4a. Closing Fees Paid - Title Agents (industry transfer item, removed from both income and expense)

Expense Line 24. Loss & Loss Adjustment Expense - This is captured as Loss/LAE instead of Expense

Expense Line 25. Tax Certificates (pass through item, removed from both income and expense)

Expense Line 26. Recording Fees (pass through item, removed from both income and expense)

Expense Line 28 thru 31 - Ineligible Expense not included in rating analysis.

Attachment 3 – Texas Title Experience Report

Texas Department of Insurance collects and compiles Texas title industry experience on an annual basis and publish the underwriter and agent reports on [TDI's website](#).

- Agents – “Texas Title Insurance Agent Experience Report Compilation”
- Underwriters – “Texas Title Insurance Industry Experience Report Compilation”

Exhibit A presents the underwriter experience reports and Exhibit B presents the agents experience reports.

TEXAS TITLE INSURANCE INDUSTRY EXPERIENCE REPORT
UNDERWRITING COMPANY EXPERIENCE

INCOME	1998	1999	2000	2001	2002	2003	2004
1. Gross Title Premiums	884,853,671	979,769,012	935,342,381	1,044,401,160	1,262,176,918	1,526,183,583	1,492,641,821
2. Title Premiums Retained by Agents	745,726,638	813,275,313	794,066,622	894,015,079	1,074,979,764	1,285,294,007	1,234,418,328
3. Title Premiums Remitted to Underwriters	157,204,201	181,581,877	163,914,407	167,419,757	187,197,154	240,889,576	258,223,493
4. Service Charges	2,742,712	1,247,922	1,216,030	3,411,760	2,644,882	1,606,194	2,126,421
5. Other Income	1,405,833	3,213,348	2,438,733	694,617	1,332,635	1,442,128	1,808,750
GROSS INCOME	161,352,746	186,043,147	167,569,170	171,526,134	191,174,671	243,937,898	262,158,664
EXPENSES							
1. Salaries:	23,339,760	41,729,747	38,911,918	48,611,936	49,119,502	57,493,531	56,385,631
2. Employee Benefits, Relations & Welfare	7,886,357	12,398,267	11,991,521	7,586,041	11,150,203	16,258,182	13,837,154
3. Examination Costs Paid Nonemployees:							
3a. Title Agents	901,517	1,339,166	3,025,612	1,099,246	1,275,348	1,812,881	1,670,541
3b. Others	272,294	256,463	10,193	67,679	465,111	658,765	782,269
4. Closing Costs Paid Nonemployees:							
4a. Title Agents	6,936,659	7,180,409	9,552,594	17,024,698	8,958,805	9,787,942	17,484,923
4b. Others	0	767	555,126	507,926	62,236	522,517	2,884,917
5. Rent	2,936,882	6,593,089	7,172,374	7,211,897	5,829,890	7,075,377	9,794,033
6. Utilities	25,000	14,463	29,039	234,798	196,414	206,026	340,033
7. Accounting & Auditing	1,027,482	1,050,900	1,300,908	1,360,273	1,733,341	2,586,119	2,480,500
8. Advertising and promotions	2,808,680	5,088,297	4,053,396	2,976,387	3,584,891	8,906,873	7,131,811
9. Employee travel, lodging & education	3,685,540	4,811,610	3,985,200	5,334,901	5,034,516	5,268,370	4,292,709
10. Insurance	403,559	607,279	242,596	586,170	404,246	774,204	1,244,516
11. Interest	392,188	431,759	450,187	183,317	128,194	114,069	87,405
12. Legal Expenses	1,162,745	650,613	769,371	615,830	1,341,857	1,557,754	5,806,261
13. Licenses, Taxes & Fees	13,977,010	17,721,447	12,417,556	13,970,912	17,196,367	23,450,119	24,042,036
14. Postage & Freight	763,903	3,749,897	4,520,057	499,366	567,017	440,229	678,795
15. Courier & Overnight Delivery	158,423	339,197	477,950	1,431,577	1,152,597	1,257,253	1,712,702
16. Telephone & Facsimile	1,412,126	619,325	654,271	1,846,267	2,205,359	2,452,774	3,254,096
17. Printing/Photocopying	2,049,403	3,541,476	2,248,848	1,095,458	2,120,118	1,620,723	1,937,758
18. Office Supplies	672,683	648,962	612,327	1,455,373	1,355,459	2,508,761	2,128,271
19. Equipment & Vehicle Leases	1,336,649	4,155,554	2,373,992	2,228,256	2,560,389	4,626,566	3,554,318
20. Depreciation	1,849,672	620,637	802,326	1,573,529	3,490,703	4,647,362	10,352,985
21. Directors' Fees	68,774	766,949	611,650	8,741	7,470	13,153	12,920
22. Dues, Boards & Associations	452,216	397,118	128,013	187,924	289,666	398,269	400,519
23. Bad Debts	-445,158	388,897	218,940	909,128	206,787	393,208	799,546
24. Loss Adjustment Expenses Incurred	5,932,177	6,011,115	6,244,824	5,962,340	8,951,858	8,650,764	15,806,288
25. Losses Incurred	9,011,263	12,759,491	11,684,455	10,275,100	20,575,656	29,984,223	22,414,461
26. Other	10,442,825	5,100,055	5,422,611	10,072,801	8,525,611	12,282,371	10,816,915
27. Allowances to Managers & Agents	0	0	0	0	33,344	9,299	0
28. Net Addition to Unearned Premium Rese	3,574,018	8,927,714	4,193,778	7,045,092	8,878,506	20,833,908	24,143,714
29. Damages Paid for Bad Faith Suits	0	0	0	0	0	0	0
30. Fines or Penalties for Violation of Law	2,000	0	195	17,517	0	81	17,391
31. Donations/Lobbying	86,829	140,591	116,041	172,299	161,460	255,542	275,903
32. Trade Associations	189,589	289,643	99,420	150,330	211,779	464,762	400,937
TOTAL OPERATING EXPENSES	103,313,065	148,330,897	134,877,288	152,303,108	167,774,699	227,311,976	246,972,258
INCOME OR (LOSS) FROM OPERATIONS	58,039,681	37,712,250	32,691,882	19,223,026	23,399,972	16,625,922	15,186,406

TEXAS TITLE INSURANCE INDUSTRY EXPERIENCE REPORT
UNDERWRITING COMPANY EXPERIENCE

INCOME	1998	1999	2000	2001	2002	2003	2004
Adjusted Gross Title Income	161,352,746	186,043,147	167,569,170	171,526,134	191,174,671	243,937,898	262,158,664
Adjusted Retained Premiums	157,204,201	181,581,877	163,914,407	167,419,757	187,197,154	240,889,576	258,223,493
Adjusted Title Expense (1)	84,517,189	120,202,343	112,538,576	128,680,429	128,995,440	167,122,696	183,913,564
Loss/LAE	14,943,440	18,770,606	17,929,279	16,237,440	29,527,514	38,634,987	38,220,749
Unearned Premiums Reserve	3,574,018	8,927,714	4,193,778	7,045,092	8,878,506	20,833,908	24,143,714

Notes

(1) Expense excludes the following

Expense Line 24. Loss Adjustment Expenses Incurred - This is captured as Loss/LAE instead of Expense

Expense Line 25. Losses Incurred - This is captured as Loss/LAE instead of Expense

Expense Line 28. Net Addition to Unearned Premium Reserve. This is captured in Unearned Premiums Reserve instead of Expense

Expense Line 29 thru 32 - Ineligible Expense not included in rating analysis.

TEXAS TITLE INSURANCE INDUSTRY EXPERIENCE REPORT
UNDERWRITING COMPANY EXPERIENCE

INCOME	2005	2006	2007	2008	2009	2010	2011
1. Gross Title Premiums	1,484,609,993	1,664,529,304	1,620,546,437	1,246,852,968	1,016,438,905	1,061,962,979	1,159,950,952
2. Title Premiums Retained by Agents	1,227,436,713	1,387,875,843	1,373,443,558	1,057,903,593	863,642,687	900,828,360	985,578,640
3. Title Premiums Remitted to Underwriters	257,173,280	276,653,461	247,102,879	188,949,375	152,796,218	161,134,619	174,372,312
4. Service Charges	2,971,939	1,340,337	2,572,232	2,892,425	5,248,827	7,026,951	7,569,389
5. Other Income	4,968,911	3,789,419	8,952,662	4,741,381	10,065,557	7,069,310	2,616,062
GROSS INCOME	265,114,130	281,783,217	258,627,773	196,583,181	168,110,602	175,230,880	184,557,763
EXPENSES							
1. Salaries:	75,904,501	68,754,328	79,564,377	60,876,776	58,741,571	49,021,050	43,881,360
2. Employee Benefits, Relations & Welfare	16,691,209	12,628,945	13,367,372	10,959,209	10,173,174	8,348,797	7,693,149
3. Examination Costs Paid Nonemployees:							
3a. Title Agents	3,272,615	11,266,571	1	40,090	389,300	152,027	-68,786
3b. Others	1,130,353	507,116	265,087	681,604	1,880,224	1,719,698	2,835,652
4. Closing Costs Paid Nonemployees:							
4a. Title Agents	9,374,910	29,360,816	26,571,007	0	423,646	252,234	34,666
4b. Others	3,217,330	1,766,612	2,732,211	5,296,844	7,639,563	5,316,637	1,684,701
5. Rent	8,115,546	7,381,671	8,666,350	10,434,660	14,803,161	6,613,263	4,983,156
6. Utilities	266,916	104,111	286,614	202,113	445,596	283,037	228,181
7. Accounting & Auditing	3,621,524	2,811,215	2,502,606	2,651,265	2,368,745	3,775,846	2,293,154
8. Advertising and promotions	6,189,516	6,514,783	6,405,833	3,828,868	2,315,904	1,083,688	1,655,515
9. Employee travel, lodging & education	6,343,195	4,783,034	4,902,678	4,129,812	3,473,123	3,436,727	3,351,576
10. Insurance	930,398	760,027	507,842	1,583,457	1,226,968	925,717	1,066,011
11. Interest	159,509	452,577	355,424	133,636	155,469	56,798	138,159
12. Legal Expenses	5,379,905	7,502,748	6,633,568	5,667,582	6,688,340	5,017,333	6,967,031
13. Licenses, Taxes & Fees	23,775,144	17,569,957	16,968,862	12,260,043	12,953,945	14,541,640	18,006,594
14. Postage & Freight	864,965	804,576	374,522	1,313,230	1,024,504	675,566	683,280
15. Courier & Overnight Delivery	-164,236	-679,031	-1,999,978	-572,902	847,380	808,753	711,026
16. Telephone & Facsimile	2,573,898	5,972,796	2,921,993	2,838,286	2,388,461	1,651,415	1,057,066
17. Printing/Photocopying	1,218,171	1,428,124	1,079,276	1,185,304	992,704	657,120	433,802
18. Office Supplies	2,897,475	1,971,105	149,284	959,411	1,454,177	962,972	776,977
19. Equipment & Vehicle Leases	4,248,572	4,580,028	4,567,897	9,973,304	6,984,882	3,001,350	4,668,974
20. Depreciation	10,429,987	11,012,139	9,624,029	19,467,581	15,096,126	11,797,831	5,599,863
21. Directors' Fees	9,058	7,511	10,618	183,672	11,296	8,106	13,106
22. Dues, Boards & Associations	250,117	562,048	622,444	728,281	309,100	187,039	511,930
23. Bad Debts	123,115	212,142	1,982,818	2,178,721	5,136,304	1,343,059	615,367
24. Loss Adjustment Expenses Incurred	18,676,305	19,633,295	15,721,684	13,937,428	20,444,362	14,119,748	15,122,340
25. Losses Incurred	23,796,120	23,905,632	24,510,829	24,828,340	13,096,951	23,691,342	40,607,744
26. Other	4,497,576	18,161,712	16,515,775	20,872,650	20,027,096	14,968,549	15,121,237
27. Allowances to Managers & Agents	9,538	5,613	0	0	24,175	0	0
28. Net Addition to Unearned Premium Rese	18,484,082	11,502,725	12,551,994	-4,283,461	-18,186,359	-11,471,165	-5,899,805
29. Damages Paid for Bad Faith Suits	0	1,440	0	0	0	0	0
30. Fines or Penalties for Violation of Law	12,516	1,498,848	519,668	-491,357	18,364	108,852	-30,319
31. Donations/Lobbying	314,335	306,272	354,035	140,087	62,542	50,057	156,863
32. Trade Associations	280,375	368,202	382,222	44,617	187,975	237,588	225,895
TOTAL OPERATING EXPENSES	252,894,541	273,419,689	259,618,941	212,049,151	193,598,769	163,342,674	175,125,465
INCOME OR (LOSS) FROM OPERATIONS	12,219,589	8,363,529	-991,168	-15,465,970	-25,488,167	11,888,206	9,432,298

TEXAS TITLE INSURANCE INDUSTRY EXPERIENCE REPORT
UNDERWRITING COMPANY EXPERIENCE

INCOME	2005	2006	2007	2008	2009	2010	2011
Adjusted Gross Title Income	265,114,130	281,783,217	258,627,773	196,583,181	168,110,602	175,230,880	184,557,763
Adjusted Retained Premiums	257,173,280	276,653,461	247,102,879	188,949,375	152,796,218	161,134,619	174,372,312
Adjusted Title Expense (1)	191,330,809	216,203,275	205,578,509	177,873,497	177,974,934	136,606,252	124,942,747
Loss/LAE	42,472,425	43,538,927	40,232,513	38,765,768	33,541,313	37,811,090	55,730,084
Unearned Premiums Reserve	18,484,082	11,502,725	12,551,994	-4,283,461	-18,186,359	-11,471,165	-5,899,805

Notes

(1) Expense excludes the following

Expense Line 24. Loss Adjustment Expenses Incurred - This is captured as Loss/LAE instead of Expense

Expense Line 25. Losses Incurred - This is captured as Loss/LAE instead of Expense

Expense Line 28. Net Addition to Unearned Premium Reserve. This is captured in Unearned Premiums Reserve instead of Expense

Expense Line 29 thru 32 - Ineligible Expense not included in rating analysis.

