CERTIFICATION

June 20, 2015

I, Bruce R. Ramge, Director of Insurance of the State of Nebraska, do hereby certify that the attached is a full and correct copy of the

Financial Examination Report of

COMMONWEALTH LAND TITLE INSURANCE COMPANY

as of

December 31, 2013

The report is now on file and forming a part of the records of this Department.

I hereto subscribe my name under the seal of my office at Lincoln, Nebraska.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE
JUN 20 2015
FILED

Bruce R. Ramge

DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Take notice that the proposed report of the financial examination of

COMMONWEALTH LAND TITLE INSURANCE COMPANY

dated as of December 31, 2013, verified under oath by the examiner-in-charge on May 26, 2015, and received by the company on May 26, 2015, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3)(a).

Dated this 10 day of June, 2015.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

Justin Schrader
Chief Financial Examiner

STATE OF NEBRASKA

Department of Insurance

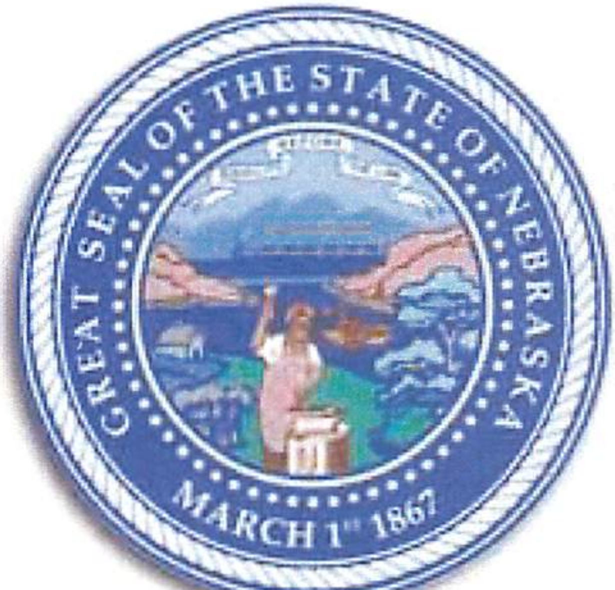
EXAMINATION REPORT

OF

COMMONWEALTH LAND TITLE INSURANCE COMPANY

as of

December 31, 2013



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Jacksonville, Florida
May 22, 2015

Honorable Bruce R. Ramge
Director of Insurance
Nebraska Department of Insurance
941 "O" Street, Suite 400
Lincoln, Nebraska 68508

Dear Sir:

Pursuant to your instruction and authorizations, and in accordance with statutory requirements, an examination has been conducted of the financial condition and business affairs of:

COMMONWEALTH LAND TITLE INSURANCE COMPANY

which has its Statutory Home Office located at

2111 South 67th Street
Omaha, NE 68106

with its Principal Executive Office located at

601 Riverside Ave
Jacksonville, FL 32204

(hereinafter also referred to as the "Company") and the report of such examination is respectfully presented herein.

INTRODUCTION

The Company was last examined as of December 31, 2010 by the State of Nebraska. The current financial condition examination covers the intervening period to, and including, the close of business on December 31, 2013, and includes such subsequent events and transactions as were considered pertinent to this report. The States of Nebraska, California, Texas, and New York participated in this examination and assisted in the preparation of this report.

The same examination staff conducted concurrent financial condition examinations of the Company's affiliates Alamo Title Insurance, Chicago Title Insurance Company, Fidelity National Title Insurance Company, and National Title Insurance of New York, Inc.

SCOPE OF EXAMINATION

This examination was conducted pursuant to and in accordance with both the NAIC Financial Condition Examiners Handbook (Handbook) and Section §44-5904(1) of the Nebraska Insurance Statutes. The Handbook requires that examiners plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including, but not limited to: corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. The examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with Statutory Accounting Principles and Annual Statement Instructions, when applicable to domestic state regulations.

The examination was completed under coordination of the holding company group approach with the Nebraska Department of Insurance as the coordinating state and the California Department of Insurance, New York Department of Financial Services, and Texas Department of Insurance, as participating states. The companies examined under this approach benefit to a large degree from common management, systems and processes, and internal control and risk management functions that are administered at the consolidated holding company.

The coordinated examination applies procedures sufficient to comprise a full scope financial examination of each of the companies in accordance with the examination procedures and standards promulgated by the NAIC and by the respective state insurance departments where the companies are domiciled. The objective is to enable each domestic state to report on their respective companies' financial condition and to summarize key results of examination procedures.

