

REPORT ON ORGANIZATION
OF THE
PUBLIC TITLE INSURANCE COMPANY
AS OF
NOVEMBER 17, 2005

DATE OF REPORT

NOVEMBER 18, 2005

EXAMINER

JOSEPH REVERS

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STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004

November 18, 2005

Honorable Howard Mills
Superintendent of Insurance
Albany, New York 12257

Sir:

Pursuant to the instructions contained in Appointment Number 22412 dated September 20, 2005 attached hereto, I have made an examination on organization of Public Title Insurance Company and respectfully submit the following report thereon.

Whenever the terms "Company" or "PTIC" appear herein without qualification, they should be understood to indicate the Public Title Insurance Company.

Whenever the term "Department" appears herein without qualification, it should be understood to indicate the New York Insurance Department.

1. SCOPE OF EXAMINATION

The examination comprised a verification of the issuance of the Company's capital stock, the receipt of capital and surplus funds, and the determination of the assets and liabilities. The records examined included the declaration of intention and charter, the certificate of incorporation, the by-laws, the corporate minutes book, and the stock register. Additionally, an affidavit, appended hereto, was obtained from two officers of the Company indicating that the transactions noted in this report were lawful and bona fide.

2. INCORPORATION

Public Title Insurance Company was incorporated on April 25, 2005. The declaration of intention and charter were filed and approved by this Department on April 25, 2005. The Company's office is located at 16 West Main Street, Rochester, New York 14614.

The members of the board of directors and the principal officers of the Company as of November 17, 2005 were as follows:

Directors

<u>Name</u>	<u>Principal Business Affiliation</u>
Bruce Joseph Clay Garden City, New York	Executive Vice President, First American Title Insurance Company of New York
Stuart Bruce Cooper Webster, New York	Senior Vice President, Public Abstract Corporation
Donald Robert Garvey Mendon, New York	Chief Executive Officer, Public Abstract Corporation and Executive Vice President, First American Title Insurance Company of New York

<u>Name</u>	<u>Principal Business Affiliation</u>
Mark Donald Garvey Mendon, New York	President, Public Abstract Corporation and Senior Vice President, First American Title Insurance Company of New York
Mindy Beth Haas Watchung, New Jersey	Senior Vice President, First American Title Insurance Company of New York
Jeffrey Scott Mitzner Briarcliff, New York	Executive Vice President, First American Title Insurance Company of New York
James Mark Orphanides Princeton, New Jersey	Chief Executive Officer and President, First American Title Insurance Company of New York
Karla Damico Wilsey Mendon, New York	Senior Vice President, Public Abstract Corporation

Officers

<u>Name</u>	<u>Title</u>
James Mark Orphanides	President and Treasurer
Mindy Beth Haas	Secretary

3. CAPITALIZATION AND SUBSCRIPTION

Public Title Insurance Company is wholly-owned by Public Abstract Corporation (“PAC”). The Company has authorized capital of \$500,000 consisting of 10,000 shares of common stock at \$50 par value per share. On June 1, 2005, the Company issued 10,000 shares of common stock to PAC for consideration of \$1,000,000, consisting of \$500,000 of paid-in capital and \$500,000 of gross paid-in and contributed surplus.

The Company's paid-in-capital and contributed surplus are held entirely in cash at Signature Bank located at 261 Madison Avenue, New York, New York 10016.

The Company's investments meet the minimum capital investment requirements of Section 6402 of the New York Insurance Law.

4. BALANCE SHEET

The following balance sheet sets forth the Company's financial condition as of November 17, 2005, as determined by this examination:

Assets

Cash and short-term investments		\$1,000,000
Investments		
Long-term investments		<u>0</u>
Total assets		<u>\$1,000,000</u>

Liabilities

Accounts Payable		<u>0</u>
Total liabilities		<u>\$0</u>

Capital and Surplus

Capital paid in	\$500,000	
Gross paid in and contributed surplus	<u>500,000</u>	
Surplus as regards policyholders		<u>\$1,000,000</u>
Total liabilities and surplus		<u>\$1,000,000</u>

5. CUSTODIAN AGREEMENT

The assets listed on the balance sheet are on deposit with Signature Bank located at 261 Madison Avenue, New York, NY 10016. A custodian service agreement with Signature Bank is not required at this time.

6. AUTHORIZED POWERS AND MINIMUM CAPITAL REQUIRED

The Company is authorized by its declaration of intention and charter to transact the kinds of insurance described in the following numbered paragraphs of Section 1113(a) of the New York Insurance Law:

<u>Paragraph</u>	<u>Lines of Business</u>
18	Title Insurance

Section 6402 of the New York Insurance Law provides that in order to be licensed to transact the foregoing kind of insurance, the Company shall have an initial surplus to policyholders of \$750,000, including \$500,000 of paid-in-capital and shall thereafter maintain a minimum surplus to policyholders of \$500,000. The Company has met these requirements.