TEXAS TITLE INSURANCE INDUSTRY EXPERIENCE REPORT
UNDERWRITING COMPANY EXPERIENCE

INCOME	2012	2013	2014	2015	2016	2017	2018
1. Gross Title Premiums	1,428,938,173	1,703,670,373	1,720,074,777	1,883,729,161	2,041,418,863	2,055,916,368	2,164,266,861
2. Title Premiums Retained by Agents	1,213,832,540	1,443,895,345	1,442,443,041	1,571,811,465	1,707,727,443	1,720,976,701	1,800,096,342
3. Title Premiums Remitted to Underwriters	215,105,633	259,775,028	277,631,736	311,917,695	333,691,419	334,939,667	364,170,519
4. Service Charges	6,166,431	8,104,085	5,805,765	3,815,140	3,373,624	3,025,326	3,518,750
5. Other Income	2,574,493	2,957,432	2,629,138	2,222,106	2,944,883	2,595,909	2,413,465
GROSS INCOME	223,846,557	270,836,545	286,066,639	317,954,941	340,009,926	340,560,902	370,102,734
EXPENSES							
1. Salaries:	54,334,936	64,277,441	69,901,780	63,740,686	65,807,257	56,896,764	59,597,732
2. Employee Benefits, Relations & Welfare	8,970,966	10,527,101	10,720,315	11,555,113	11,493,503	10,515,738	11,638,764
3. Examination Costs Paid Nonemployees:					0	0	0
3a. Title Agents	333,122	1,502,517	1,708,771	1,847,899	2,106,668	4,749,923	3,834,699
3b. Others	2,994,588	607,413	1,781,579	1,742,138	3,899,678	1,858,452	1,716,707
4. Closing Costs Paid Nonemployees:					0	0	0
4a. Title Agents	0	0	0	0	911	0	0
4b. Others	298,710	196,661	-924,659	-935,909	-804,817	-851,426	-689,300
5. Rent	6,266,219	5,503,104	4,918,970	4,571,297	4,429,378	2,979,535	4,272,734
6. Utilities	227,865	218,208	905,162	1,143,047	1,339,610	1,071,720	1,262,247
7. Accounting & Auditing	2,306,242	2,194,922	1,752,169	1,090,252	2,077,553	2,176,331	2,031,469
8. Advertising and promotions	2,323,579	2,593,767	2,802,941	2,420,434	3,301,497	3,018,688	3,266,601
9. Employee travel, lodging & education	3,416,322	3,835,018	4,471,869	4,856,286	4,389,805	4,210,292	4,680,390
10. Insurance	853,827	920,622	1,032,568	938,567	788,963	719,225	655,853
11. Interest	216,750	231,627	274,507	952,988	261,307	282,161	4,062
12. Legal Expenses	4,746,307	5,194,665	4,309,842	4,169,293	5,734,047	3,609,736	3,374,068
13. Licenses, Taxes & Fees	26,324,995	29,148,168	22,994,727	31,846,306	33,801,626	32,688,377	37,223,181
14. Postage & Freight	340,854	618,785	501,622	750,359	704,261	257,271	349,690
15. Courier & Overnight Delivery	757,762	641,437	578,354	286,334	216,962	228,672	264,182
16. Telephone & Facsimile	932,513	828,401	663,577	621,055	697,887	210,978	675,396
17. Printing/Photocopying	515,531	590,076	478,211	313,426	427,802	276,681	142,558
18. Office Supplies	502,040	465,602	285,028	395,129	408,544	253,943	245,613
19. Equipment & Vehicle Leases	4,918,905	4,526,006	5,075,113	4,599,126	5,496,249	6,278,922	7,169,394
20. Depreciation	1,928,015	1,186,049	1,260,717	1,116,965	951,295	807,393	1,398,167
21. Directors' Fees	9,502	4,553	22,965	21,672	56,647	84,297	14,687
22. Dues, Boards & Associations	465,821	465,501	419,662	607,989	821,045	736,167	734,312
23. Bad Debts	598,610	513,513	446,201	433,736	315,886	-71,150	522,345
24. Loss Adjustment Expenses Incurred	10,734,489	10,229,319	13,447,454	15,787,330	12,114,408	13,153,796	14,971,106
25. Losses Incurred	17,293,632	27,647,494	18,139,395	16,857,086	21,006,243	23,986,385	24,322,882
26. Other	11,596,606	13,164,884	11,000,116	15,382,260	10,355,267	8,459,673	12,525,546
27. Allowances to Managers & Agents	0	0	66,635	0	0	0	0
28. Net Addition to Unearned Premium Rese	1,500,493	10,090,537	-22,601,407	23,228,575	18,596,511	13,272,179	14,488,640
29. Damages Paid for Bad Faith Suits	0	0	0	0	0	0	0
30. Fines or Penalties for Violation of Law	107,069	38,298	267,390	37,063	47,438	15,403	27,656
31. Donations/Lobbying	117,951	181,285	325,005	257,995	220,621	453,531	206,067
32. Trade Associations	206,435	205,789	229,963	142,254	200,071	234,157	162,803
TOTAL OPERATING EXPENSES	166,140,655	198,348,762	157,256,542	210,776,751	211,264,121	192,563,813	211,090,251
INCOME OR (LOSS) FROM OPERATIONS	57,705,903	72,487,782	128,810,097	107,178,191	128,745,805	147,997,089	159,012,483

TEXAS TITLE INSURANCE INDUSTRY EXPERIENCE REPORT
UNDERWRITING COMPANY EXPERIENCE

INCOME	2012	2013	2014	2015	2016	2017	2018
Adjusted Gross Title Income	223,846,557	270,836,545	286,066,639	317,954,941	340,009,926	340,560,902	370,102,734
Adjusted Retained Premiums	215,105,633	259,775,028	277,631,736	311,917,695	333,691,419	334,939,667	364,170,519
Adjusted Title Expense (1)	136,180,586	149,956,041	147,448,742	154,466,448	159,078,830	141,448,362	156,911,097
Loss/LAE	28,028,121	37,876,813	31,586,849	32,644,416	33,120,651	37,140,181	39,293,988
Unearned Premiums Reserve	1,500,493	10,090,537	-22,601,407	23,228,575	18,596,511	13,272,179	14,488,640

Notes

(1) Expense excludes the following

Expense Line 24. Loss Adjustment Expenses Incurred - This is captured as Loss/LAE instead of Expense

Expense Line 25. Losses Incurred - This is captured as Loss/LAE instead of Expense

Expense Line 28. Net Addition to Unearned Premium Reserve. This is captured in Unearned Premiums Reserve instead of Expense

Expense Line 29 thru 32 - Ineligible Expense not included in rating analysis.

TEXAS TITLE INSURANCE INDUSTRY EXPERIENCE REPORT
UNDERWRITING COMPANY EXPERIENCE

INCOME	2019	2020	2021
1. Gross Title Premiums	2,243,213,051	2,627,090,787	3,691,028,213
2. Title Premiums Retained by Agents	1,876,526,451	2,202,572,954	3,103,258,552
3. Title Premiums Remitted to Underwriters	366,686,600	424,517,833	587,769,661
4. Service Charges	2,170,540	1,606,249	1,876,291
5. Other Income	3,988,941	4,173,326	3,452,055
GROSS INCOME	372,846,081	430,297,407	593,098,007
EXPENSES			
1. Salaries:	58,320,684	66,446,115	85,238,072
2. Employee Benefits, Relations & Welfare	10,438,142	10,953,231	14,449,410
3. Examination Costs Paid Nonemployees:	0	0	0
3a. Title Agents	4,118,473	12,300,516	19,840,427
3b. Others	1,182,897	2,149,401	3,959,758
4. Closing Costs Paid Nonemployees:	0	0	0
4a. Title Agents	0	0	0
4b. Others	-95,357	-693,176	-582,161
5. Rent	3,648,739	3,371,957	2,488,453
6. Utilities	953,078	850,992	1,001,925
7. Accounting & Auditing	1,228,505	1,459,513	2,070,945
8. Advertising and promotions	3,940,963	2,826,998	4,339,793
9. Employee travel, lodging & education	4,256,631	1,650,830	2,458,765
10. Insurance	628,651	369,243	738,608
11. Interest	511	2,769	232
12. Legal Expenses	3,006,662	2,652,695	2,810,441
13. Licenses, Taxes & Fees	35,596,261	37,444,723	52,076,794
14. Postage & Freight	229,490	198,893	217,962
15. Courier & Overnight Delivery	212,884	212,973	219,145
16. Telephone & Facsimile	534,991	182,337	373,380
17. Printing/Photocopying	131,666	101,121	86,243
18. Office Supplies	255,073	296,706	192,790
19. Equipment & Vehicle Leases	7,303,684	5,570,638	6,758,952
20. Depreciation	1,352,527	1,349,398	1,483,169
21. Directors' Fees	79,183	61,868	39,720
22. Dues, Boards & Associations	609,570	626,288	867,354
23. Bad Debts	317,347	420,869	1,180,760
24. Loss Adjustment Expenses Incurred	15,123,413	14,511,009	12,428,883
25. Losses Incurred	31,493,171	20,438,051	16,334,883
26. Other	13,832,413	16,709,915	34,672,803
27. Allowances to Managers & Agents	0	3,320,263	3,312,991
28. Net Addition to Unearned Premium Rese	15,956,856	28,430,365	62,837,349
29. Damages Paid for Bad Faith Suits	0	0	0
30. Fines or Penalties for Violation of Law	2,793	5,314	2,832
31. Donations/Lobbying	412,449	787,047	819,585
32. Trade Associations	249,772	189,062	170,851
TOTAL OPERATING EXPENSES	215,322,121	235,197,924	332,891,113
INCOME OR (LOSS) FROM OPERATIONS	157,523,960	195,099,483	260,206,894

TEXAS TITLE INSURANCE INDUSTRY EXPERIENCE REPORT
UNDERWRITING COMPANY EXPERIENCE

INCOME	2019	2020	2021
Adjusted Gross Title Income	372,846,081	430,297,407	593,098,007
Adjusted Retained Premiums	366,686,600	424,517,833	587,769,661
Adjusted Title Expense (1)	152,083,667	170,837,077	240,296,730
Loss/LAE	46,616,584	34,949,059	28,763,766
Unearned Premiums Reserve	15,956,856	28,430,365	62,837,349

Notes

(1) Expense excludes the following

Expense Line 24. Loss Adjustment Expenses Incurred - This is captured as Loss/LAE instead of Expense

Expense Line 25. Losses Incurred - This is captured as Loss/LAE instead of Expense

Expense Line 28. Net Addition to Unearned Premium Reserve. This is captured in Unearned Premiums Reserve instead of Expense

Expense Line 29 thru 32 - Ineligible Expense not included in rating analysis.

TEXAS TITLE INSURANCE INDUSTRY EXPERIENCE REPORT
All AGENTS - INDEPENDENT, AFFILIATED & DIRECT OPERATION

INCOME	1998	1999	2000	2001	2002	2003	2004
1. Title Premiums	925,103,435	921,224,392	896,843,228	1,070,580,215	1,260,827,554	1,508,659,519	1,262,493,104
2. Premiums Remitted to Underwriters	164,111,428	163,529,121	145,465,802	160,719,254	189,168,223	226,407,682	189,431,534
3. Premiums Retained	760,992,007	757,695,271	751,377,428	909,860,962	1,071,659,331	1,282,251,836	1,073,061,569
4. Examination/Evidence Fees	23,081,967	26,322,185	28,851,994	35,653,785	44,498,131	54,289,801	61,401,421
5. Closing Fees	24,604,466	25,576,966	25,789,543	27,095,733	24,023,788	32,017,876	93,233,457
6. Tax Certificates	16,409,936	19,792,244	19,115,314	27,747,888	35,014,493	43,404,792	32,443,078
7. Recording Fees	30,352,518	33,687,258	32,834,291	43,255,756	52,648,390	65,788,074	54,998,764
8. Restrictions	2,041,646	2,703,788	1,641,528	2,427,295	2,435,451	2,403,259	1,802,674
9. Inspection Fees	47,227	105,559	47,647	70,276	105,046	119,359	137,725
10. Courier and Overnight Fees	17,167,266	18,096,762	17,469,962	21,969,299	23,461,035	27,497,063	19,187,869
11. Telephone and Facsimile	570,375	581,271	734,987	766,408	786,996	1,063,505	1,031,431
12. Interest Income	2,807,611	3,001,599	3,657,900	3,229,856	1,792,417	1,500,473	1,853,060
13. Other Income	11,144,044	8,620,475	9,540,854	9,733,946	9,333,465	12,069,303	12,515,677
GROSS INCOME	889,219,063	896,183,376	891,061,448	1,081,811,204	1,265,758,544	1,522,405,342	1,351,666,725
Number of Agencies Reporting	546	548	547	549	548	562	577
EXPENSES							
1a. Salaries-Employees	293,549,419	312,690,796	303,814,799	369,623,366	439,297,513	516,364,194	491,080,486
1b. Salaries-Owners/Partners	24,204,676	24,142,304	19,376,986	22,625,361	27,490,706	29,487,091	25,583,715
2a. Benefits, Relations & Welfare-Employee	45,356,352	52,710,555	52,473,027	60,497,449	74,302,237	90,703,396	86,394,251
2b. Benefits, Relations & Welfare - Owners/I	2,997,743	3,114,235	2,669,853	2,574,570	2,783,813	3,287,507	3,306,593
3a. Evidence/Examination Fees - Title Agen	28,638,718	28,465,787	26,616,579	35,630,088	41,493,679	54,637,013	33,762,010
3b. Evidence/Examination Fees - Others	17,355,757	18,107,869	19,183,147	15,676,645	15,424,305	15,776,639	20,526,121
4a. Closing Fees Paid - Title Agents	17,694,428	18,651,240	15,045,011	16,241,890	18,385,525	19,160,875	19,637,454
4b. Closing Fees Paid - Others	79,188,653	77,188,594	82,955,402	93,269,110	110,286,878	144,335,498	126,569,810
5. Rent	34,950,785	40,250,041	43,245,364	50,905,696	58,275,841	61,075,046	63,350,166
6. Utilities	3,858,826	3,981,318	4,328,759	4,951,392	5,009,052	5,986,721	6,167,430
7. Accounting & Auditing	4,105,915	3,444,527	3,255,427	3,982,097	4,563,581	5,673,340	4,883,856
8. Advertising	11,904,401	14,916,518	16,432,203	19,475,102	23,652,423	26,709,344	18,480,551
9. Travel, Lodging & Education	6,661,199	6,881,573	7,514,510	9,221,799	10,364,938	12,371,103	11,347,172
10. Insurance	4,486,996	4,525,590	4,302,302	4,321,843	4,750,379	5,709,299	6,274,826
11. Interest Expense	3,092,003	2,846,881	3,523,344	3,291,820	2,575,229	2,398,612	1,896,807
12. Legal Expense	2,360,896	3,388,246	2,447,188	3,194,582	4,058,064	3,817,593	3,440,963
13. Licenses, Taxes, & Fees	6,966,214	5,833,616	4,924,202	5,238,925	5,990,518	3,341,748	4,132,057
14. Postage & Freight	3,899,081	3,639,118	3,417,058	3,737,924	4,602,442	4,659,521	4,657,084
15. Courier & Overnight Delivery	18,494,215	20,570,459	20,349,637	24,456,735	26,229,202	33,639,627	27,675,094
16. Telephone & Facsimile	12,530,766	13,778,127	14,426,551	15,888,698	17,578,605	19,003,537	18,797,678
17. Printing & Photocopying	4,672,879	5,771,101	5,688,991	6,723,702	7,917,913	7,987,772	7,698,705
18. Office Supplies	14,584,466	15,188,826	14,042,795	16,543,493	19,903,435	23,610,343	19,438,735
19. Equipment & Vehicle Leases	10,217,913	10,909,947	11,432,236	12,444,953	14,783,824	14,522,970	14,541,920
20. Depreciation	12,697,927	15,542,750	17,717,977	19,265,124	18,216,314	19,912,823	18,780,283
21. Directors Fees	765,240	739,123	870,517	945,936	1,367,883	1,432,227	1,076,671
22. Dues, Boards, & Associations	1,964,039	2,142,022	2,091,442	2,225,731	2,596,803	2,768,692	2,779,722
23. Bad Debts	462,382	113,821	389,005	385,546	240,484	177,681	230,950
24. Loss & Loss Adjustment Expense	1,566,291	2,369,828	1,912,809	2,098,217	1,569,404	2,235,027	3,258,558
25. Tax Certificates Paid Tax Authorities	15,320,459	19,507,306	19,219,350	28,688,945	35,487,526	44,797,028	33,572,806
26. Recording Fees Paid County Clerk	30,422,803	32,451,803	31,573,033	41,603,763	51,063,831	64,602,569	60,168,522
27. Plant Lease/Updates	22,804,781	22,880,128	22,391,876	25,051,428	30,168,413	37,276,045	35,327,020
28. Damages for Bad Faith Suits	5,825	10,000	10,000	4,175	499,861	0	16,147
29. Fines or Penalties	93,277	105,243	132,077	361,198	137,586	135,109	131,183
30. Donations/Lobbying	1,575,148	1,456,823	1,335,601	1,401,062	1,880,044	2,172,465	1,845,462
31. Trade Association Fees	360,739	475,394	491,016	541,440	669,929	981,231	981,230
32. Other Expenses	22,183,019	23,563,163	24,816,519	27,396,035	30,878,973	48,974,903	51,901,509
TOTAL OPERATING EXPENSES	761,994,231	812,354,671	804,416,595	950,485,841	1,114,497,153	1,329,724,587	1,229,713,547
INCOME OR (LOSS) FROM OPERATIONS	127,224,832	83,828,705	86,644,853	131,325,363	151,261,391	192,680,755	121,953,178

TEXAS TITLE INSURANCE INDUSTRY EXPERIENCE REPORT
All AGENTS - INDEPENDENT, AFFILIATED & DIRECT OPERATION

INCOME	1998	1999	2000	2001	2002	2003	2004
Adjusted Gross Title Income (1)	796,123,463	795,586,847	797,450,253	958,935,581	1,118,216,457	1,339,414,588	1,210,825,419
Adjusted Retained Premiums (2)	762,345,294	762,477,395	764,357,374	920,738,501	1,080,302,047	1,294,761,626	1,174,296,983
Adjusted Title Expense (3)	666,316,543	708,861,248	708,081,119	823,915,062	963,309,768	1,141,003,271	1,076,340,175
Loss/LAE	1,566,291	2,369,828	1,912,809	2,098,217	1,569,404	2,235,027	3,258,558

Notes

(1) Gross title income excludes pass-through and industry transfers from the following

Income Line 6. Tax Certificates (pass through item, removed from both income and expense)

Income Line 7. Recording Fees (pass through item, removed from both income and expense)

Expense Line 3a. Evidence/Examination Fees from both Agents and Underwriters (industry transfer item, removed from both income and expense)

Expense Line 4a. Closing Fees Paid - from both Agents and Underwriters (industry transfer item, removed from both income and expense)

(2) Retained premiums adjusted for Home Office Premiums.