A general review was made of the Company's operations and the manner in which its business has been conducted in order to determine compliance with statutory and charter provisions. The Company's history was traced and has been set out in this report under the caption "Description of Company". All items pertaining to management and control were reviewed, including provisions for disclosure of conflicts of interest to the Board of Directors and the departmental organization of the Company. The Articles of Incorporation and By-Laws were reviewed, including appropriate filings of any changes or amendments thereto. The minutes of the meetings of the shareholder, Board of Directors and committees, held during the examination period, were read and noted. Attendance at meetings, proxy information, election of Directors and Officers, approval of investment transactions and authorizations of salaries were also noted.

The fidelity bond and other insurance coverages protecting the Company's property and interests were reviewed, as were plans for employee welfare and pension. Certificates of Authority to conduct the business of insurance in the various states were inspected and a survey was made of the Company's general plan of operation.

Data reflecting the Company's growth during the period under review, as developed from the Company's filed annual statements, is reflected in the financial section of this report under the caption "Body of Report".

The Company's reinsurance facilities were ascertained and noted, and have been commented upon in this report under the caption "Reinsurance". Accounting records and procedures were tested to the extent deemed necessary through the risk-focused examination process. The Company's method of claims handling and procedures pertaining to the adjustment and payment of incurred losses were also noted.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included a review of workpapers prepared by KPMG, LLP, the Company's external auditors, during their audit of the Company's accounts for the years ended December 31, 2012 and 2013. Portions of the auditor's workpapers have been incorporated into the workpapers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. This utilization was performed pursuant to Title 210 (Rules of the Nebraska Department of Insurance), Chapter 56, Section 013.

Any failure of items to add to the totals shown in schedules and exhibits appearing throughout this report is due to rounding.

DESCRIPTION OF COMPANY

HISTORY

The Company was incorporated as Commonwealth Title Company of Philadelphia on April 11, 1929. Effective April 1, 1944, the Company was merged with Pennsylvania Title Insurance Company with the surviving corporation being named Commonwealth Title Company of Philadelphia. On December 30, 1955, the Company merged with Land Title Insurance Company to form Commonwealth Land Title Insurance Company. Since that date the Company has absorbed several other title companies, via mergers, as follows:

December 1961 – Frankford Title Insurance Company
April 1973 – Commonwealth Land Title Insurance Company of New York
November 1974 – Louisville Title Insurance Company
December 1974 – Xania Land Title Insurance Company
April 1976 – Union Title Guaranty Company

June 2000 – District-Realty Title Insurance Corporation
November 2000 – Title Insurance Company
December 2001 – Title and Trust Company of Florida
December 2002 – Industrial Valley Title Insurance Company

Prior to February 27, 1998, the Company was a wholly-owned subsidiary of Reliance Insurance Company (Reliance). On that date, LandAmerica Financial Group, Inc. (LandAmerica), formerly known as Lawyers Title Corporation, acquired all of the outstanding shares of the Company from Reliance.

In 2003, the Company acquired all of the assets of New York Land Title Services. In December of 2005, the Company acquired by merger the operations of Transnation Title Insurance Company of New York from Transnation Title Insurance Company.

On May 30, 2006, the Company re-domesticated from Pennsylvania to Nebraska. Chicago Title Insurance Company acquired all of the issued and outstanding stock of the Company on December 22, 2008 as part of the acquisition of certain LandAmerica companies. The Company has remained a subsidiary of Chicago Title Insurance Company to this date.

MANAGEMENT AND CONTROL

Holding Company

The Company is a member of an insurance holding company system as defined by Nebraska Statute. An organizational listing flowing from the 'Ultimate Controlling Person", as reported in the 2013 Annual Statement, is represented by the following (subsidiaries are denoted through the use of indentations, and unless otherwise indicated, all subsidiaries are 100% owned). The listing includes all affiliated insurance companies; selected non-insurance operations have been omitted:

Fidelity National Financial, Inc.
    FNTG Holdings, LLC
        Fidelity National Title Group, Inc.

Chicago Title Insurance Company
Commonwealth Land Title Insurance Company
Fidelity National Title Insurance Company
Alamo Title Insurance

Shareholder

Article II of the Company's Articles of Incorporation states that, "the total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 1,000,000 shares of Common Stock, $2.00 par value". Company records indicate that 824,653 authorized shares were issued and outstanding.

