

REPORT ON EXAMINATION

OF THE

FIRST ATLANTIC TITLE INSURANCE CORPORATION

AS OF

DECEMBER 31, 2012

DATE OF REPORT

MARCH 6, 2014

EXAMINER

VERONICA DUNCAN BLACK

TABLE OF CONTENTS

<u>ITEM NO.</u>		<u>PAGE NO.</u>
1.	Scope of Examination	2
2.	Description of Company	2
	A. Management	2
	B. Territory and plan of operation	4
	C. Reinsurance	4
	D. Holding company system	4
3.	Financial Statements	6
	A. Balance sheet	6
4.	Compliance with prior report on examination	7
4.	Summary of comments and recommendations	7



NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Benjamin M. Lawskey
Superintendent

March 6, 2014

Honorable Benjamin M. Lawskey
Superintendent of Financial Services
Albany, New York 12257

Sir:

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 31065 dated November 18, 2013, attached hereto, I have made an examination into the condition and affairs of First Atlantic Title Insurance Corporation as of December 31, 2012, and submit the following report thereon.

Wherever the designation "the Corporation" appears herein without qualification, it should be understood to indicate First Atlantic Title Corporation.

Wherever the term "Department" appears herein without qualification, it should be understood to mean the New York State Department of Financial Services.

The examination was conducted at the office of the New York State Department of Financial Service, located at One State Street, New York, New York 10004.

The Company's books and records are located at 10 East 39th Street, New York, New York 10016.

1. SCOPE OF EXAMINATION

The Department has performed an individual examination of the Corporation, a single-state insurer. The previous examination was conducted as of December 31, 2007. This examination covered the 5-year period from January 1, 2008 through December 31, 2012, and was limited in scope as to specific balance sheet items. The targeted examination review by this Department included an analysis and verification of the Corporation's invested assets and statutory premium reserves. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

The Corporation stopped writing business in the first quarter of 2013; therefore, the prior report comments and recommendations were deemed irrelevant.

This report on examination is confined to the target areas investigated pursuant to the limited scope examination instructions, financial statements, and comments on those matters that involve departures from laws, regulations or rules, or that are deemed to require explanation or description.

2. DESCRIPTION OF COMPANY

The First Atlantic Title Insurance Corporation was incorporated under the laws of the State of New York on November 10, 1988, under the provisions of Article 64 of the New York Insurance Law. The Corporation became licensed on June 4, 1991 and commenced business on the same day.

Capital paid in is \$500,000 consisting of 200 shares of \$2,500 par value per share common stock. Gross paid in and contributed surplus is \$250,000. Gross paid in and contributed surplus and capital paid in have remained the same since the previous report on examination. As of the examination date, the Corporation had 200 authorized shares of common stock, of which, 195 were outstanding. In January 2009, Mr. Allan Goldstein, a current board member, sold his 5 shares of common stock back to the Corporation. The Corporation reports those 5 shares as Treasury stock.

A. Management

Pursuant to the Corporation's charter and by-laws, management of the Corporation is vested in a board of directors consisting of not less than seven nor more than fourteen members. At December 31, 2012, the board of directors was comprised of the following six members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Allan Goldstein Spencertown, NY	Retired
Barry Bailin Englewood Cliffs, NJ	Computer Technician, NATO
Cindy Lynn Gottshall White Plains, NY	Secretary/Treasurer, First Atlantic Title Insurance Corporation
Chester John Gottshall White Plains, NY	Electronic Technician, Westchester Television Services
Irwin Haims Woodmere, NY	President, First Atlantic Title Insurance Corporation
Irving Port Woodmere, NY	Attorney and Certified Public Account, Port, Rella & Company

Pursuant to Section 6402(e) of the New York Insurance Law, a title insurance corporation is subject to the following provisions with regard to the composition of its board of directors:

Its directors shall be natural persons, not less than seven in number, all citizens of the United States, a majority of whom shall be citizens and residents of this state at the time of their election and during their continuance in office.

The Corporation has not maintained seven directors since the passing of Mrs. Sally Port in 2011. It is recommended that the Corporation maintain the minimum required number of directors pursuant to its by-laws and Section 6402(e) of the New York Insurance Law.

As of December 31, 2012, the principal officers of the Corporation were as follows:

<u>Name</u>	<u>Title</u>
Irwin M. Haims	President
Cindy Lynn Gottshall	Secretary and Treasurer
Chester J. Gottshall	Vice President

The officers listed above and in the Annual Statement filed with the Department are not employees of the Corporation. The business and affairs of the Corporation are managed by Port Abstract Inc., which is owned by Peter Port, who is the son of Mr. Irving Port, the principal shareholder of the Corporation. As an agent of the Corporation, Port Abstract Inc. received a commission rate of 82% of the gross premiums written. Peter Port does not own any shares of the Corporation.