Includes income from Line 3. Premiums Retained, Line 4. Examination/Evidence Fees, and Line 5. Closing Fees. Excludes the following

a) Expense Line 3a. Evidence/Examination Fees - Title Agents (industry transfer item, removed from both income and expense)

b) Expense Line 4a. Closing Fees Paid - Title Agents (industry transfer item, removed from both income and expense)

(3) Expense excludes the following

Expense Line 3a. Evidence/Examination Fees - Title Agents (industry transfer item, removed from both income and expense)

Expense Line 4a. Closing Fees Paid - Title Agents (industry transfer item, removed from both income and expense)

Expense Line 24. Loss & Loss Adjustment Expense - This is captured as Loss/LAE instead of Expense

Expense Line 25. Tax Certificates (pass through item, removed from both income and expense)

Expense Line 26. Recording Fees (pass through item, removed from both income and expense)

Expense Line 28 thru 31 - Ineligible Expense not included in rating analysis.

TEXAS TITLE INSURANCE INDUSTRY EXPERIENCE REPORT
All AGENTS - INDEPENDENT, AFFILIATED & DIRECT OPERATION

INCOME	2005	2006	2007	2008	2009	2010	2011
1. Title Premiums	1,295,222,550	1,424,539,611	1,343,969,207	1,022,409,952	888,273,573	910,314,448	953,355,626
2. Premiums Remitted to Underwriters	194,346,788	213,877,472	201,731,843	153,414,798	133,299,737	136,673,377	142,965,925
3. Premiums Retained	1,100,880,343	1,210,662,139	1,142,237,368	868,995,155	754,973,836	773,641,071	810,389,700
4. Examination/Evidence Fees	63,553,179	69,803,342	72,805,427	53,420,390	42,599,977	48,391,367	50,182,562
5. Closing Fees	127,767,551	144,964,910	151,264,295	113,415,045	95,135,856	104,145,019	117,896,357
6. Tax Certificates	30,856,476	31,881,868	27,698,780	22,089,981	24,142,687	22,046,767	20,758,835
7. Recording Fees	64,006,708	92,375,339	86,403,283	65,908,146	64,984,067	63,940,332	60,130,099
8. Restrictions	1,980,125	1,807,639	1,649,642	1,399,169	1,576,457	1,310,697	1,172,157
9. Inspection Fees	100,731	104,811	83,449	76,050	63,107	45,638	27,263
10. Courier and Overnight Fees	17,855,058	20,313,570	19,484,283	15,800,721	14,701,592	12,561,292	10,888,312
11. Telephone and Facsimile	532,397	494,908	400,590	369,368	345,635	261,560	254,570
12. Interest Income	3,150,975	5,201,079	5,810,336	3,513,443	3,019,717	1,725,016	1,500,083
13. Other Income	10,612,547	14,697,078	12,990,400	16,466,181	13,506,218	14,150,287	11,937,687
GROSS INCOME	1,421,296,091	1,592,306,683	1,520,827,854	1,161,453,649	1,015,049,149	1,042,219,046	1,085,137,625
Number of Agencies Reporting	614	622	630	634	616	585	562
EXPENSES							
1a. Salaries-Employees	517,137,757	577,589,486	553,756,886	450,491,233	370,070,285	376,937,511	404,798,046
1b. Salaries-Owners/Partners	26,737,861	28,091,229	27,211,599	25,372,040	22,005,552	21,148,854	24,566,140
2a. Benefits, Relations & Welfare-Employee	88,939,037	102,747,732	101,640,109	82,460,063	66,689,717	63,639,617	64,663,615
2b. Benefits, Relations & Welfare - Owners/I	3,134,960	3,532,262	3,523,260	2,835,923	2,673,402	2,579,068	2,656,996
3a. Evidence/Examination Fees - Title Agen	17,440,802	19,685,745	13,377,334	14,175,385	10,327,376	9,132,561	8,348,138
3b. Evidence/Examination Fees - Others	13,961,255	18,889,700	14,016,497	11,125,023	8,132,098	7,685,114	7,406,101
4a. Closing Fees Paid - Title Agents	42,511,605	36,924,862	38,826,618	24,004,244	21,379,687	20,408,942	21,336,272
4b. Closing Fees Paid - Others	134,727,781	142,650,820	118,245,891	91,071,501	78,235,300	76,197,462	76,860,066
5. Rent	69,210,823	76,595,007	80,439,051	73,717,048	63,241,673	59,385,744	57,883,801
6. Utilities	6,981,340	9,081,306	8,821,181	7,998,978	6,563,176	6,125,357	5,986,934
7. Accounting & Auditing	5,154,964	5,645,643	5,560,837	6,202,444	4,394,652	5,358,575	5,523,030
8. Advertising	18,810,851	23,097,767	24,252,238	18,539,911	12,238,912	12,597,625	14,504,162
9. Travel, Lodging & Education	10,785,545	11,247,167	8,592,502	6,738,348	5,584,079	5,920,171	7,072,407
10. Insurance	6,614,149	6,208,561	6,087,491	6,038,229	5,600,169	5,542,674	5,450,944
11. Interest Expense	2,358,678	2,927,361	3,195,330	2,995,643	2,518,966	2,670,898	2,389,079
12. Legal Expense	4,477,140	5,198,290	4,267,339	3,977,175	3,802,693	4,365,162	4,957,463
13. Licenses, Taxes, & Fees	5,372,625	4,384,685	4,497,652	3,888,071	3,865,313	3,495,549	4,069,511
14. Postage & Freight	5,115,322	5,789,990	5,655,855	5,029,372	3,994,662	3,682,282	4,474,295
15. Courier & Overnight Delivery	27,156,668	30,950,966	28,266,724	21,373,257	17,076,520	15,173,631	13,677,752
16. Telephone & Facsimile	18,183,643	18,329,411	17,166,793	15,255,624	12,943,868	12,020,755	11,951,010
17. Printing & Photocopying	7,211,466	7,445,775	7,855,364	5,769,690	4,665,305	4,416,784	3,749,887
18. Office Supplies	20,365,783	21,057,701	27,061,950	13,679,713	11,513,028	10,625,955	10,572,872
19. Equipment & Vehicle Leases	15,977,277	15,848,734	14,234,304	12,612,222	10,210,239	8,727,290	6,817,928
20. Depreciation	18,725,660	20,269,009	20,031,870	17,911,942	15,119,128	12,888,490	12,597,757
21. Directors Fees	1,023,534	1,005,883	1,076,368	725,031	903,667	1,065,229	1,169,005
22. Dues, Boards, & Associations	2,589,707	2,370,295	2,246,019	2,093,703	1,848,124	1,987,950	2,852,299
23. Bad Debts	212,475	477,451	297,377	260,830	347,670	271,669	153,777
24. Loss & Loss Adjustment Expense	6,751,659	4,180,520	11,414,830	16,460,933	2,097,695	2,207,261	2,334,353
25. Tax Certificates Paid Tax Authorities	33,284,841	32,552,203	28,918,009	22,558,124	24,394,282	22,382,948	21,036,307
26. Recording Fees Paid County Clerk	68,304,949	93,864,251	87,163,109	65,263,992	62,650,127	62,671,533	59,454,782
27. Plant Lease/Updates	39,791,912	46,814,617	46,079,566	48,464,808	51,007,166	46,684,774	43,099,682
28. Damages for Bad Faith Suits	0	7	2	70,772	0	41,466	0
29. Fines or Penalties	411,939	180,770	162,525	166,674	62,801	220,905	263,093
30. Donations/Lobbying	2,642,197	2,451,527	2,504,497	1,539,516	1,263,314	1,241,883	1,668,370
31. Trade Association Fees	1,034,986	1,185,646	1,197,125	1,359,097	877,869	651,090	719,109
32. Other Expenses	56,028,736	54,279,385	56,935,732	53,940,365	39,158,119	33,278,729	34,873,001
TOTAL OPERATING EXPENSES	1,299,169,927	1,433,551,764	1,374,579,836	1,136,166,924	947,456,634	923,431,508	949,937,984
INCOME OR (LOSS) FROM OPERATIONS	122,126,164	158,754,919	146,248,018	25,286,725	67,592,515	118,787,538	135,199,641

TEXAS TITLE INSURANCE INDUSTRY EXPERIENCE REPORT
All AGENTS - INDEPENDENT, AFFILIATED & DIRECT OPERATION

INCOME	2005	2006	2007	2008	2009	2010	2011
Adjusted Gross Title Income (1)	1,266,480,500	1,411,438,869	1,354,521,840	1,035,275,893	894,215,332	926,690,444	974,564,281
Adjusted Retained Premiums (2)	1,232,248,667	1,368,819,784	1,314,103,138	997,650,961	861,002,606	896,635,954	948,784,209
Adjusted Title Expense (3)	1,126,786,949	1,242,526,233	1,191,015,785	990,568,187	824,403,483	804,472,919	834,777,560
Loss/LAE	6,751,659	4,180,520	11,414,830	16,460,933	2,097,695	2,207,261	2,334,353

Notes

(1) Gross title income excludes pass-through and industry transfers from the following

Income Line 6. Tax Certificates (pass through item, removed from both income and expense)

Income Line 7. Recording Fees (pass through item, removed from both income and expense)

Expense Line 3a. Evidence/Examination Fees from both Agents and Underwriters (industry transfer item, removed from both income and expense)

Expense Line 4a. Closing Fees Paid - from both Agents and Underwriters (industry transfer item, removed from both income and expense)

(2) Retained premiums adjusted for Home Office Premiums.

Includes income from Line 3. Premiums Retained, Line 4. Examination/Evidence Fees, and Line 5. Closing Fees. Excludes the following

a) Expense Line 3a. Evidence/Examination Fees - Title Agents (industry transfer item, removed from both income and expense)

b) Expense Line 4a. Closing Fees Paid - Title Agents (industry transfer item, removed from both income and expense)

(3) Expense excludes the following

Expense Line 3a. Evidence/Examination Fees - Title Agents (industry transfer item, removed from both income and expense)

Expense Line 4a. Closing Fees Paid - Title Agents (industry transfer item, removed from both income and expense)

Expense Line 24. Loss & Loss Adjustment Expense - This is captured as Loss/LAE instead of Expense

Expense Line 25. Tax Certificates (pass through item, removed from both income and expense)

Expense Line 26. Recording Fees (pass through item, removed from both income and expense)

Expense Line 28 thru 31 - Ineligible Expense not included in rating analysis.