Article II, Section 7, of the Company's By-Laws states that, "Unless otherwise prohibited by law, any action required or permitted to be taken at a meeting of the shareholders or a class of shareholders may be taken without meeting upon the written consent of shareholders who would have been entitled to cast the minimum number of votes that would be necessary to authorize the action at a meeting at which all shareholders entitled to vote thereon were present and voting". The shareholder meeting was held via written consent on May 6, 2013

The Company declared and paid dividends in 2011, 2012 and 2013 in the amounts of $8,600,000, $20,000,000 and $28,700,000 respectively.

Board of Directors

The Company's By-Laws, Article III Section 3.2 state that, "the Board of Directors shall consist of not less than five (5) persons and not more than nine (9) persons, and one of them shall be a resident of the State of Nebraska. Only the shareholders may change the range for the size of the Board of change from a fixed to a variable-range size board or vice versa, but in no event shall the Board consist of less than five persons, and one of them shall be a resident of the State of Nebraska".

Article VII, Section D of the Company's Articles of Incorporation states that, "the Board of Directors shall consist of not less than five persons and not more than nine persons, and one of them shall be a resident of the State of Nebraska".

The following persons were serving as Directors at December 31, 2013:

Name and Residence	Principal Occupation
Roger Jewkes Jacksonville, FL	President of Western Operations Fidelity National Title Group, Inc.
Theodore L. Kessner Lincoln, Nebraska	Self-Employed Attorney Independent Nebraska resident Board member
Erika Meinhardt Jacksonville, FL	President of National Agency Operations Fidelity National Title Group, Inc.
Anthony J. Park Jacksonville, FL	Chief Financial Officer Fidelity National Financial, Inc
Raymond R. Quirk Jacksonville, FL	Chief Executive Officer Fidelity National Financial, Inc.

Officers

According to the By-Laws Article IV, "the Officers of the corporation shall be a President, a Secretary, and a Chief Financial Officer. The corporation may also have, at the discretion of the Board of Directors, one or more Vice Presidents, Assistant Secretaries, or Assistant Treasurers. One person may hold two or more offices, except that the offices of President and Secretary shall not be held by the same person. The Officers of the corporation shall be chosen annually by the Board of Directors, and each shall hold said office until he or she shall resign or shall be removed or otherwise disqualified to serve, or a successor shall be elected and qualified".

The following is a partial listing of Senior Officers elected and serving the Company at December 31, 2013:

Name	Office
Raymond R. Quirk	President
Steven G. Day	Executive Vice President
Michael L. Gravelle	Executive Vice President
Kevin D. Lutes	Executive Vice President
John M. Obzud	Executive Vice President
Anthony J. Park	Executive Vice President
Donald E. Partington	Executive Vice President
Paul I. Perez	Executive Vice President
Joe A. Reinhardt	Executive Vice President
Peter T. Sadowski	Executive Vice President
Larry S. Tuliszewski	Executive Vice President
Gary R. Urquhart	Executive Vice President
Charles H. Wimer	Executive Vice President
Richard L. Cox	Senior Vice President
Daniel K. Murphy	Senior Vice President
Roger S. Jewkes	President of Western Operations
Erika Meinhardt	President of National Agency Operations
Michael J. Nolan	President of Eastern Operations

TRANSACTIONS WITH AFFILIATES

Master Service Agreement

Effective June 17, 2011, the Company and certain affiliates entered into a restated and amended Master Service Agreement with their ultimate parent, Fidelity National Financial, Inc. (FNF), Fidelity National Management Services, LLC (FNMS) and Rocky Mountain Support Services, Inc. (RMSS). Under the terms of the agreement FNMS administers human resources and payroll and RMSS provides general corporate services including, but not limited, to legal, communications, advertising, regulatory, financial, claims administration, general administrative, benefits administration, management reporting, marketing, administrative support and information technology. The agreement limits compensation for services to reimbursement of actual expenses. All charges will be settled monthly on a pass-through basis with FNF. For 2013, 2012 and 2011 the Company indicated that they paid $79,967,605, $75,708,826, and $82,386,773 respectively, for services performed under the terms of this agreement.

The master services agreement was amended as of January 3, 2014 to include the acquisition of National Title Insurance of New York, Inc.