B. Territory and Plan of Operation

As of December 31, 2012, the Corporation was licensed to write business only in the state of New York. As of the examination date, the Corporation was authorized to transact the business of title insurance, as defined in paragraph 18 of Section 1113(a) of the New York Insurance Law. The Corporation was organized pursuant to Article 64 of the New York Insurance Law.

Based on the lines of business for which the Corporation is licensed and its current capital structure, and pursuant to the requirements of Article 64 of the New York Insurance Law, the Corporation is required to maintain a minimum surplus to policyholders in the amount of \$500,000.

The Corporation ceased writing business in the first quarter of 2013. Prior to 2013, the Corporation was primarily engaged in the business of issuing title insurance policies and performing other title-related services, such as: escrow, collection, and trust activities in connection with real estate transactions. These services were provided primarily through independent abstract companies.

C. Reinsurance

The Corporation does not engage in any type of reinsurance transactions.

D. Holding Company System

The Corporation is deemed a controlled insurer pursuant to Article 15 of the New York Insurance Law, with Irving Port as the ultimate controlling person by virtue of his ownership of 71.79% of the outstanding shares of the Corporation.

The following represents the ownership interests in the Corporation as of December 31, 2012:

<u>Shareholder</u>	<u>No. of Shares outstanding</u>	<u>Percentage of ownership</u>
Irving Port	140	71.79%
Cindy Gottshall	10	5.13%
Barry Bailin	30	15.38%
Debora Schwartz	5	2.56%
Barbara Bailin	5	2.56%
Irwin Haims	2.5	1.28%
Alvin M. Glasser	<u>2.5</u>	<u>1.28%</u>
Total	<u>195.0</u>	<u>100.00%</u>

As noted in Item 2 of this report, Mr. Allan Goldstein, a current board member, sold his 5 voting shares of common stock, or 2.5% interest, back to the Corporation in January 2009. This transaction reduced the number of outstanding voting shares from 200 to 195.

3. FINANCIAL STATEMENTS

A Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2012 as determined by this examination and as reported by the Corporation:

<u>Assets</u>	<u>Assets</u>	<u>Examination</u> Assets Not <u>Admitted</u>	Net Admitted <u>Assets</u>
Cash, cash equivalents and short-term investments	\$952,446	\$0	\$952,446
Uncollected premiums and agents' balances in the course of collection	<u>495</u>	<u>0</u>	<u>495</u>
Totals assets	<u>\$952,941</u>	<u>\$0</u>	<u>\$952,941</u>
 <u>Liabilities, surplus and other funds</u>			
<u>Liabilities</u>			<u>Examination</u>
Statutory premium reserve			\$104,700
Commissions, brokerage and other charges due or accrued to attorneys, agents and real estate brokers			<u>5,200</u>
Total liabilities			<u>\$109,900</u>
 <u>Surplus and other funds</u>			
Common capital stock			\$500,000
Gross paid in and contributed surplus			250,000
Unassigned funds (surplus)			118,041
Less treasury stock, at cost			<u>25,000</u>
Surplus as regards policyholders			<u>\$843,041</u>
Total liabilities, surplus and other funds			<u>\$952,941</u>

Note: The Corporation's tax returns have never been audited by the Internal Revenue Services. The examiner is unaware of any potential exposure of the Corporation to any tax assessment and no liability has been established herein relative to such contingency.

4. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination contained several comments and recommendations, which have been deemed irrelevant based on the fact that the Company ceased writing business in the first quarter of 2013. Therefore, it was not considered necessary to verify the Company's compliance with those recommendations.

5. SUMMARY OF COMMENTS AND RECOMMENDATIONS

This report on examination contains one recommendation.

ITEM

PAGE NO.

A Management

It is recommended that the Corporation maintain the minimum required number of directors pursuant to its by-laws and Section 6402(e) of the New York Insurance Law.

3

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **BENJAMIN M. LAWSKY**, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

Veronica DuncanBlack

as a proper person to examine the affairs of the

First Atlantic Title Insurance Corp

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

COMPANY

with such other information as he shall deem requisite.

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

this 18th day of November, 2013

*BENJAMIN M. LAWSKY
Superintendent of Financial Services*



By:

*Jean Marie Cho
Deputy Superintendent*