TEXAS TITLE INSURANCE INDUSTRY EXPERIENCE REPORT
All AGENTS - INDEPENDENT, AFFILIATED & DIRECT OPERATION

INCOME	2012	2013	2014	2015	2016	2017	2018
1. Title Premiums	1,239,417,001	1,438,534,586	1,474,097,681	1,637,939,495	1,764,875,239	1,780,501,091	1,856,612,883
2. Premiums Remitted to Underwriters	185,976,188	215,802,171	221,237,087	245,884,458	264,747,390	267,180,040	279,044,273
3. Premiums Retained	1,053,440,811	1,222,732,416	1,252,860,594	1,392,662,884	1,500,127,848	1,513,321,050	1,577,568,613
4. Examination/Evidence Fees	55,580,916	67,627,254	61,278,856	63,347,388	67,225,196	69,234,071	75,286,002
5. Closing Fees	139,368,551	179,862,058	170,048,111	178,941,835	173,301,923	178,843,725	186,685,481
6. Tax Certificates	26,787,490	30,342,013	27,131,028	30,781,483	27,521,170	26,806,837	27,257,062
7. Recording Fees	74,523,011	82,495,789	82,893,262	88,936,225	100,046,474	94,452,011	91,997,621
8. Restrictions	1,312,443	1,443,416	616,710	384,970	223,171	173,134	124,885
9. Inspection Fees	54,873	85,166	72,507	100,042	42,240	75,182	68,460
10. Courier and Overnight Fees	12,825,426	13,914,688	12,279,042	11,693,223	11,430,426	11,621,626	11,392,424
11. Telephone and Facsimile	257,878	263,706	220,584	249,114	289,201	263,006	202,540
12. Interest Income	369,962	393,691	463,069	507,896	448,746	332,890	580,015
13. Other Income	15,501,879	29,201,580	41,276,524	39,393,624	38,464,636	43,201,505	47,182,533
GROSS INCOME	1,380,023,240	1,628,361,777	1,649,140,287	1,806,998,684	1,919,121,031	1,938,325,037	2,018,345,636
Number of Agencies Reporting	568	574	552	563	574	578	593
EXPENSES							
1a. Salaries-Employees	484,646,540	565,673,335	598,017,047	656,975,408	705,582,401	742,439,462	769,901,066
1b. Salaries-Owners/Partners	26,012,221	32,262,656	31,930,412	36,438,154	35,596,983	34,474,787	31,450,541
2a. Benefits, Relations & Welfare-Employee	75,409,515	88,407,032	91,574,400	96,668,220	111,255,682	119,545,254	117,713,599
2b. Benefits, Relations & Welfare - Owners/I	2,903,541	3,472,890	3,415,614	3,701,292	4,150,964	3,886,331	3,822,404
3a. Evidence/Examination Fees - Title Agen	11,788,993	13,070,150	23,049,691	15,933,564	10,017,458	15,606,350	21,401,142
3b. Evidence/Examination Fees - Others	8,655,555	10,392,876	8,434,141	9,062,115	16,818,148	9,841,497	11,412,691
4a. Closing Fees Paid - Title Agents	21,802,574	26,611,196	30,063,474	28,925,223	33,467,477	30,534,552	29,251,410
4b. Closing Fees Paid - Others	95,640,086	100,221,219	103,559,083	118,881,541	129,166,401	131,800,617	132,773,254
5. Rent	58,059,048	62,423,218	68,509,808	74,837,221	80,599,996	85,997,543	86,518,652
6. Utilities	5,561,731	5,949,482	6,112,074	6,116,869	6,738,793	5,766,535	5,571,188
7. Accounting & Auditing	5,139,495	7,244,219	6,764,076	7,681,993	7,786,795	8,310,623	8,191,612
8. Advertising	17,179,430	21,460,866	23,184,771	26,391,669	28,158,221	30,647,542	30,798,798
9. Travel, Lodging & Education	8,261,141	9,468,472	10,694,970	12,233,008	12,644,731	12,320,685	12,911,132
10. Insurance	6,467,918	7,683,565	8,377,228	8,355,558	9,029,891	9,230,841	9,559,282
11. Interest Expense	2,177,501	1,931,236	1,661,987	1,781,545	1,751,987	2,033,164	2,262,545
12. Legal Expense	4,494,252	5,078,093	5,056,920	5,619,534	6,668,946	6,549,366	6,113,302
13. Licenses, Taxes, & Fees	4,525,951	4,911,984	4,759,971	6,234,569	6,371,349	6,344,657	7,590,291
14. Postage & Freight	4,573,832	6,844,421	5,929,886	7,428,876	7,432,580	6,649,872	6,714,795
15. Courier & Overnight Delivery	16,395,284	17,510,769	16,184,957	15,862,368	17,482,355	19,196,282	19,610,990
16. Telephone & Facsimile	12,081,485	12,251,970	12,406,999	12,730,523	13,436,476	13,607,688	12,843,205
17. Printing & Photocopying	4,285,627	4,618,373	4,584,143	4,533,710	3,906,647	3,747,663	3,625,965
18. Office Supplies	12,430,881	14,824,304	13,974,655	15,200,289	16,281,752	16,800,281	16,547,799
19. Equipment & Vehicle Leases	6,849,656	6,667,647	7,389,984	7,847,500	7,904,105	8,036,800	8,510,676
20. Depreciation	12,366,013	13,817,969	13,766,078	16,084,576	15,778,451	16,792,643	17,425,768
21. Directors Fees	1,642,655	1,383,825	2,123,558	1,968,148	1,489,844	1,482,703	2,407,595
22. Dues, Boards, & Associations	2,616,354	3,046,050	3,126,993	3,479,577	4,121,199	4,382,423	4,440,890
23. Bad Debts	84,596	88,540	416,465	310,709	409,071	213,430	211,451
24. Loss & Loss Adjustment Expense	4,181,127	2,029,631	2,404,879	2,225,205	4,981,819	1,866,665	4,213,513
25. Tax Certificates Paid Tax Authorities	27,303,478	30,594,793	27,275,244	30,934,778	28,043,599	26,993,572	27,212,179
26. Recording Fees Paid County Clerk	73,867,873	83,385,649	84,355,468	89,753,212	102,580,876	96,246,259	94,318,528
27. Plant Lease/Updates	61,561,248	70,688,478	67,156,596	72,436,038	76,743,712	86,043,992	87,351,788
28. Damages for Bad Faith Suits	0	98,776	0	31,482	23,000	8,000	51,821
29. Fines or Penalties	105,486	228,510	150,162	124,790	137,181	211,349	63,105
30. Donations/Lobbying	1,782,525	2,240,178	2,731,422	2,654,877	2,601,157	2,922,612	2,771,508
31. Trade Association Fees	810,152	1,038,050	1,087,212	1,109,958	1,129,503	1,212,490	1,131,725
32. Other Expenses	39,684,991	51,802,995	54,010,287	72,044,708	78,535,756	81,934,871	85,740,875
TOTAL OPERATING EXPENSES	1,121,348,755	1,289,423,417	1,344,240,655	1,472,598,807	1,588,825,306	1,643,679,401	1,682,437,085
INCOME OR (LOSS) FROM OPERATIONS	258,674,485	338,938,360	304,899,632	334,399,877	330,295,725	294,645,636	335,908,551

TEXAS TITLE INSURANCE INDUSTRY EXPERIENCE REPORT
All AGENTS - INDEPENDENT, AFFILIATED & DIRECT OPERATION

INCOME	2012	2013	2014	2015	2016	2017	2018
Adjusted Gross Title Income (1)	1,245,121,172	1,475,842,629	1,486,002,832	1,642,422,189	1,748,068,452	1,770,925,287	1,848,438,401
Adjusted Retained Premiums (2)	1,214,798,711	1,430,540,382	1,431,074,396	1,590,093,320	1,697,170,032	1,715,257,944	1,788,887,544
Adjusted Title Expense (3)	979,706,547	1,130,126,484	1,173,123,103	1,300,905,718	1,405,843,236	1,468,077,552	1,502,022,154
Loss/LAE	4,181,127	2,029,631	2,404,879	2,225,205	4,981,819	1,866,665	4,213,513

Notes

(1) Gross title income excludes pass-through and industry transfers from the following

Income Line 6. Tax Certificates (pass through item, removed from both income and expense)

Income Line 7. Recording Fees (pass through item, removed from both income and expense)

Expense Line 3a. Evidence/Examination Fees from both Agents and Underwriters (industry transfer item, removed from both income and expense)

Expense Line 4a. Closing Fees Paid - from both Agents and Underwriters (industry transfer item, removed from both income and expense)

(2) Retained premiums adjusted for Home Office Premiums.

Includes income from Line 3. Premiums Retained, Line 4. Examination/Evidence Fees, and Line 5. Closing Fees. Excludes the following

a) Expense Line 3a. Evidence/Examination Fees - Title Agents (industry transfer item, removed from both income and expense)

b) Expense Line 4a. Closing Fees Paid - Title Agents (industry transfer item, removed from both income and expense)

(3) Expense excludes the following

Expense Line 3a. Evidence/Examination Fees - Title Agents (industry transfer item, removed from both income and expense)

Expense Line 4a. Closing Fees Paid - Title Agents (industry transfer item, removed from both income and expense)

Expense Line 24. Loss & Loss Adjustment Expense - This is captured as Loss/LAE instead of Expense

Expense Line 25. Tax Certificates (pass through item, removed from both income and expense)

Expense Line 26. Recording Fees (pass through item, removed from both income and expense)

Expense Line 28 thru 31 - Ineligible Expense not included in rating analysis.

TEXAS TITLE INSURANCE INDUSTRY EXPERIENCE REPORT
All AGENTS - INDEPENDENT, AFFILIATED & DIRECT OPERATION

INCOME	2019	2020	2021
1. Title Premiums	1,979,237,951	2,377,898,112	3,241,930,522
2. Premiums Remitted to Underwriters	297,050,770	357,533,103	486,799,129
3. Premiums Retained	1,682,187,184	2,020,365,002	2,755,131,396
4. Examination/Evidence Fees	82,550,979	94,064,508	117,752,574
5. Closing Fees	193,389,797	218,262,051	309,995,160
6. Tax Certificates	28,689,515	43,062,751	42,794,377
7. Recording Fees	100,242,230	138,891,969	142,938,007
8. Restrictions	128,984	157,491	168,807
9. Inspection Fees	85,597	76,135	156,500
10. Courier and Overnight Fees	10,485,790	16,158,840	19,211,535
11. Telephone and Facsimile	223,814	891,361	458,744
12. Interest Income	642,095	850,152	2,167,199
13. Other Income	51,126,144	66,863,023	103,818,099
GROSS INCOME	2,149,752,129	2,599,643,283	3,494,592,398
Number of Agencies Reporting	606	656	706
EXPENSES			
1a. Salaries-Employees	826,083,094	944,320,421	1,203,825,169
1b. Salaries-Owners/Partners	37,444,954	51,316,349	59,917,420
2a. Benefits, Relations & Welfare-Employee	130,456,754	133,754,315	168,877,251
2b. Benefits, Relations & Welfare - Owners/I	3,787,926	4,594,044	5,141,610
3a. Evidence/Examination Fees - Title Agen	28,883,633	36,932,157	43,651,642
3b. Evidence/Examination Fees - Others	12,252,410	14,357,966	19,605,247
4a. Closing Fees Paid - Title Agents	27,504,247	31,029,548	39,879,112
4b. Closing Fees Paid - Others	134,439,581	132,865,954	183,416,186
5. Rent	98,367,666	101,610,925	109,501,588
6. Utilities	6,187,968	6,400,705	7,109,108
7. Accounting & Auditing	8,242,784	8,969,901	11,122,498
8. Advertising	35,292,139	24,987,850	34,936,052
9. Travel, Lodging & Education	13,833,226	8,255,972	12,155,418
10. Insurance	10,924,006	12,099,403	14,368,503
11. Interest Expense	3,177,611	3,178,119	2,213,863
12. Legal Expense	7,828,927	9,664,590	17,494,350
13. Licenses, Taxes, & Fees	7,465,942	8,848,006	10,081,355
14. Postage & Freight	7,646,442	10,615,617	13,884,536
15. Courier & Overnight Delivery	19,383,794	27,664,662	32,580,403
16. Telephone & Facsimile	13,183,212	12,757,665	12,776,618
17. Printing & Photocopying	3,698,738	4,145,553	4,388,109
18. Office Supplies	18,351,093	20,552,438	23,262,457
19. Equipment & Vehicle Leases	8,292,199	9,106,582	10,294,989
20. Depreciation	18,181,597	19,986,975	27,230,083
21. Directors Fees	3,885,639	2,680,162	5,124,807
22. Dues, Boards, & Associations	5,147,197	4,625,367	5,288,485
23. Bad Debts	392,588	271,394	732,477
24. Loss & Loss Adjustment Expense	4,035,059	5,260,382	7,050,073
25. Tax Certificates Paid Tax Authorities	28,723,477	43,755,834	41,960,816
26. Recording Fees Paid County Clerk	101,429,965	142,193,691	143,014,880
27. Plant Lease/Updates	69,882,976	84,995,386	89,391,965
28. Damages for Bad Faith Suits	788,338	0	6,763
29. Fines or Penalties	92,337	83,442	234,646
30. Donations/Lobbying	3,001,644	2,953,563	3,661,447
31. Trade Association Fees	1,126,314	929,371	1,008,802
32. Other Expenses	91,342,171	121,085,337	144,342,274
TOTAL OPERATING EXPENSES	1,790,757,648	2,046,849,646	2,509,531,002
INCOME OR (LOSS) FROM OPERATIONS	358,994,481	552,793,637	985,061,396

TEXAS TITLE INSURANCE INDUSTRY EXPERIENCE REPORT
All AGENTS - INDEPENDENT, AFFILIATED & DIRECT OPERATION

INCOME	2019	2020	2021
Adjusted Gross Title Income (1)	1,964,432,504	2,349,726,858	3,225,329,260
Adjusted Retained Premiums (2)	1,901,740,080	2,264,729,856	3,099,348,376
Adjusted Title Expense (3)	1,595,172,634	1,783,711,658	2,229,062,821
Loss/LAE	4,035,059	5,260,382	7,050,073

Notes

- (1) Gross title income excludes pass-through and industry transfers from the following
- Income Line 6. Tax Certificates (pass through item, removed from both income and expense)
 - Income Line 7. Recording Fees (pass through item, removed from both income and expense)
 - Expense Line 3a. Evidence/Examination Fees from both Agents and Underwriters (industry transfer item, removed from both income and expense)
 - Expense Line 4a. Closing Fees Paid - from both Agents and Underwriters (industry transfer item, removed from both income and expense)
- (2) Retained premiums adjusted for Home Office Premiums.
- Includes income from Line 3. Premiums Retained, Line 4. Examination/Evidence Fees, and Line 5. Closing Fees. Excludes the following
- a) Expense Line 3a. Evidence/Examination Fees - Title Agents (industry transfer item, removed from both income and expense)
 - b) Expense Line 4a. Closing Fees Paid - Title Agents (industry transfer item, removed from both income and expense)
- (3) Expense excludes the following
- Expense Line 3a. Evidence/Examination Fees - Title Agents (industry transfer item, removed from both income and expense)
 - Expense Line 4a. Closing Fees Paid - Title Agents (industry transfer item, removed from both income and expense)
 - Expense Line 24. Loss & Loss Adjustment Expense - This is captured as Loss/LAE instead of Expense
 - Expense Line 25. Tax Certificates (pass through item, removed from both income and expense)
 - Expense Line 26. Recording Fees (pass through item, removed from both income and expense)
 - Expense Line 28 thru 31 - Ineligible Expense not included in rating analysis.

Attachment 4 – Linear Regression Model

The expense ratio for title insurance is highly correlated with premium volume. Generally, the higher the premium volume the lower the expense ratio and vice versa. This inverse relationship between expense ratio and premium volume occurs because a significant portion of title industry's expenses are fixed, at least in the short term. Expense items, such as salary, benefits and rent are not directly impacted by premium volume. For example, the expense ratio was 95.6% based on \$1.0B in retained premiums in 2009 and was 66.4% based on \$3.7B in retained premiums in 2021.

Linear regression is used to adjust historical expense ratios assuming retained premiums is \$2.1B, which is the projected premium volume in CY2023. Exhibit A presents the output of the linear regression model projecting the expense ratio based on on-level retained premiums. Exhibit B presents the linear regression analysis to adjust the historical expense ratios. The coefficient from the linear regression model is applied to the difference between the projected CY2023 premiums and the actual retained premiums for each year to determine the expense ratio adjustment, which is then added to the actual on-level expense ratio to determine the adjusted on-level expense ratio. For example, the expense ratio in 2009 of 95.6% is based on \$1.0B in retained premiums. Based on the linear regression model, the expense ratio in 2009 is adjusted to be 80.4% based on \$2.1B in retained premiums.

The adjusted on-level expense ratio presents the expense ratio for every year assuming \$2.1B in retained premiums. The selected expense ratio is the average from 1998 through 2021 excluding the three highest and lowest expense ratios.