Support Services Cost Sharing Agreement

Effective April 26, 2011, the Company and certain affiliates entered into a Support Services Cost Sharing Agreement. Under the terms of the agreement, Chicago Title Insurance Company provides escrow and closing services in connection with the issuance of title insurance policies for its affiliates. The agreement limits compensation for services to reimbursement of actual expenses. All charges are to be settled monthly on a pass-through basis with Chicago Title Insurance Company. For 2013, 2012 and 2011 the Company indicated that they paid $93,126, $82,730, and $50,278 respectively, for services performed under terms of this agreement.

Title Plant Maintenance Agreement/Master Title Plant Access Agreement

Effective March 4, 2005, the Company and certain affiliates simultaneously entered into a Title Plan Maintenance Agreement with Property Insight, LLC (PI) and a Master Title Plant Access Agreement with RMSS. Under the terms of the agreements, the Company and its affiliates will grant PI access to their title plants to provide management and maintenance services and pursuant to Master Title Plant Access Agreement, RMSS will obtain access from PI to the title plants on behalf of parties named to the agreements and distribute the costs and fees charged by PI to RMSS for the title plant access of each of the FNF affiliates under the Title Plant Access Agreement, with each FNF affiliate's share to be based on its title plant access and usage. The costs attributed to and payable by, each accessing party will be based on actual costs and expenses incurred by RMSS. For 2013, 2012 and 2011 the Company indicated that they paid $107,755, $120,254, and $113,098 respectively, in fees to PI under the terms of this agreement

The agreement also provides for a royalty fee to be paid by PI to the title plant owners for usage of property data. The royalty fee calculation is based on title plant usage. The Company indicated that they did not receive any royalty income for the years under examination.

The aforementioned agreements were amended as of June 2, 2014 to update current FNF affiliates and allow for renegotiation every three years with written notice. The Nebraska Department of Insurance issued a "non disapproval letter" on June 30, 2014.

Personal Property Lease Agreement

Effective March 25, 2013, the Company and certain affiliates renewed their Personal Property Lease Agreement with Fidelity Asset Management, Inc. (FAMI). The agreement provides a cost allocation basis of payments for rental property purchased by FAMI and used by the parties to the agreement. For 2013, 2012 and 2011 the Company indicated that they paid $212,724, $162,358, and $144,419 respectively, for services performed under terms of this agreement.

Tax Sharing Agreement

Effective December 21, 2012, the Company and its affiliates entered into a restated and amended consolidated federal income tax agreement with their ultimate parent, FNF. The agreement indicates that the separate company tax liability for each subsidiary shall be determined by FNF, with the cooperation and assistance of the subsidiary, in a manner consistent with general tax accounting principles, the "Code" and regulations thereunder and so long as a reasonable legal basis exists therefore, prior custom and practice. Tax payments are due to FNF, no later than 90 days after the filing of any federal income tax return of the FNF Group that includes such subsidiary and FNF will pay each subsidiary the amount due to such subsidiary no later than 90 days after the filing of any federal income tax return of the FNF Group that includes such subsidiary. The Company indicated that it paid/ (recovered) the following amounts related to income taxes during the examination period:

Year	Amount
2011	$ (8,035,003)
2012	$ (23,660,879)
2013	$ 11,954,677

The Tax Sharing Agreement was amended as of January 3, 2014 to include the acquisition of National Title Insurance of New York, Inc.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2013, the Company was licensed to transact title insurance business. The Company also provides escrow and other services to real estate property buyers and mortgage lenders. The Company issues title insurance policies through direct operations, a network of both affiliated and non-affiliated title agents, and underwritten title companies. As evidenced by current or continuous Certificates of Authority, the Company is licensed to transact business in all states, with the exception of Iowa. The Company is also licensed in the District of Columbia, Puerto Rico, and the US Virgin Islands.

During 2013, the Company wrote approximately $596.9 million of direct premiums. Of the direct premiums written, $117.8 million were written in California, $49 million were written in New York, $50 million were written in Texas, and the remaining premiums were written in other licensed states or territories.

REINSURANCE

The Company assumes and cedes a relatively small amount of business as compared to its direct writings, less than one percent. The majority of the reinsurance transactions processed are facultative in nature. The form of agreement used is that adopted by the American Land Title Association (ALTA). After primary retention, such reinsurance is usually on a quota-share basis, up to certain limits, with one or more title insurers. Provision is made that a risk may be coinsured with other companies. In such cases, the policy contains a provision defining each company's proportionate share of the liability to the whole risk insured.

