

REPORT ON ORGANIZATION

OF THE

ARIS TITLE INSURANCE CORPORATION

AS OF

APRIL 14, 2006

DATE OF REPORT

APRIL 17, 2006

EXAMINER

GILBERT DENTON

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

April 17, 2006

Honorable Howard Mills
Superintendent of Insurance
Albany, New York 12257

Sir:

Pursuant to instructions contained in Appointment Number 22468 dated March 2, 2006 attached hereto, I have made an examination on organization of ARIS Title Insurance Corporation and respectively submit the following report thereon.

Wherever the terms "Company" or "ARIS" appear herein without qualification, they should be understood to indicate the ARIS Title Insurance Corporation.

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

ARIS Title Insurance Company was incorporated on August 4, 2004. The declaration of intention and charter were filed and approved by this Department on August 4, 2004. The Company's office is located at 666 Fifth Avenue, New York, NY 10103.

The members of the board of directors and the principal officers of the Company as of April, 14, 2006 were as follows:

Directors

<u>Name</u>	<u>Principal Business Affiliation</u>
Robert A. Ansehl Chappaqua, NY	Partner, Fulbright & Jaworski, LLP
William S. Gibson New York, NY	Retired
Margaret E. Haggerty Wauwatosa, WI	Owner, Law Offices of Margaret E. Haggerty, S.C.
Bruce M. Mitchell Scarsdale, NY	Partner, Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt, LLP
Steven H. Nigro New York, NY	Managing Director, Rhodes Financial Group, LLC.

<u>Name</u>	<u>Principal Business Affiliation</u>
Judith L. Pearson Greenwood Village, CO	President, ARIS Title Insurance Corporation
Lawrence M. Shindell Milwaukee, WI	Chairman & Chief Executive Officer, ARIS Title Insurance Corporation

Officers

<u>Name</u>	<u>Title</u>
Lawrence M. Shindell	Chairman and Chief Executive Officer
Judith L. Pearson	President and Assistant Secretary
Margaret E. Haggerty	Secretary and Treasurer

3. CAPITALIZATION AND SUBSCRIPTION

ARIS Title Insurance Corporation is wholly-owned by ARIS Holdings, Ltd, a Delaware corporation. The Company has authorized capital of \$500,000 consisting of 10,000 shares of common stock at \$50 par value per share. On April 11, 2006, the Company issued 10,000 shares of common stock to ARIS Holdings, Ltd for consideration of \$3,500,000, consisting of \$500,000 of paid in capital and \$3,000,000 of gross paid-in and contributed surplus.

The Company's paid-in-capital and contributed surplus are held entirely in investments at JPMorgan Chase Bank, N.A. located at 1111 Polaris Parkway, Suite 2N, Columbus, OH 43240.

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 April 14, 2006, as determined by this examination:

Assets

Short term investments	\$2,750,000
Long term investments	<u>750,000</u>
Total Assets	<u>\$3,500,000</u>

Liabilities

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

Capital and Surplus

Capital	\$ 500,000	
Gross paid-in and contributed surplus	<u>3,000,000</u>	
Surplus as regards policyholders		<u>\$3,500,000</u>
Total liabilities and surplus		<u>\$3,500,000</u>

5. CUSTODIAN AGREEMENT

. A review of the Company's custodial agreement with JPMorgan Chase indicated that it did not contain all of the protective covenants set forth in Section IV.H of the NAIC Financial Condition Examiners Handbook. It is recommended that the Company amend its custodial agreement to comply with Part 1-General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook.

6. AUTHORIZED POWERS AND MINIMUM CAPITAL REQUIRED

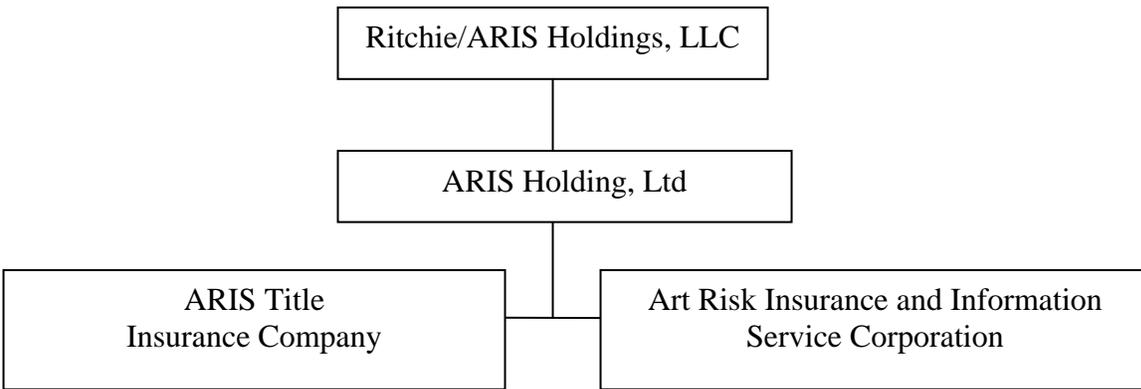
The Company is authorized by its declaration of intention and charter to transact the kinds of insurance described in the following numbers paragraph of Section 1113(a) of the New York Insurance Law:

<u>Paragraph</u>	<u>Line 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

ARIS is wholly-owned by ARIS Holdings, Ltd. The Company's holding company chart is as follows:



Management Agreement

The Company is party to a management agreement with Art Risk Insurance and Information Service Corporation (“Agency”). Pursuant to the agreement, the Agency will perform the functions necessary to underwrite insurance policies, including, performing title searches and examinations, determine exclusions, assess risks, and offer and issue policies. Additionally, the Agency will also collect premiums, and administer and manage claims. Pursuant to Section 1505(d)(3) of the New York Insurance Law, the subject agreement was non-disapproved.

8. CONCLUSION

Based on the foregoing examination, it is concluded that the Company issued 10,000 shares of capital stock, with a par value of \$50 per share, for a consideration of \$3,500,000. Of the total consideration received, \$500,000 represents common capital stock and \$3,000,000 represents gross paid in contributed surplus.

9. SUMMARY OF COMMENTS AND RECOMMENDATIONS**ITEM****PAGE NO.****A Custodian Agreement**

It is recommended that the Company amend its custodial agreement to comply with Part 1- General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook.

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Respectfully submitted,

_____/S/_____
Gilbert Denton
Senior Insurance Examiner

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

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

_____/S/_____
Gilbert Denton

Subscribed and sworn to before me

this _____ day of _____ 2006.

Appointment No 22468

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:

Gilbert Denton

as proper person to examine into the affairs of the

ARIS TITLE INSURANCE CORPORATION

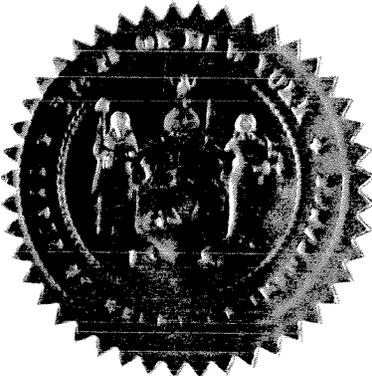
and to make a report to me in writing of the condition of the said

Corporation

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 2nd day of March, 2006



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

HOWARD MILLS
Superintendent of Insurance