Texas Land Title Association

Total - Agents & Underwriters

Linear Regression Model

Dependent Variable (Y) = Actual On-Level Expense Ratio (1998-2021)

Independent Variable (X) = On-Level Adjusted Retained Premiums (1998-2021)

SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.8404810
R Square	0.7064083
Adjusted R Square	0.6930632
Standard Error	0.0589241
Observations	24

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	0.1837896	0.1837896	52.9339920	0.0000003
Residual	22	0.0763851	0.0034721		
Total	23	0.2601747			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	1.084403	0.030136	35.984154	0.000000	1.021906	1.146900	1.021906	1.146900
X Variable 1	(0.00000000013299)	0.00000000	(7.27557503)	0.00000027	(0.00000000)	(0.00000000)	(0.00000000)	(0.00000000)

*Texas Land Title Association
Linear Regression Model
Total - Agents & Underwriters*

Proj. CY23 Premiums	2,121,690,524	Attachment 6 - Exhibit A
Model Intercept	1.0844	Attachment 4 - Exhibit A
Model Coefficient	(0.000000001330)	Attachment 4 - Exhibit A

<i>Calendar Year</i>	<i>On-Level Adjusted Retained Premium</i>	<i>Expense Included In Rate</i>	<i>Actual On-Level Expense Ratio</i>	<i>Premium Difference (1)</i>	<i>Adjusted On-Level Expense Ratio(2)</i>
1998	744,138,463	724,666,378	97.4%	1,377,552,061	79.1%
1999	777,587,134	806,259,880	103.7%	1,344,103,390	85.8%
2000	764,583,555	793,564,528	103.8%	1,357,106,969	85.7%
2001	896,276,205	923,993,129	103.1%	1,225,414,319	86.8%
2002	1,054,837,588	1,066,237,113	101.1%	1,066,852,936	86.9%
2003	1,346,047,003	1,289,550,274	95.8%	775,643,521	85.5%
2004	1,297,283,850	1,249,777,654	96.3%	824,406,674	85.4%
2005	1,396,158,806	1,300,307,273	93.1%	725,531,718	83.5%
2006	1,542,438,639	1,429,096,079	92.7%	579,251,885	84.9%
2007	1,508,151,367	1,364,175,798	90.5%	613,539,157	82.3%
2008	1,149,046,969	1,121,229,452	97.6%	972,643,555	84.6%
2009	981,714,256	938,403,354	95.6%	1,139,976,268	80.4%
2010	1,024,294,393	891,901,728	87.1%	1,097,396,131	72.5%
2011	1,087,611,015	924,042,065	85.0%	1,034,079,509	71.2%
2012	1,384,650,925	1,087,713,503	78.6%	737,039,599	68.8%
2013	1,596,929,470	1,248,865,951	78.2%	524,761,054	71.2%
2014	1,594,250,681	1,250,751,159	78.5%	527,439,843	71.4%
2015	1,774,607,288	1,435,270,089	80.9%	347,083,235	76.3%
2016	1,894,826,846	1,540,637,030	81.3%	226,863,678	78.3%
2017	1,912,867,799	1,576,079,552	82.4%	208,822,725	79.6%
2018	2,008,838,277	1,624,456,360	80.9%	112,852,247	79.4%
2019	2,164,718,222	1,711,742,217	79.1%	(43,027,698)	79.6%
2020	2,689,247,689	1,919,156,908	71.4%	(567,557,165)	78.9%
2021	3,687,118,037	2,447,279,818	66.4%	(1,565,427,513)	87.2%

Selected	80.7%
-----------------	--------------

Notes:

(1) Premium Difference = Projected CY2023 Premiums Less On- Level Adjusted Retain Premiums

(2) Adjusted On-Level Expens Ratio = Actual On-Level Expens Ratio + Premium Difference * Model Coefficient

Selected equals average from 1998 through 2021 excluding the three highest and lowest expense ratios.

Attachment 5 – Adjustment to Historical Expense Model

TLTA members have stated that premium in CY2023 is similar to what it was in 2019 but expense is much higher. That's because a significant portion of title industry's expense are fixed and title agents are not able to reduce expenses as quickly as the decrease in premium volume. TLTA conducted a survey to all of its members and asked "are your average monthly expenses in 2023 higher or lower than your average monthly expenses in 2019 and if they're higher, by what percent?" Exhibit C summarizes all of the responses. 141 out of a total of 157 responses (90%) said average expense in 2023 is higher than 2019. 94 out of a total of 157 responses (60%) said average expense in 2023 is at least 20% higher than 2019.

The rating analysis relies on historical experience to project the expenses and losses. However, based on responses from TLTA members, the historical expense in each of the scenarios is understated compared to CY2023 expense experience. Exhibit B of Attachment 5 presents the projected expense assuming expense is 5% higher than historical experience. Based on survey of Texas title agents, the expense in 2023 is at least 20% higher than in 2019. However, we have assumed expense in 2023 is a modest 5% more than in 2019 for rate setting.

Exhibit A presents the indicated rate change for each scenario assuming expense is 5% higher than historical experience. The indicated rate change for the three scenarios ranges from -1.9% to +2.0%. We have selected a rate change of 0.0% based on actuarial judgement.

Texas Land Title Association
Texas Title Insurance Rate Indication Summary
Expenses Assumed to be 105% Higher Than Historical Experience

Components	5-Year 2015-2019	15-Year 2007-2021	20-Year 2002-2021	SELECTED
Expense Ratio (1)	84.9%	83.6%	86.9%	85.2%
Loss & LAE Ratio	2.1%	2.4%	2.5%	2.5%
Provision for Catastrophic Claims	<u>1.0%</u>	<u>1.0%</u>	<u>1.0%</u>	<u>1.0%</u>
Total	88.0%	87.0%	90.5%	88.7%
Profit Load - 11.30%	11.30%	11.30%	11.30%	11.30%
Indicated Rate Change	-0.8%	-1.9%	2.0%	0.0%

Note:

(1) Expenses assumed to be 105% higher than historical experience.
See Attachment 5 - Exhibit B

Texas Land Title Association
 Total - Agents & Underwriters
 Summary Of Expense Ratios

Expense Assumed to be 5% Higher Than Historical Experience

<i>Calendar Year</i>	<i>Adjusted Gross Title Income**</i>	<i>Adjusted Retained Premiums</i>	<i>On-Level Factor</i>	<i>On-Level Adjusted Retained Premium</i>	<i>Additional Unearned Premium</i>	<i>105% of Adjusted Expense**</i>	<i>Expense Included In Rate</i>	<i>On-Level Expense Ratio</i>
	(1)	(2)	(3)	(4)=(2)*(3)	(5)	(6)	(7)=(5)+(6)*(2)/(1)	(9) = (7)/(3)
1998	957,476,209	919,549,495	0.809	744,138,463	3,574,018	788,375,418	760,720,996	102.2%
1999	981,629,994	944,059,272	0.824	777,587,134	8,927,714	870,516,770	846,126,488	108.8%
2000	965,019,423	928,271,781	0.824	764,583,555	4,193,778	861,650,679	833,033,065	109.0%
2001	1,130,461,715	1,088,158,258	0.824	896,276,205	7,045,092	1,000,225,266	969,840,531	108.2%
2002	1,309,391,128	1,267,499,201	0.832	1,054,837,588	8,878,506	1,146,920,469	1,119,105,043	106.1%
2003	1,583,352,486	1,535,651,202	0.877	1,346,047,003	20,833,908	1,373,532,265	1,352,986,093	100.5%
2004	1,472,984,083	1,432,520,476	0.906	1,297,283,850	24,143,714	1,323,266,426	1,311,059,351	101.1%
2005	1,531,594,629	1,489,421,947	0.937	1,396,158,806	18,484,082	1,384,023,645	1,364,398,433	97.7%
2006	1,693,222,086	1,645,473,245	0.937	1,542,438,639	11,502,725	1,531,665,983	1,499,975,747	97.2%
2007	1,613,149,613	1,561,206,017	0.966	1,508,151,367	12,551,994	1,466,424,009	1,431,756,988	94.9%
2008	1,231,859,074	1,186,600,336	0.968	1,149,046,969	(4,283,461)	1,226,863,768	1,177,505,098	102.5%
2009	1,062,325,934	1,013,798,824	0.968	981,714,256	(18,186,359)	1,052,497,338	986,232,840	100.5%
2010	1,101,921,324	1,057,770,573	0.968	1,024,294,393	(11,471,165)	988,133,130	937,070,372	91.5%
2011	1,159,122,044	1,123,156,521	0.968	1,087,611,015	(5,899,805)	1,007,706,322	970,539,158	89.2%
2012	1,468,967,729	1,429,904,344	0.968	1,384,650,925	1,500,493	1,171,681,490	1,142,024,154	82.5%
2013	1,746,679,174	1,690,315,410	0.945	1,596,929,470	10,090,537	1,344,086,651	1,310,804,722	82.1%
2014	1,772,069,471	1,708,706,132	0.933	1,594,250,681	(22,601,407)	1,386,600,437	1,314,418,788	82.4%
2015	1,960,377,130	1,902,011,015	0.933	1,774,607,288	23,228,575	1,528,140,774	1,505,872,165	84.9%
2016	2,088,078,378	2,030,861,451	0.933	1,894,826,846	18,596,511	1,643,168,169	1,616,739,056	85.3%
2017	2,111,486,189	2,050,197,611	0.933	1,912,867,799	13,272,179	1,690,002,210	1,654,219,921	86.5%
2018	2,218,541,135	2,153,058,063	0.933	2,008,838,277	14,488,640	1,741,879,914	1,704,954,746	84.9%
2019	2,337,278,585	2,268,426,680	0.954	2,164,718,222	15,956,856	1,834,619,116	1,796,531,485	83.0%
2020	2,780,024,265	2,689,247,689	1.000	2,689,247,689	28,430,365	2,052,276,172	2,013,693,235	74.9%
2021	3,818,427,267	3,687,118,037	1.000	3,687,118,037	62,837,349	2,592,827,529	2,566,501,942	69.6%
15 Years Total	28,470,307,313	27,552,378,705		26,458,873,236	138,511,301	22,726,907,028	22,128,864,669	83.6%
20 Years Total	36,060,851,726	34,922,944,776		33,095,639,122	222,354,236	29,486,315,816	28,776,389,336	86.9%
2015-2019	10,715,761,417	10,404,554,821		9,755,858,433	85,542,761	8,437,810,183	8,278,317,372	84.9%
2017-2019	6,667,305,909	6,471,682,354		6,086,424,298	43,717,675	5,266,501,239	5,155,706,152	84.7%

** Expense assumed to be 105% of Adjusted Expense presented in Attachment 2 - Exhibit A

Texas Land and Title Association

Texas Agent Survey

Question - If your 2023 average monthly expenses are higher than your 2019 average monthly expenses, by what percent have they increased?

Percent increase in average expense in 2023 compared to 2019

<u>Start</u>	<u>End</u>	<u>Num. of Agents</u>
< 0%		16
0%	9.9%	20
10%	19.9%	27
20%	29.9%	50
30%	39.9%	14
40%	49.9%	6
50% +		24
Total Agent Response		157

Attachment 6 – ALTA Written Premium

Although the 2021 data reflects a period of high profitability for the title industry, more recent data reflects a significant downward market trend that raises concerns and uncertainty that requires substantial consideration to ensure an adequate and reasonable rate. The pandemic spurred a steep drop in interest rates, continued rise in home prices, shortages in supply, and an increased demand for refinancing of homes, the market – both residential and commercial - has since experienced a significant decrease in activity in the second half of 2022 and the first half of 2023.

Exhibit B.1 through Exhibit B.5 presents the written premiums by state for each year from CY2018 through 2nd quarter of CY2023 as reported on the ALTA Industry Annual Statement Compilation data derived from NAIC data.

Exhibit A presents the derivation of the projected Texas written premiums in CY2023. Texas written premiums in CY2023 is expected to be \$2.1B, or 42.5% less than CY2021 written premiums.

Another data source confirming that the Texas title market is experiencing a significant downturn is the current Quarterly Guaranty Fee Report that the Texas Title Insurance Guaranty Association produced. In accordance with Texas Insurance Code § 2602.151, a guaranty fee is collected on each owner or mortgagee title insurance policy issued in Texas. Exhibit C presents the Quarter Guaranty/GARC Fees and Polices Quarter 2023 Report. It reports that the number of policies reported where a guaranty fee is collected from the Texas Title Insurance Guaranty Association for Q1 and Q2 of 2023 is 30% less than same time period in 2022 and 40% less than same time period in 2021.

Texas Land Title Association
ALTA Industry Annual Statement Compilation
Written Premiums - State Summary
Texas

	<u>Premium Written</u>	<u>YOY % Change</u>	
CY2018	2,140,910,335		(a) = Attachment 6 - Exhibit B.1
CY2019	2,214,499,994	3.4%	(b) = Attachment 6 - Exhibit B.1
CY2020	2,524,757,054	14.0%	(c) = Attachment 6 - Exhibit B.2
CY2021	3,521,963,070	39.5%	(d) = Attachment 6 - Exhibit B.3
CY2022	3,385,048,825	-3.9%	(e) = Attachment 6 - Exhibit B.4
1/22-6/22	1,865,906,269		(f) = Attachment 6 - Exhibit B.5
1/23-6/23	1,117,132,483	-40.1%	(g) = Attachment 6 - Exhibit B.5
CY23 ALTA Estimate	2,026,654,855		(h) = (e) * (g) / (f)
% Diff From CY21	-42.5%		(i) = (h) / (d) - 1
CY21 On-Level Premiums	3,687,118,037		(j) = Attachment 1 - Exhibit A
Proj. CY23 Premiums	2,121,690,524		(k) = (j) * [1 + (i)]

State Summary
Market Share Analysis
Based on 2019 Total Premium
as of 12/31/19

State	Premium Written		% Increase/ Decrease
	12/31/2019	12/31/2018	
1 Texas	2,214,499,994	2,140,910,335	3.4%
2 California	1,780,948,965	1,626,577,188	9.5%
3 Florida	1,617,781,194	1,510,763,693	7.1%
4 New York	1,141,453,670	1,096,711,695	4.1%
5 Pennsylvania	641,260,019	593,297,428	8.1%
6 Arizona	516,426,496	472,097,637	9.4%
7 New Jersey	485,438,997	442,554,083	9.7%
8 Illinois	482,663,470	482,695,178	0.0%
9 Ohio	443,443,438	413,971,815	7.1%
10 Georgia	438,590,975	396,016,535	10.8%
11 Colorado	410,959,902	373,751,971	10.0%
12 Washington	407,586,569	375,131,832	8.7%
13 Michigan	383,913,931	387,911,580	-1.0%
14 Virginia	361,827,493	333,952,339	8.3%
15 Massachusetts	321,423,367	298,509,392	7.7%
16 Utah	295,838,900	269,408,585	9.8%
17 Maryland	286,241,171	271,648,410	5.4%
18 Oregon	252,029,960	219,231,208	15.0%
19 Canada	244,179,287	236,255,302	3.4%
20 Tennessee	236,830,826	218,193,358	8.5%
21 North Carolina	223,812,517	199,566,909	12.1%
22 Nevada	217,938,362	208,408,079	4.6%
23 Wisconsin	188,814,457	188,550,814	0.1%
24 South Carolina	167,848,861	158,973,158	5.6%
25 Louisiana	161,127,466	153,845,424	4.7%
26 Minnesota	160,674,635	152,038,957	5.7%
27 Indiana	145,258,000	132,485,570	9.6%
28 Idaho	143,436,424	123,080,038	16.5%
29 Connecticut	118,775,972	112,153,846	5.9%
30 Alabama	111,607,153	108,978,745	2.4%
31 New Mexico	102,489,945	95,634,713	7.2%
32 Kentucky	96,883,011	86,623,856	11.8%
33 Hawaii	90,598,725	84,130,522	7.7%
34 Oklahoma	79,215,422	77,200,889	2.6%
35 Dist. Of Columbia	76,499,313	71,504,701	7.0%
36 Delaware	68,285,372	62,374,034	9.5%
37 Arkansas	67,206,546	62,391,200	7.7%
38 Aggregate Other Alien	64,182,892	73,442,302	-12.6%
39 Nebraska	60,672,950	59,753,416	1.5%
40 Montana	54,494,736	53,389,094	2.1%
41 Missouri	54,217,674	55,272,370	-1.9%
42 Mississippi	51,531,061	48,304,199	6.7%
43 Kansas	50,796,964	48,306,228	5.2%
44 New Hampshire	41,450,446	40,414,888	2.6%
45 Maine	40,245,090	37,258,176	8.0%
46 Rhode Island	36,601,134	35,286,563	3.7%
47 Wyoming	30,863,874	27,772,478	11.1%
48 Alaska	30,548,729	28,279,554	8.0%
49 West Virginia	23,461,778	21,252,478	10.4%
50 South Dakota	23,350,842	22,097,750	5.7%
51 Vermont	14,643,528	15,591,207	-6.1%
52 North Dakota	12,594,272	11,718,698	7.5%
53 Puerto Rico	12,198,178	8,921,467	36.7%
54 Iowa	11,020,011	10,969,226	0.5%
55 Guam	5,287,562	5,454,451	-3.1%
56 Mexico	3,119,239	1,606,807	94.1%
57 US Virgin Islands	1,510,082	867,105	74.2%
58 Northern Mariana Islands	348,423	902,241	-61.4%
59 Totals	15,806,950,270	14,844,391,717	6.5%