The Company's ultimate parent company, FNF, entered into two Excess of Loss Reinsurance Contracts with various reinsurers on behalf of the Company and other subsidiaries and affiliates of FNF. Coverage is shared by the Company and other subsidiaries and affiliates of FNF. The contract provides coverage on a loss occurrence basis for the Company and its affiliates regardless of the number of policies contributing to the ultimate net loss. The losses are covered based upon date reported to the reinsurer. The following is a summary of reinsurance contracts as of December 31, 2013:

				Reinsurers' Limit of Liability	
Type of Contract	**Layer**	**Reinsurer's Name**	**Company's Retention**	**In Respect of Each and Every Loss Occurrence**	**As Respects all Loss Occurrences During the Term of the Contract**
1st Excess of Loss (1st Tower)	1st layer	**Authorized** Various Lloyd's Underwriter Syndicates (45.33%) AXIS Specialty Limited (15%) Hannover Ruckversicherung (12.5%) Aspen Insurance UK Limited (6.67%) **Unauthorized** Lexington Insurance Company (2%) XL Re Ltd. (4%) Amlin AG (1.5%) IAT Reinsurance Company, Ltd (12%) Catlin Bermuda (1%)	$20 Million	$30 Million	$60 Million

Type of Contract	Layer	Reinsurer's Name	Company's Retention	Reinsurers' Limit of Liability: In Respect of Each and Every Loss Occurrence	Reinsurers' Limit of Liability: As Respects all Loss Occurrences During the Term of the Contract
	2^{nd} layer	**Authorized** Various Lloyd's Underwriter Syndicates (44.25%) AXIS Specialty Limited (15%) Hannover Ruckversicherung (18.5%) Aspen Insurance UK Limited (2%) Montpelier Reinsurance, Ltd. (1.25%) Renaissance Reinsurance, Ltd. (2.5%) **Unauthorized** Lexington Insurance Company (5%) Arch Re (1%) Catlin (.5%) XL Re Ltd. (4%) Amlin AG (1%) Swiss Re Europe S.A. (5%)	$50 Million	$50 Million	$100 Million
2^{nd} Excess of Loss (2^{nd} Tower)	1^{st} layer	**Authorized** London Syndicate no. 0033 HIS (.88%) Montpelier Reinsurance, Ltd. (4.17%) Renaissance Reinsurance, Ltd. (10%) Aspen Insurance UK Limited (2.33%) AXIS Specialty Limited (4.33%) **Unauthorized** Lexington Insurance Company (5%) HCC Reinsurance Company, Ltd. (33.33%) Swiss Re Europe S.A. (10%) Allianz Risk Transfer AG (3.33%) Endurance Special Insurance Ltd. (3.33%) Arch Re (3.33%) Catlin Insurance Company Ltd. (.83%)	$100 Million Plus 19.13% of $600 Million	$300 Million	$600 Million

As of December 31, 2013, the Company reported no reinsurance recoverables on paid losses and $83,060 on unpaid losses.

Effective November 21, 2013, the Company and its affiliates entered into an allocation agreement relating to its excess of loss reinsurance program with its ultimate parent, FNF. The agreement authorizes FNF to negotiate and enter into contracts to establish excess of loss coverage, make premium payments, coordinate claim administration, handle reporting and arbitration matters, and collect and allocate excess of loss recoveries. The annual cost of the agreement is allocated between the Company and its affiliates based on the pro rata share of gross net written premium for each entity party to the agreement. Allocation of recoveries under the excess of loss program will be allocated to the entity that paid the losses in connection with the claim, or based on the entity's proportion of the loss payment if more than one entity paid the losses in connection with the claim. FNF is not compensated beyond the annual cost of establishing the excess of loss program by the Company or its affiliates for providing these services.

The Excess of Loss Allocation Agreement was amended as of January 3, 2014 to include the acquisition of National Title Insurance of New York, Inc.

General

All contracts commented upon herein, contained standard insolvency, arbitration, errors and omissions, and termination clauses where applicable. Furthermore, the contracts contained the clauses necessary to assure reinsurance credits could be taken.