7. HOLDING COMPANY SYSTEM

PTIC is wholly owned by Public Abstract Corporation. The Company's ultimate parent is The First American Corporation. Their holding company chart is as follows:

The First American Corporation
California

100%

First American Title Insurance Company
California

100%

First American Title Insurance Company of NY
New York

100%

Public Abstract Corporation
New York

100%

Public Title Insurance Company
New York

The Company is a party to the following agreements with members of the holding company system:

Sharing Agreement with PAC

The sharing agreement was submitted to the Department for approval. The agreement states that PAC will provide PTIC with office facilities and equipment, with human resources, accounting and other administrative services. The agreement also stipulates that the costs and expenses for the services, facilities and equipment provided to PTIC shall be allocated in accordance with the applicable statutes and regulations of the New York Insurance Law, including, without limitation, Department Regulation 30.

The agreement was approved by the Company's board of directors and non-disapproved by the New York Insurance Department.

Tax Allocation Agreement

The Company is also a party to a tax allocation agreement with First American Financial Corporation and subsidiaries. The agreement was effective as of January 1, 1993. The agreement was submitted to the Department for approval. The agreement states that all members of the First American Financial Group ("Group") shall be subject to the terms of this tax agreement. It further stipulates that if at any time any member of the Group acquires or creates one or more additional subsidiaries or affiliates, such additional entity(ies) shall also be subject to the terms of this tax agreement. By virtue of that section in the tax agreement, PTIC is duly part of that agreement.

8. CONCLUSION

Based on the foregoing examination, it is concluded that the Company has in place the initial surplus to policyholders.

Respectfully submitted,

_____/S_____
Joseph Revers
Senior Insurance Examiner

STATE OF NEW YORK)
)SS.
)
COUNTY OF NEW YORK)

JOSEPH REVERS, being duly sworn, deposes and says that the foregoing report submitted by him is true to the best of his knowledge and belief.

_____/S/_____
Joseph Revers

Subscribed and sworn to before me

this _____ day of _____ 2005

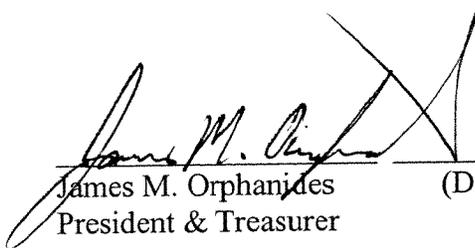
Applicant Name: Public Title Insurance Company

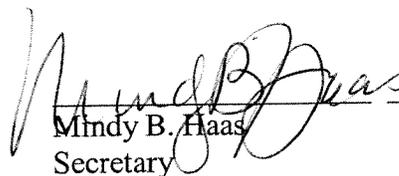
NAIC No. Pending
FEIN: 20-2803854

STATE OF NEW YORK,)
) SS.:
COUNTY OF NEW YORK)

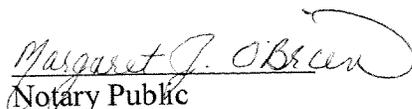
The undersigned each an executive officer of Public Title Insurance Company (the "Company") duly sworn, depose and say under oath that, on the date of NOVEMBER 30, 2005:

- (1) Each of the undersigned is an officer of the Company.
- (2) The Company's capital and surplus of \$1,000,000, consisting of a paid-in capital of \$500,000 and paid-in and contributed surplus of \$500,000 is not pledged, or in any way impaired.
- (3) No part of the Capital and Surplus is to be invested or otherwise legitimately used or appropriated except for the sole and exclusive use and benefit of the Company.
- (4) There is no agreement or understanding, express or implied, made or existing between the Company and its officers, or any or either of them, or any person or persons, to the effect or import that the money paid in by any stockholder shall be loaned or returned to it.
- (5) Neither the Company nor any of its officers is in any way, manner or form pledged or committed to make any investment, loan or disposition of the Capital and Surplus, or any part or portion thereof, which is not in strict conformity in all respects with the provisions of the Insurance Law of the State of New York.
- (6) The Capital and Surplus is the property of the Company and is possessed by the Company in its corporate name and capacity for the benefit of its policyholders.


James M. Orphanides (Date) 11/30/05
President & Treasurer


Mindy B. Haas (Date) 11/30/05
Secretary

Subscribed and sworn to before me
this 30th day of NOVEMBER, 2005


Notary Public

MARGARET J O'BRIEN
Notary Public, State of New York
No. 02OB6027308
Qualified in Westchester County
Commission Expires July 6, 2007

Appointment No 22412

STATE OF NEW YORK
INSURANCE DEPARTMENT

I, HOWARD MILLS, Superintendent of Insurance of the State of New York,
pursuant to the provisions of the Insurance Law, do hereby appoint:

Joseph Revers

as proper person to examine into the affairs of the

PUBLIC TITLE INSURANCE COMPANY

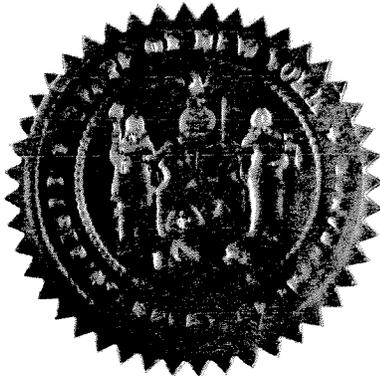
and to make a report to me in writing of the condition of the said

Company

with such other information as he shall deem requisite.

*In Witness Whereof, I have hereunto subscribed by the
name and affixed the official Seal of this Department, at
the City of New York,*

this 20th day of September, 2005



A handwritten signature in cursive script, appearing to read "Howard Mills".

HOWARD MILLS

Superintendent of Insurance