State Summary
Market Share Analysis
Based on 2020 Total Premium
as of 12/31/20

State	Premium Written		% Increase/ Decrease
	12/31/2020	12/31/2019	
1 Texas	2,524,757,054	2,214,499,994	14.0%
2 California	2,263,892,709	1,780,948,965	27.1%
3 Florida	1,901,109,939	1,617,781,194	17.5%
4 New York	1,015,420,771	1,141,453,670	-11.0%
5 Pennsylvania	826,185,031	641,260,019	28.8%
6 Arizona	648,999,205	516,426,496	25.7%
7 Colorado	589,080,758	410,959,902	43.3%
8 New Jersey	585,322,275	485,438,997	20.6%
9 Illinois	547,463,496	482,663,470	13.4%
10 Georgia	545,509,871	438,590,975	24.4%
11 Ohio	533,179,414	443,443,438	20.2%
12 Michigan	519,766,854	383,913,931	35.4%
13 Virginia	516,143,884	361,827,493	42.6%
14 Washington	516,036,968	407,586,569	26.6%
15 Massachusetts	402,608,151	321,423,367	25.3%
16 Utah	398,836,651	295,838,900	34.8%
17 Maryland	379,620,661	286,241,171	32.6%
18 Oregon	376,272,515	252,029,960	49.3%
19 North Carolina	299,955,340	223,812,517	34.0%
20 Tennessee	294,842,826	236,830,826	24.5%
21 Canada	274,507,703	244,179,287	12.4%
22 Nevada	240,514,228	217,938,362	10.4%
23 Wisconsin	234,531,637	188,814,457	24.2%
24 Minnesota	219,831,457	160,674,635	36.8%
25 South Carolina	212,098,322	167,848,861	26.4%
26 Louisiana	198,760,122	161,127,466	23.4%
27 Idaho	197,091,363	143,436,424	37.4%
28 Indiana	180,944,827	145,258,000	24.6%
29 Connecticut	154,920,902	118,775,972	30.4%
30 Alabama	145,609,639	111,607,153	30.5%
31 New Mexico	130,250,103	102,489,945	27.1%
32 Kentucky	124,693,891	96,883,011	28.7%
33 Hawaii	120,231,947	90,598,725	32.7%
34 Oklahoma	100,985,486	79,215,422	27.5%
35 Dist. Of Columbia	81,741,868	76,499,313	6.9%
36 Arkansas	81,371,948	67,206,546	21.1%
37 Montana	79,536,491	54,494,736	46.0%
38 Nebraska	76,194,668	60,672,950	25.6%
39 Delaware	73,217,620	68,285,372	7.2%
40 Missouri	69,839,208	54,217,674	28.8%
41 Kansas	67,491,227	50,796,964	32.9%
42 Mississippi	63,848,274	51,531,061	23.9%
43 New Hampshire	58,744,014	41,450,446	41.7%
44 Aggregate Other Alien	54,502,483	64,182,892	-15.1%
45 Maine	53,116,596	40,245,090	32.0%
46 Alaska	45,468,661	30,548,729	48.8%
47 Rhode Island	44,802,401	36,601,134	22.4%
48 Wyoming	38,917,181	30,863,874	26.1%
49 South Dakota	30,899,719	23,350,842	32.3%
50 West Virginia	30,661,769	23,461,778	30.7%
51 Vermont	19,175,098	14,643,528	30.9%
52 Iowa	16,724,926	11,020,011	51.8%
53 North Dakota	16,393,335	12,594,272	30.2%
54 Puerto Rico	9,968,998	12,198,178	-18.3%
55 Guam	5,521,799	5,287,562	4.4%
56 US Virgin Islands	1,570,184	1,510,082	4.0%
57 Mexico	1,322,543	3,119,239	-57.6%
58 Northern Mariana Islands	304,101	348,423	-12.7%
59 Totals	19,241,311,112	15,806,950,270	21.7%

State Summary
Market Share Analysis
Based on 2021 Total Premium
as of 12/31/21

State	Premium Written		% Increase/ Decrease
	12/31/2021	12/31/2020	
1 Texas	3,521,963,070	2,524,757,054	39.5%
2 Florida	2,891,199,893	1,901,109,939	52.1%
3 California	2,820,894,780	2,263,892,709	24.6%
4 New York	1,450,109,819	1,015,420,771	42.8%
5 Pennsylvania	1,176,892,907	826,185,031	42.4%
6 Arizona	873,878,463	648,999,205	34.7%
7 New Jersey	823,346,306	585,322,275	40.7%
8 Georgia	750,177,601	545,509,871	37.5%
9 Illinois	737,621,626	547,463,496	34.7%
10 Virginia	708,890,429	516,143,884	37.3%
11 Ohio	699,199,917	533,179,414	31.1%
12 Colorado	690,581,869	589,080,758	17.2%
13 Michigan	689,983,481	519,766,854	32.7%
14 Washington	640,498,007	516,036,968	24.1%
15 Maryland	529,527,266	379,620,661	39.5%
16 Massachusetts	524,040,444	402,608,151	30.2%
17 Utah	520,613,909	398,836,651	30.5%
18 Canada	425,773,668	274,507,703	55.1%
19 Oregon	425,763,064	376,272,515	13.2%
20 North Carolina	420,393,104	299,955,340	40.2%
21 Tennessee	419,818,819	294,842,826	42.4%
22 Nevada	302,982,280	240,514,228	26.0%
23 South Carolina	297,572,740	212,098,322	40.3%
24 Wisconsin	291,471,389	234,531,637	24.3%
25 Minnesota	284,868,024	219,831,457	29.6%
26 Idaho	270,772,053	197,091,363	37.4%
27 Louisiana	247,891,549	198,760,122	24.7%
28 Indiana	231,906,060	180,944,827	28.2%
29 Connecticut	227,967,123	154,920,902	47.2%
30 Alabama	203,980,919	145,609,639	40.1%
31 New Mexico	167,266,141	130,250,103	28.4%
32 Kentucky	163,624,763	124,693,891	31.2%
33 Hawaii	153,423,831	120,231,947	27.6%
34 Oklahoma	145,029,210	100,985,486	43.6%
35 Delaware	121,951,650	73,217,620	66.6%
36 Arkansas	118,140,279	81,371,948	45.2%
37 Montana	109,051,765	79,536,491	37.1%
38 Dist. Of Columbia	105,141,397	81,741,868	28.6%
39 Nebraska	102,321,621	76,194,668	34.3%
40 Missouri	90,692,416	69,839,208	29.9%
41 Mississippi	88,263,598	63,848,274	38.2%
42 Aggregate Other Alien	85,237,676	54,502,483	56.4%
43 Kansas	83,594,848	67,491,227	23.9%
44 New Hampshire	75,460,271	58,744,014	28.5%
45 Maine	75,388,619	53,116,596	41.9%
46 Rhode Island	68,786,085	44,802,401	53.5%
47 Wyoming	59,112,742	38,917,181	51.9%
48 Alaska	53,760,274	45,468,661	18.2%
49 South Dakota	41,916,275	30,899,719	35.7%
50 West Virginia	41,138,896	30,661,769	34.2%
51 Vermont	27,150,167	19,175,098	41.6%
52 Iowa	27,113,691	16,724,926	62.1%
53 Puerto Rico	20,853,617	9,968,998	109.2%
54 North Dakota	20,589,900	16,393,335	25.6%
55 Guam	6,769,726	5,521,799	22.6%
56 Mexico	3,146,849	1,322,543	137.9%
57 US Virgin Islands	2,129,610	1,570,184	35.6%
58 Northern Mariana Islands	204,876	304,101	-32.6%
59 Totals	26,157,841,372	19,241,311,112	35.9%

State Summary
Market Share Analysis
Based on 2022 Total Premium
as of 12/31/22

State	Premium Written		% Increase/ Decrease
	12/31/2022	12/31/2021	
1 Texas	3,385,048,825	3,521,963,070	-3.9%
2 Florida	2,691,856,932	2,891,199,893	-6.9%
3 California	1,887,795,924	2,820,894,780	-33.1%
4 New York	1,363,369,537	1,450,109,819	-6.0%
5 Pennsylvania	898,461,610	1,176,892,907	-23.7%
6 Arizona	701,210,448	873,878,463	-19.8%
7 Georgia	684,050,035	750,177,601	-8.8%
8 New Jersey	666,674,151	823,346,306	-19.0%
9 Ohio	645,349,612	699,199,917	-7.7%
10 Illinois	626,743,259	737,621,626	-15.0%
11 Michigan	557,516,633	689,983,481	-19.2%
12 Virginia	535,647,696	708,890,429	-24.4%
13 Colorado	478,634,363	690,581,869	-30.7%
14 Washington	444,294,473	640,498,007	-30.6%
15 Tennessee	427,569,126	419,818,819	1.8%
16 Maryland	412,034,323	529,527,266	-22.2%
17 Massachusetts	409,128,827	524,040,444	-21.9%
18 Canada	387,349,347	425,773,668	-9.0%
19 Utah	385,406,730	520,613,909	-26.0%
20 North Carolina	363,350,156	420,393,104	-13.6%
21 South Carolina	275,706,989	297,572,740	-7.3%
22 Wisconsin	274,301,886	291,471,389	-5.9%
23 Oregon	266,647,632	425,763,064	-37.4%
24 Nevada	241,888,697	302,982,280	-20.2%
25 Louisiana	213,355,372	247,891,549	-13.9%
26 Minnesota	206,526,858	284,868,024	-27.5%
27 Alabama	202,223,886	203,980,919	-0.9%
28 Connecticut	197,393,805	227,967,123	-13.4%
29 Idaho	194,184,515	270,772,053	-28.3%
30 Indiana	186,234,150	231,906,060	-19.7%
31 Kentucky	147,710,202	163,624,763	-9.7%
32 New Mexico	140,466,739	167,266,141	-16.0%
33 Oklahoma	138,792,532	145,029,210	-4.3%
34 Arkansas	110,572,395	118,140,279	-6.4%
35 Hawaii	107,639,110	153,423,831	-29.8%
36 Delaware	107,410,838	121,951,650	-11.9%
37 Montana	91,975,287	109,051,765	-15.7%
38 Aggregate Other Alien	86,579,742	85,237,676	1.6%
39 Mississippi	84,719,311	88,263,598	-4.0%
40 Nebraska	84,050,837	102,321,621	-17.9%
41 Dist. Of Columbia	83,883,223	105,141,397	-20.2%
42 Missouri	79,428,353	90,692,416	-12.4%
43 Kansas	68,926,980	83,594,848	-17.5%
44 Maine	65,679,899	75,388,619	-12.9%
45 New Hampshire	61,407,872	75,460,271	-18.6%
46 Rhode Island	52,945,594	68,786,085	-23.0%
47 Wyoming	45,957,572	59,112,742	-22.3%
48 Alaska	38,434,173	53,760,274	-28.5%
49 West Virginia	38,130,364	41,138,896	-7.3%
50 South Dakota	37,588,563	41,916,275	-10.3%
51 Vermont	24,297,879	27,150,167	-10.5%
52 Iowa	20,916,973	27,113,691	-22.9%
53 Puerto Rico	20,735,503	20,853,617	-0.6%
54 North Dakota	17,047,736	20,589,900	-17.2%
55 Guam	9,208,012	6,769,726	36.0%
56 US Virgin Islands	2,966,489	2,129,610	39.3%
57 Mexico	2,736,094	3,146,849	-13.1%
58 Northern Mariana Islands	335,863	204,876	63.9%
59 Totals	21,980,499,932	26,157,841,372	-16.0%

State Summary
Market Share Analysis
Based on 2023 Total Premium
as of 6/30/23

State	Premium Written		% Increase/ Decrease
	6/30/2023	6/30/2022	
1 Texas	1,117,132,483	1,865,906,269	-40.1%
2 Florida	932,925,672	1,466,766,154	-36.4%
3 California	642,536,057	1,141,236,800	-43.7%
4 New York	429,559,356	748,046,810	-42.6%
5 Pennsylvania	278,726,341	488,646,834	-43.0%
6 Georgia	242,214,757	374,432,542	-35.3%
7 Arizona	238,413,661	422,802,387	-43.6%
8 Illinois	227,558,162	339,713,396	-33.0%
9 New Jersey	207,647,682	374,159,868	-44.5%
10 Ohio	199,762,076	325,461,861	-38.6%
11 Michigan	190,707,397	284,259,632	-32.9%
12 Virginia	172,696,252	304,036,183	-43.2%
13 Colorado	148,278,818	271,884,878	-45.5%
14 Tennessee	140,835,835	225,114,779	-37.4%
15 Canada	140,458,612	220,024,393	-36.2%
16 Washington	135,539,019	252,406,400	-46.3%
17 Massachusetts	128,813,115	213,451,630	-39.7%
18 Maryland	128,542,113	230,337,642	-44.2%
19 North Carolina	117,727,985	199,926,044	-41.1%
20 Utah	113,503,658	224,579,256	-49.5%
21 South Carolina	98,472,596	148,683,406	-33.8%
22 Wisconsin	95,025,753	138,129,248	-31.2%
23 Oregon	79,783,061	155,043,485	-48.5%
24 Nevada	74,263,999	141,641,934	-47.6%
25 Indiana	71,958,900	97,365,922	-26.1%
26 Louisiana	68,717,466	120,366,771	-42.9%
27 Minnesota	63,932,472	112,570,040	-43.2%
28 Alabama	63,136,891	107,911,117	-41.5%
29 Connecticut	62,927,154	101,395,611	-37.9%
30 Idaho	57,936,910	114,783,295	-49.5%
31 Kentucky	52,935,665	74,452,186	-28.9%
32 Oklahoma	49,643,799	72,917,381	-31.9%
33 New Mexico	47,944,895	82,324,799	-41.8%
34 Arkansas	41,739,937	57,631,458	-27.6%
35 Hawaii	38,950,490	65,055,597	-40.1%
36 Aggregate Other Alien	37,766,863	43,933,560	-14.0%
37 Delaware	32,373,215	59,946,052	-46.0%
38 Mississippi	31,061,698	44,748,875	-30.6%
39 Nebraska	30,003,327	44,103,191	-32.0%
40 Missouri	28,084,547	40,984,185	-31.5%
41 Montana	28,009,598	47,944,934	-41.6%
42 Dist. Of Columbia	27,238,094	47,384,243	-42.5%
43 Kansas	26,051,808	36,908,791	-29.4%
44 Maine	20,475,300	33,799,265	-39.4%
45 Rhode Island	18,236,392	28,048,360	-35.0%
46 New Hampshire	18,109,607	31,409,124	-42.3%
47 Wyoming	15,359,503	25,232,295	-39.1%
48 West Virginia	13,858,327	19,418,241	-28.6%
49 Alaska	12,221,193	20,961,912	-41.7%
50 South Dakota	12,025,806	20,040,267	-40.0%
51 Vermont	10,802,693	13,689,856	-21.1%
52 Puerto Rico	7,085,711	10,244,098	-30.8%
53 Iowa	6,684,038	11,670,023	-42.7%
54 North Dakota	5,738,717	8,524,138	-32.7%
55 Guam	2,068,290	3,691,727	-44.0%
56 US Virgin Islands	1,392,823	1,526,014	-8.7%
57 Mexico	660,005	1,054,137	-37.4%
58 Northern Mariana Islands	521,840	142,444	266.3%
59 Totals	7,286,778,434	12,158,871,740	-40.1%