BODY OF REPORT

GROWTH

The following comparative data reflects the growth of the Company during the period covered by this examination:

	2013	2012	2011
Bonds	$473,313,303	$460,265,611	$456,906,895
Admitted assets	598,408,038	613,889,329	609,197,230
Known claims reserve	45,757,290	53,981,945	88,130,727
Statutory premium reserve	262,346,407	267,968,752	278,360,748
Total liabilities	350,476,891	374,182,393	409,061,054
Capital and surplus	247,931,147	239,706,936	200,136,176
Premiums earned	598,116,115	578,016,002	510,320,818
Total operating income	626,174,745	604,844,473	533,667,734
Losses and loss adjustment expenses incurred	56,879,572	75,272,745	92,285,458
Operating expenses incurred	543,965,783	525,497,374	452,910,344
Net operating gain or (loss)	25,329,390	4,074,354	(11,528,068)
Net investment income earned	17,822,901	21,142,222	20,801,423
Net income	38,606,762	30,789,143	13,700,736

FINANCIAL STATEMENTS

The following statement of admitted assets and liabilities, together with the accompanying summary of operations, reflects the financial condition of the Company at December 31, 2013 and its transactions during the year 2013 as determined through this examination. A reconciliation of the capital and surplus account for the period under review is also included:

FINANCIAL STATEMENT
December 31, 2013

Assets

	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$473,313,303		$473,313,303
Preferred stocks	27,804,136		27,804,136
Common stocks	1,440,070		1,440,070
Mortgage loans - other than first liens	44,957	$ 44,957	
Properties occupied by the company	20,485		20,485
Properties held for sale	1,188,836		1,188,836
Cash and short-term investments	19,588,999		19,588,999
Other invested assets	31,131,755		31,131,755
Receivables for securities	2,475		2,475
Subtotal, cash and invested assets	$554,535,016	$ 44,957	$554,490,059
Title plants	7,070,953		7,070,953
Investment income due and accrued	5,778,131		5,778,131
Uncollected premiums and agents' balances in the course of collection	18,010,008	8,614,622	9,395,386
Net deferred tax asset	30,865,369	9,229,054	21,636,315
Electronic data processing equipment and software	28,016	28,016	
Furniture and equipment	27,698	27,698	
Other miscellaneous assets	2,627,872	2,590,678	37,194
Totals	$618,943,063	$20,535,025	$598,408,038

Liabilities, Surplus, and Other Funds

Known claims reserve	$ 45,757,290
Statutory premium reserve	262,346,407
Other expenses	25,838,495
Taxes, licenses and fees	4,044,232
Current federal income taxes	1,181,488
Premiums and other consideration received in advance	2,067,314
Payable to parent, subsidiaries and affiliates	9,241,665
Total liabilities	$350,476,891
Common capital stock	$ 1,649,306
Gross paid in and contributed surplus	147,726,416
Unassigned funds (surplus)	98,555,425
Total capital and surplus	$247,931,147
Totals	$598,408,038

STATEMENT OF INCOME – 2013

Operating Income

Premiums earned	$598,116,115
Escrow and settlement services	2,255,563
Other title fees and service charges	25,803,067
Total operating income	$626,174,745

Expenses

Losses and loss adjustment expenses incurred	$ 56,879,572
Operating expenses incurred	543,965,783
Total operating expenses	$600,845,355
Net operating gain	$ 25,329,390

Investment Income

Net investment income earned	$ 17,822,901
Net realized capital gains	1,633,059
Net investment gain	$ 19,455,960

Other Income

Total other income	$ (9,018)
Net income before federal income taxes	$ 44,776,332
Federal income taxes incurred	6,169,570
Net income	$ 38,606,762

CAPITAL AND SURPLUS ACCOUNT

	2013	2012	2011
Capital and surplus, beginning	$239,706,936	$200,136,176	$213,833,276
Net income	$ 38,606,762	$ 30,789,143	$ 13,700,736
Change in net unrealized capital gains	(918,580)	4,503,660	(3,824,925)
Change in net deferred income tax	(6,774,742)	(19,531,741)	(8,334,007)
Change in nonadmitted assets	6,010,771	17,701,657	12,307,296
Cumulative effect of changes in accounting principles		31,678,505	
Dividends to stockholders	(28,700,000)	(20,000,000)	(8,600,000)
Prior year correction of error		(5,570,464)	(1,743,300)
Prior year correction of bulk reserve			(17,202,900)
Net change for the year	$ 8,224,211	$ 39,570,760	$(13,697,100)
Capital and surplus, ending	$247,931,147	$239,706,936	$200,136,176

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of $98,555,425, as reported in the Company's 2013 Annual Statement, has been accepted for examination purposes. Examination findings, in the aggregate, were considered to have no material effect on the Company's financial condition.