Texas Title Insurance Guaranty Association
Title Guaranty/GARC Fees and Policies Quarter 2023 Report

Policies Reported

Year	1 st Q	2 nd Q	3 rd Q	4 th Q	Totals
2004	288,644	388,908	368,946	339,339	1,385,837
2005	312,800	393,331	407,882	358,790	1,472,803
2006	346,287	415,750	404,321	355,302	1,521,660
2007	325,214	366,145	340,542	283,709	1,315,610
2008	280,705	279,453	255,025	200,505	1,015,688
2009	212,453	266,830	254,483	233,221	966,987
2010	189,898	259,685	229,007	236,180	914,770
2011	191,988	230,458	242,042	230,523	895,011
2012	252,572	277,150	298,627	289,157	1,117,506
2013	274,085	339,953	321,053	264,311	1,199,402
2014 (GARC)	210,631	297,366	296,444	276,227	1,080,668
2015 (No Fee)					
2016	N/A	315,545	345,339	303,802	964,686
2017	271,656	338,974	322,629	301,431	1,234,690
2018 (GARC)	250,964	344,116	317,757	292,358	1,205,195
2019	N/A	217,584	360,361	346,985	924,930
2020	324,342	409,986	507,231	481,515	1,723,074
2021	445,557	524,519	511,210	477,847	1,959,133
2022	394,047	435,916	381,096	266,472	1,477,531
2023	258,721	325,417			

Number of Agents Who **Remitted Timely** GF's During the 2nd Q: **705 (77%)**

(1Q-23 651 (71%))

Number of Agents Who **Remitted Late** During the 2nd Q: **16**

(1Q-23 21)

Number of Agents **Non-Filers** who during Submit During 2nd Q: **.72**¹

(1Q-23 102)

Number of Agents Who remitted other quarters in 2nd Q: **61**

(1Q-74)

Number of Agents who received rejection notices: 2nd **41**

(1Q-23 38)

Fees Collected for 2023

2023 1st Quarter Guaranty Fees collected - **517,442.00**

2023 2nd Quarter Guaranty Fees collected - **\$650,728.00**

2023 3rd Quarter Guaranty Fees collected - \$ _____

2023 4th Quarter Guaranty Fees collected - \$ _____

Total Guaranty Fees Collected: **\$1,168,170.00**

¹ On or about August 23, 2023, Non-filer report emailed to TDI. A blast email from TDI was sent to Non-filer which generated an additional \$23,828.00 recorded in the 3Q-23 spreadsheet.

Attachment 7 – Underwriting Profit Load

The underwriting profit load provision is a margin in the rates that together with investment and miscellaneous income provides an adequate return to the title insurance firms considering the capital required, the expenses incurred, and risks involved with selling title insurance.

The suggested cost of capital was provided by Dr. Greg Hallman and Mr. Kevin Jewell. They have recommended using a cost of capital of 15.8%. We removed the return on investment to determine the appropriate underwriting profit load to include in the rates. We have determined the underwriting profit load to be 11.30%. Attachment 7 presents the underwriting profit load calculations and summarized below.

- The after-tax return of capital is assumed to be 15.8% and comes directly from Dr. Hallman's and Mr. Jewell's cost of capital analysis. It represents the total return from both investments and underwriting (i.e. profit load through rating).
- The historical pre-tax return on invested assets is assumed to be 6.2% and is 1.0% higher than the current 20-year Treasury bill. The historical pre-tax return on invested assets is then converted to an after-tax return and the return on invested assets is converted to a return on capital by applying historical leverage ratio which results in an after-tax return on capital of 7.66%.
- The after-tax return on capital from underwriting is 8.14% which equals the total return on capital (15.8%) minus the return on capital that the companies are assumed to achieve through investments (7.66%).
- The after-tax return on capital from underwriting is then converted into after tax return on premiums from underwriting by applying historical leverage ratio.
- The after-tax return on premiums from underwriting is then converted into pre-tax return on premiums from underwriting resulting in our profit load assumption of 11.30%.

Attachment 7 - Exhibit A

Texas Land Title Association

Development of Target Underwriting Profit

1. Basis For Financial Leverage Factors	<i>ALTA</i> ¹	
2. Target Return on Capital (After-Tax)	15.80%	From Dr. Greg Hallman
3. Current 20 Year T-Bill Yield (as of 10/18/2023)	5.20%	
4. Pre-Tax Risk Premium	1.00%	Att. 7 - Exh. B
5. Pre-Tax Return on Invested Assets ²	6.20%	=(3)+(4)
6. Tax on Investment Return	20.08%	Att. 7 - Exh. C
7. After-Tax Return on Invested Assets	4.96%	=(5) x [1 - (6)]
8. Invested Assets / Capital Leverage Factor	1.55	Att. 7 - Exh. B
9. After-Tax Return on Capital	7.66%	=(7)*(8)
10. Required After-Tax Return From Underwriting/Capital	8.14%	=(2)-(9)
11. Premium / Capital Leverage Factor	0.91	Att. 7 - Exh. B
12. Indicated After-Tax Return From Underwriting / Premium	8.96%	=(10)/(11)
13. Indicated Pre-Tax Return From Underwriting / Premium³	11.3%	=(12)/0.79

Notes:

(1) Average from ALTA Industry Annual Statement Compilation data.

(2) Current 20 Year T-Bill Yield (5.20% as of 10/18/2023) plus risk premium from Att. 7 - Exh. B

(3) Assumed corporate tax rate of 21%

Attachment 7 - Exhibit B

ALTA Industry Annual Statement Compilation

Development of Investment Returns and Financial Leverage Ratios

		2011	2012	2013	2014	2015
<i>Investment Gain:</i>						
1. Invested Assets	AS Page 2, Line 10	7,272,246,195	7,817,727,401	7,786,435,944	7,836,300,065	8,042,154,514
2. Average Invested Assets	Average of (1)	7,272,246,195	7,544,986,798	7,802,081,673	7,811,368,005	7,939,227,290
3. Investment Gain (Annualized)	AS Page 4, Line 11	367,414,255	330,366,550	268,729,325	200,401,838	248,826,858
4. Capital Gains Tax Adjustment	AS Exh. of Cap. Gain	5,936,046	13,833,751	6,342,449	7,541,253	4,000,158
5. Pre-Tax Investment Gain	(3) + (4)	373,350,301	344,200,301	275,071,774	207,943,091	252,827,016
6. Pre-Tax Inv Gain / Avg Invested Assets	(5) / (2)	5.1%	4.6%	3.5%	2.7%	3.2%
7. U.S. Gov't Bond Yield (20 Year)		3.6%	2.5%	3.1%	3.1%	2.5%
8. Pre-Tax Inv Gain Risk Premium	(6) - (7)	1.5%	2.0%	0.4%	-0.4%	0.6%
<i>Calculation of GAAP Adjusted Capital:</i>						
9. Statutory Reserve on Known Claims	AS Page 3, Line 1	992,770,278	610,749,986	555,440,581	542,370,344	433,994,217
10. Statutory Premium Reserve	AS Page 3, Line 2	3,778,988,633	3,788,444,738	3,871,703,806	3,641,290,531	3,817,887,743
11. Statutory Premium and Loss Reserves	(9) + (10)	4,771,758,911	4,399,194,724	4,427,144,387	4,183,660,875	4,251,881,960
12. Schedule P Reserves	AS Part 2B, Col 4, Line 7	3,856,184,819	3,735,143,470	3,745,237,513	3,769,577,996	3,740,761,535
13. Equity in Reserves (Gross of Tax)	(11) - (12)	915,574,092	664,051,254	681,906,874	414,082,879	511,120,425
14. Equity in Reserves (Net of Tax)	79% of (13)	723,303,533	524,600,491	538,706,430	327,125,474	403,785,136
15. Non-Admitted Assets	AS Page 2, Col 2, Line 28	1,371,592,287	1,152,552,271	776,685,138	638,383,972	741,541,052
16. Surplus as Regards Policyholders	AS Page 3, Line 30	2,628,489,504	3,493,003,371	3,675,733,525	3,821,028,785	3,921,347,115
17. GAAP Adjusted Capital (Year End)	(14) + (15) + (16)	4,723,385,324	5,170,156,133	4,991,125,093	4,786,538,231	5,066,673,303
18. GAAP Adjusted Capital Yearly Avg	Average of (17)	4,723,385,324	4,946,770,728	5,080,640,613	4,888,831,662	4,926,605,767
<i>Operating Income:</i>						
19. Total Operating Income	AS Page 4, Line 3	10,408,559,061	12,225,350,968	13,431,912,783	12,204,486,972	13,649,313,575
20. Amount Paid to or Retained by Title Agents	AS O&I Ex Part 3, Line 2, Col 8	6,441,039,137	8,145,769,295	9,211,448,963	8,072,952,447	9,357,212,320
21. Underwriting Retained Operating Income	(19) - (20)	3,967,519,924	4,079,581,673	4,220,463,820	4,131,534,525	4,292,101,255
<i>Financial Leverage Ratios To (GAAP Adjusted) Capital:</i>						
22. Invested Assets / Capital	(2) / (18)	1.54	1.53	1.54	1.60	1.61
23. Operating Income / Capital	(21) / (18)	0.84	0.82	0.83	0.85	0.87

Attachment 7 - Exhibit B

ALTA Industry Annual Statement Compilation

Development of Investment Returns and Financial Leverage Ratios

		2016	2017	2018	2019	2020
<i>Investment Gain:</i>						
1. Invested Assets	AS Page 2, Line 10	8,635,174,727	8,687,410,814	8,865,235,535	9,803,677,034	10,537,087,524
2. Average Invested Assets	Average of (1)	8,338,664,621	8,661,292,771	8,776,323,175	9,334,456,285	10,170,382,279
3. Investment Gain (Annualized)	AS Page 4, Line 11	385,619,379	380,909,600	212,394,181	415,560,125	243,077,030
4. Capital Gains Tax Adjustment	AS Exh. of Cap. Gain	16,678,487	15,178,767	14,670,621	20,857,424	(4,651,693)
5. Pre-Tax Investment Gain	(3) + (4)	402,297,866	396,088,367	227,064,802	436,417,549	238,425,337
6. Pre-Tax Inv Gain / Avg Invested Assets	(5) / (2)	4.8%	4.6%	2.6%	4.7%	2.3%
7. U.S. Gov't Bond Yield (20 Year)		2.2%	2.7%	3.0%	2.4%	1.4%
8. Pre-Tax Inv Gain Risk Premium	(6) - (7)	2.6%	1.9%	-0.4%	2.3%	1.0%
<i>Calculation of GAAP Adjusted Capital:</i>						
9. Statutory Reserve on Known Claims	AS Page 3, Line 1	622,724,306	621,480,501	647,723,456	627,355,983	636,469,739
10. Statutory Premium Reserve	AS Page 3, Line 2	3,976,023,364	3,900,296,825	3,948,553,585	4,096,948,255	4,384,451,437
11. Statutory Premium and Loss Reserves	(9) + (10)	4,598,747,670	4,521,777,326	4,596,277,041	4,724,304,238	5,020,921,176
12. Schedule P Reserves	AS Part 2B, Col 4, Line 7	3,703,918,462	3,695,937,670	3,713,695,182	3,725,786,788	4,019,505,415
13. Equity in Reserves (Gross of Tax)	(11) - (12)	894,829,208	825,839,656	882,581,859	998,517,450	1,001,415,761
14. Equity in Reserves (Net of Tax)	79% of (13)	706,915,074	652,413,328	697,239,669	788,828,786	791,118,451
15. Non-Admitted Assets	AS Page 2, Col 2, Line 28	635,506,200	569,260,608	670,535,853	658,268,205	775,363,893
16. Surplus as Regards Policyholders	AS Page 3, Line 30	4,205,954,904	4,198,713,692	4,275,714,525	4,970,259,112	5,479,416,412
17. GAAP Adjusted Capital (Year End)	(14) + (15) + (16)	5,548,376,178	5,420,387,628	5,643,490,047	6,417,356,103	7,045,898,756
18. GAAP Adjusted Capital Yearly Avg	Average of (17)	5,307,524,741	5,484,381,903	5,531,938,837	6,030,423,075	6,731,627,429
<i>Operating Income:</i>						
19. Total Operating Income	AS Page 4, Line 3	14,880,808,953	15,547,959,110	15,787,420,773	16,770,259,259	20,354,684,578
20. Amount Paid to or Retained by Title Agents	AS O&I Ex Part 3, Line 2, Col 8	10,273,216,199	10,491,209,538	10,423,882,902	11,143,057,749	13,909,876,253
21. Underwriting Retained Operating Income	(19) - (20)	4,607,592,754	5,056,749,572	5,363,537,871	5,627,201,510	6,444,808,325
<i>Financial Leverage Ratios To (GAAP Adjusted) Capital:</i>						
22. Invested Assets / Capital	(2) / (18)	1.57	1.58	1.59	1.55	1.51
23. Operating Income / Capital	(21) / (18)	0.87	0.92	0.97	0.93	0.96

Attachment 7 - Exhibit B

ALTA Industry Annual Statement Compilation

Development of Investment Returns and Financial Leverage Ratios

		2021	2022	Total	Selected (Avg)
Investment Gain:					
1. Invested Assets	AS Page 2, Line 10	12,204,441,144	10,996,954,500	108,484,845,397	
2. Average Invested Assets	Average of (1)	11,370,764,334	11,600,697,822	106,622,491,245	
3. Investment Gain (Annualized)	AS Page 4, Line 11	341,257,836	311,261,596	3,705,818,573	
4. Capital Gains Tax Adjustment	AS Exh. of Cap. Gain	31,162,167	(19,459,714)	112,089,716	
5. Pre-Tax Investment Gain	(3) + (4)	372,420,003	291,801,882	3,817,908,289	
6. Pre-Tax Inv Gain / Avg Invested Assets	(5) / (2)	3.3%	2.5%	3.6%	
7. U.S. Gov't Bond Yield (20 Year)		2.0%	3.3%		
8. Pre-Tax Inv Gain Risk Premium	(6) - (7)	1.3%	-0.8%		1.00%
Calculation of GAAP Adjusted Capital:					
9. Statutory Reserve on Known Claims	AS Page 3, Line 1	647,897,808	643,657,507	7,582,634,706	
10. Statutory Premium Reserve	AS Page 3, Line 2	5,074,434,429	5,317,022,327	49,596,045,673	
11. Statutory Premium and Loss Reserves	(9) + (10)	5,722,332,237	5,960,679,834	57,178,680,379	
12. Schedule P Reserves	AS Part 2B, Col 4, Line 7	4,469,951,130	4,717,684,821	46,893,384,801	
13. Equity in Reserves (Gross of Tax)	(11) - (12)	1,252,381,107	1,242,995,013	10,285,295,578	
14. Equity in Reserves (Net of Tax)	79% of (13)	989,381,075	981,966,060	8,125,383,507	
15. Non-Admitted Assets	AS Page 2, Col 2, Line 28	897,456,599	991,401,725	9,878,547,803	
16. Surplus as Regards Policyholders	AS Page 3, Line 30	6,311,257,364	5,253,970,635	52,234,888,944	
17. GAAP Adjusted Capital (Year End)	(14) + (15) + (16)	8,198,095,038	7,227,338,420	70,238,820,254	
18. GAAP Adjusted Capital Yearly Avg	Average of (17)	7,621,996,897	7,712,716,729	68,986,843,705	
Operating Income:					
19. Total Operating Income	AS Page 4, Line 3	27,157,161,661	22,975,383,576	195,393,301,269	
20. Amount Paid to or Retained by Title Agents	AS O&I Ex Part 3, Line 2, Col 8	18,862,728,211	15,720,368,811	132,052,761,825	
21. Underwriting Retained Operating Income	(19) - (20)	8,294,433,450	7,255,014,765	63,340,539,444	
Financial Leverage Ratios To (GAAP Adjusted) Capital:					
22. Invested Assets / Capital	(2) / (18)	1.49	1.50	1.55	1.55
23. Operating Income / Capital	(21) / (18)	1.09	0.94	0.92	0.91

Attachment 7 - Exhibit C

ALTA Industry Annual Statement Compilation

Income from Investments

Description		2013	2014	2015	2016	2017	2018
(1)	U.S. Gov't Bonds - Taxable	6,222,063	6,260,085	6,029,138	5,850,777	6,287,963	8,989,085
(2)	Bonds - Tax Exempt	39,242,420	34,606,078	30,378,272	28,318,613	26,811,121	14,299,932
(3)	Corporate Bonds - Taxable	113,214,189	111,826,379	122,187,916	128,456,011	124,552,748	133,480,408
(4)	Preferred Stock	13,834,782	12,099,220	16,000,637	18,488,055	18,190,189	23,876,503
(5)	Common Stock	66,322,740	41,310,813	51,100,560	30,152,114	32,240,194	37,459,073
(6)	Mortgage Loans	1,849,696	1,524,152	1,068,887	1,807,553	3,250,957	2,814,466
(7)	Real Estate	20,876,313	21,043,255	17,805,853	24,203,854	29,001,271	26,878,234
(8)	Cash/Short-Term Investment	1,291,101	1,282,862	711,661	2,458,913	6,424,232	16,845,535
(9)	TOTAL INCOME FROM INVESTMENTS	262,853,304	229,952,844	245,282,924	239,735,890	246,758,675	264,643,236
	Wtd Tax Rate	18.1%	18.1%	18.3%	18.3%	18.5%	19.2%

Attachment 7 - Exhibit C

ALTA Industry Annual Statement Compilation

Income from Investments

	Description	2019	2020	2021	2022	Totals	Tax Rate
(1)	U.S. Gov't Bonds - Taxable	10,074,784	8,435,513	7,649,174	8,451,706	74,250,288	21.00%
(2)	Bonds - Tax Exempt	7,766,098	9,602,182	5,419,506	4,765,352	201,209,574	5.25%
(3)	Corporate Bonds - Taxable	156,563,813	145,194,182	137,536,132	158,114,533	1,331,126,311	21.00%
(4)	Preferred Stock	23,932,122	23,680,016	15,999,614	17,400,928	183,502,066	10.00%
(5)	Common Stock	40,630,480	52,232,221	67,588,093	83,370,361	502,406,649	21.00%
(6)	Mortgage Loans	2,050,380	2,009,071	1,636,975	600,721	18,612,858	21.00%
(7)	Real Estate	26,923,305	26,573,764	27,043,577	22,838,331	243,187,757	21.00%
(8)	Cash/Short-Term Investment	24,613,359	7,431,810	1,590,576	13,767,360	76,417,409	21.00%
(9)	TOTAL INCOME FROM INVESTMENTS	292,554,341	275,158,759	264,463,647	309,309,292	2,630,712,912	19.03%
	Wtd Tax Rate	19.7%	19.5%	20.0%	20.1%	19.0%	

Selected **20.1%**

Attachment 8 – Development of On-Level Factors

Historical premiums were adjusted by applying an “on-level” factor, which reflect what the premiums would be using the rates that are currently in effect. The “on-level” factor is presented in Attachment 8 and derived from historical rate changes and policy changes.

<i>Effective Date</i>	<i>Rate Change</i>	<i>Rate Index</i>	<i>Calendar Year</i>	<i>Average Premium Index</i>	<i>Premium On-Level Factor</i>	<i>Average Policy Change Index</i>	<i>Present Rate On-Level Factor</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>	<i>(7)</i>	<i>(8)</i>
Rate Change History							
Prior		1.000	1985	1.000	1.225	0.981	1.202
03/21/88	9.9%	1.099	1986	1.000	1.225	0.981	1.202
08/01/88	4.1%	1.144	1987	1.000	1.225	0.981	1.202
01/01/89	13.6%	1.300	1988	1.096	1.118	0.981	1.096
03/01/89	3.6%	1.347	1989	1.339	0.915	0.981	0.897
02/01/90	4.9%	1.413	1990	1.408	0.870	0.981	0.853
02/01/91	7.5%	1.519	1991	1.510	0.811	0.981	0.796
10/30/92	-1.0%	1.504	1992	1.517	0.808	0.981	0.792
08/01/98	-3.0%	1.459	1993	1.504	0.814	0.981	0.799
11/01/02	-6.0%	1.371	1994	1.504	0.814	0.981	0.799
07/01/04	-6.5%	1.282	1995	1.504	0.814	0.981	0.799
02/01/07	-3.2%	1.241	1996	1.504	0.814	0.981	0.799
05/01/13	3.8%	1.288	1997	1.504	0.814	0.981	0.799
09/01/19	-4.9%	1.225	1998	1.485	0.825	0.981	0.809
			1999	1.459	0.840	0.981	0.824
Current		1.225	2000	1.459	0.840	0.981	0.824
			2001	1.459	0.840	0.981	0.824
			2002	1.444	0.848	0.981	0.832
Policy Change History							
09/01/19	-1.9%	0.981	2003	1.371	0.894	0.981	0.877
Current		1.000	2004	1.327	0.923	0.981	0.906
			2005	1.282	0.956	0.981	0.937
			2006	1.282	0.956	0.981	0.937
			2007	1.244	0.985	0.981	0.966
			2008	1.241	0.987	0.981	0.968
			2009	1.241	0.987	0.981	0.968
			2010	1.241	0.987	0.981	0.968
			2011	1.241	0.987	0.981	0.968
			2012	1.241	0.987	0.981	0.968
			2013	1.272	0.963	0.981	0.945
			2014	1.288	0.951	0.981	0.933
			2015	1.288	0.951	0.981	0.933
			2016	1.288	0.951	0.981	0.933
			2017	1.288	0.951	0.981	0.933
			2018	1.288	0.951	0.981	0.933
			2019	1.267	0.967	0.987	0.954
			2020	1.225	1.000	1.000	1.000
			2021	1.225	1.000	1.000	1.000

Notes:

- (1), (2) Rate changes provided in Commissioner Orders from prior rate hearings.
- (3) Calculated based on (2).
- (5), (7) Calculated based on (3).
- (6) = [Current (3)] / (5).
- (7) = [Current (3)] / (3).
- (8) = (6) * (7)

Attachment 9 – Agent Retained Premiums

Starting in 2004, underwriter premiums transferred to agents didn't match the sum of retained premiums for all agents. The reason for this is because the home office premiums for Agents that was previously reported in Retained Premiums (Line 3) started to be reported in Examination/Evidence Fee (Line 4) and/or Closing Fee (Line 5). As a result, in order to account for the HOI premiums, we need to add Retained Premiums (Line 3), Examination/Evidence Fee (Line 4) and/or Closing Fee (Line 5). However, this will overstate the Agents premiums due to double counting of some industry transfers. As a result, we need to remove the Evidence/Examination Fees (Expense Line 3a.) and Closing Fees Paid (Expense Line 4a) reported on the Expense lines. The formula used to determine the Adjusted Retained Premiums is

Adjusted Retained Premiums = Retained Premiums (Income Line 3) + Examination/Evidence Fee (Income Line 4) + Closing Fee (Income Line 5) – Evidence/Examination Fees (Expense Line 3a.) – Closing Fees Paid (Expense Line 4a)

Attachment 9 compares the premiums retained by agents reported by the underwriters and the Adjusted Retained Premiums calculated for the agents. The difference is immaterial and due to reporting time differences between underwriters and agents.

Texas Land Title Association
 Agent Retain Premium Adjusted for Home Office Issue
 Retain Premiums Comparison - Agents vs. Underwriters

Year	UW Reported Premiums Retained by Agents Underwriter (1)	Agents Adjusted Retained Premiums (2)	% Diff
1998	745,726,638	762,345,294	2%
1999	813,275,313	762,477,395	-6%
2000	794,066,622	764,357,374	-4%
2001	894,015,079	920,738,501	3%
2002	1,074,979,764	1,080,302,047	0%
2003	1,285,294,007	1,294,761,626	1%
2004	1,234,418,328	1,174,296,983	-5%
2005	1,227,436,713	1,232,248,667	0%
2006	1,387,875,843	1,368,819,784	-1%
2007	1,373,443,558	1,314,103,138	-4%
2008	1,057,903,593	997,650,961	-6%
2009	863,642,687	861,002,606	0%
2010	900,828,360	896,635,954	0%
2011	985,578,640	948,784,209	-4%
2012	1,213,832,540	1,214,798,711	0%
2013	1,443,895,345	1,430,540,382	-1%
2014	1,442,443,041	1,431,074,396	-1%
2015	1,571,811,465	1,590,093,320	1%
2016	1,707,727,443	1,697,170,032	-1%
2017	1,720,976,701	1,715,257,944	0%
2018	1,800,096,342	1,788,887,544	-1%
2019	1,876,526,451	1,901,740,080	1%
2020	2,202,572,954	2,264,729,856	3%
2021	3,103,258,552	3,099,348,376	0%
Total	32,721,625,978	32,512,165,180	-1%
2004-2021	27,114,268,556	26,927,182,943	-1%
2017-2021	10,703,431,000	10,769,963,800	1%
2012-2021	18,083,140,835	18,133,640,641	0%
2007-2021	23,264,537,672	23,151,817,509	0%

Notes:

(1) Title Premiums Retained by Agents reported by Underwriter on Income Line 2 in Attachment 3 - Exhibit A

(2) Adjusted Retain Premiums from Agents in Attachment 3 - Exhibit B.

Includes income from Line 3. Premiums Retained, Line 4. Examination/Evidence Fees, and Line 5. Closing Fees. Excludes the following
 Expense Line 3a. Evidence/Examination Fees - Title Agents
 Expense Line 4a. Closing Fees Paid - Title Agents

Attachment 10 – Provision for Catastrophic Loss

The loss and LAE ratios were developed using the past 20 years of data. This period doesn't include catastrophic claims. Attachment 10 presents the historical loss and LAE ratios and the provision for catastrophic claims. The provision for catastrophic claims was defined as the loss and LAE ratio in excess of 5.0%. The loss and LAE ratio have not exceeded 5% in any single year using the past 20 years of data. However, using the 37 years of data reflects the catastrophic event from the savings and loan crisis experienced in the late 1980s and early 1990s. The straight average 37-year provision for catastrophic claims is 1.4%.

We have selected a margin of 1.0% in the rating analysis for the provision of catastrophic losses that is not reflected in our 20-year historical loss and LAE ratios.

Texas Land Title Association
Summary Of Loss & Expense Ratios
Provision for Catastrophic Loss
Total - Agents and Underwriter Experience

<i>Calendar Year</i>	<i>Adjusted Retained Premiums</i>	<i>On-Level Factor</i>	<i>On-Level Adjusted Retained Premium</i>	<i>Loss & LAE</i>	<i>Weighted Avg. On-Level Loss & LAE Ratio</i>	<i>Simple Average Loss & LAE Ratio Provision For Non-Catastrophic Claims</i>	<i>Provision For Catastrophic Claims</i>
	(1)	(2)	(3)=(1)*(2)	(4)	(5) = (4)/(3)	(6) =Min[(5), 5.0%]	(7) =Max[(5) - 5%, 0%]
1985	459,580,458	1.202	552,289,326	24,143,775	4.4%	4.4%	0.0%
1986	376,219,494	1.202	452,112,371	87,722,211	19.4%	5.0%	14.4%
1987	300,447,911	1.202	361,055,766	52,020,418	14.4%	5.0%	9.4%
1988	287,719,135	1.096	315,473,793	42,081,058	13.3%	5.0%	8.3%
1989	296,319,144	0.897	265,940,346	33,782,282	12.7%	5.0%	7.7%
1990	335,672,485	0.853	286,495,751	27,057,826	9.4%	5.0%	4.4%
1991	377,799,971	0.796	300,669,980	28,069,039	9.3%	5.0%	4.3%
1992	503,376,340	0.792	398,760,667	35,242,028	8.8%	5.0%	3.8%
1993	623,250,924	0.799	497,989,506	20,799,646	4.2%	4.2%	0.0%
1994	606,009,766	0.799	484,213,488	16,634,285	3.4%	3.4%	0.0%
1995	529,503,765	0.799	423,083,718	18,352,514	4.3%	4.3%	0.0%
1996	614,012,977	0.799	490,608,208	10,799,822	2.2%	2.2%	0.0%
1997	688,899,204	0.799	550,443,747	15,292,558	2.8%	2.8%	0.0%
1998	919,549,495	0.809	744,138,463	16,509,731	2.2%	2.2%	0.0%
1999	944,059,272	0.824	777,587,134	21,140,434	2.7%	2.7%	0.0%
2000	928,271,781	0.824	764,583,555	19,842,088	2.6%	2.6%	0.0%
2001	1,088,158,258	0.824	896,276,205	18,335,658	2.0%	2.0%	0.0%
2002	1,267,499,201	0.832	1,054,837,588	31,096,918	2.9%	2.9%	0.0%
2003	1,535,651,202	0.877	1,346,047,003	40,870,014	3.0%	3.0%	0.0%
2004	1,432,520,476	0.906	1,297,283,850	41,479,307	3.2%	3.2%	0.0%
2005	1,489,421,947	0.937	1,396,158,806	49,224,084	3.5%	3.5%	0.0%
2006	1,645,473,245	0.937	1,542,438,639	47,719,447	3.1%	3.1%	0.0%
2007	1,561,206,017	0.966	1,508,151,367	51,647,343	3.4%	3.4%	0.0%
2008	1,186,600,336	0.968	1,149,046,969	55,226,701	4.8%	4.8%	0.0%
2009	1,013,798,824	0.968	981,714,256	35,639,008	3.6%	3.6%	0.0%
2010	1,057,770,573	0.968	1,024,294,393	40,018,351	3.9%	3.9%	0.0%
2011	1,123,156,521	0.968	1,087,611,015	58,064,437	5.3%	5.0%	0.3%
2012	1,429,904,344	0.968	1,384,650,925	32,209,248	2.3%	2.3%	0.0%
2013	1,690,315,410	0.945	1,596,929,470	39,906,444	2.5%	2.5%	0.0%
2014	1,708,706,132	0.933	1,594,250,681	33,991,728	2.1%	2.1%	0.0%
2015	1,902,011,015	0.933	1,774,607,288	34,869,621	2.0%	2.0%	0.0%
2016	2,030,861,451	0.933	1,894,826,846	38,102,470	2.0%	2.0%	0.0%
2017	2,050,197,611	0.933	1,912,867,799	39,006,846	2.0%	2.0%	0.0%
2018	2,153,058,063	0.933	2,008,838,277	43,507,501	2.2%	2.2%	0.0%
2019	2,268,426,680	0.954	2,164,718,222	50,651,643	2.3%	2.3%	0.0%
2020	2,689,247,689	1.000	2,689,247,689	40,209,441	1.5%	1.5%	0.0%
2021	3,687,118,037	1.000	3,687,118,037	35,813,839	1.0%	1.0%	0.0%
15 Years Total	27,552,378,705		26,458,873,236	628,864,622	2.4%	2.7%	0.0%
20 Years Total	34,922,944,776		33,095,639,122	839,254,392	2.5%	2.8%	0.0%
37 Years Total	44,801,795,156		41,657,361,145	1,327,079,764	3.2%	3.3%	1.4%