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

The recommendations appearing in the previous report of examination are reflected below together with the remedial actions taken by the Company to comply therewith:

Reinsurance – It is recommended that the Company establish an allocation agreement to formalize provisions for sharing recoveries amongst itself and various affiliates participating in multi-cedant reinsurance contracts in accordance with Statement of

Statutory Accounting Principles (SSAP) No. 62. It is also recommended that this agreement be filed with the Director of the Nebraska Department of Insurance under the provisions of the Insurance Holding Company System Act, *Nebraska Revised Statute* 44-2133(2).

Action: The Company has complied with this recommendation.

Net Deferred Tax Asset - It is recommended that the Company formulate its "tax planning strategies" in compliance with SSAP No. 10. It is also recommended that the underlying support and detail calculations of their planning strategies be readily available.

Action: The Company has complied with this recommendation.

Reserves - It is recommended that the Company obtain and make available loss data specific to and segregated by each legal entity in future financial examinations. Further, it is recommended that a target examination of the Company's reserves be conducted as of December 31, 2012 to include further evaluation of the Company's IBNR reserves. It is also recommended that the Company establish procedures to ensure that it maintains an adequate known claims reserve in compliance with *Nebraska Revised Statute* 44-1988(2). Lastly, it is recommended that the Company record the actuary's best estimate or further validate management's select point for each entity by enhancing the detail and underlying support to management's assertions in selecting, and the mechanics of booking, their estimate.

Action: The Company's responses to the prior examination recommendations were received by the Department shortly after completion of the prior examination. The Department did not follow up and verify the adequacy of any of those responses until the current examination. During the current examination, the Company's process as stated in its response was verified but deficiencies were still noted pertaining to the review of reserves and prior examination recommendations. These items are further discussed within the "Commentary on Current Examination Findings" section of this report.

COMMENTARY ON CURRENT EXAMINATION FINDINGS

Reserving

The Nebraska Department of Insurance performed an independent review of the Company's reported Incurred but Not Reported (IBNR) and Known Claims Reserve (KCR), including indicated bulk reserves (collectively, Schedule P Reserve) to verify that the reserves were sufficient, to test the reasonableness of the appointed actuary's IBNR allocation, and to evaluate the factors that led to adverse development from 2011 to 2013.

Incurred but Not Reported

The examination actuary's analysis indicated that the Company's recorded Schedule P Reserve was only 73% of the examination actuary's indication, or $82 million less than the examination actuary's indication. The examination team noted that the Company reported the Schedule P Reserve within 4% of the appointed actuary's midpoint estimate; however the examination actuary disagreed with the appointed actuary's methodologies and assumptions in calculating the reserve. The examination actuary was unable to get comfortable with appointed actuary's data aggregation and estimated IBNR due to a recent history of development exceeding the appointed actuary's expectations. The examination actuary observed that the allocation process utilized by the appointed actuary produced volatility in the Company's IBNR estimates that resulted in unfavorable development during the examination period. The examination actuary also observed that the Fidelity National Title Group (Group) insurers' reserves *do not* behave as one. The allocation process utilized by the appointed actuary is not consistent with the insurers' contrasting revenue growth rates and differences in the insurers' historical loss & allocated loss adjustment expenses development.

It is recommended that a separate actuarial analysis be performed by Company in support of each Company's Statement of Actuarial Opinion. It is also recommended that the appointed actuary perform annual one-year and two-year "actual versus expected" analyses separately for each insurer in the Group, and apply the resulting insights to focus review on the actuarial methodologies and assumptions associated with the largest variances between expectations and actual outcomes.

Known Claims Reserve

The examination actuary's analysis of the KCR, case only excluding bulk provision, indicated that the Company only reported 40% of the examination actuary's indicated estimate or $69 million less than the examination actuary's indicated estimate. The examination actuary concluded that aggregate case reserves for the Company as of 2013 were materially lower than amounts that would conform to the statutory standards. However, in 2013, the Company received a permitted accounting practice from the Nebraska Department of Insurance to account for bulk reserves with IBNR instead of KCR as required by Nebraska Revised Statute §44-1988(2). The examination noted that the Company's indicated KCR, case and bulk provision, was determined to be a reasonable estimate.

The examination noted that the Company does not have effective internal control processes to timely record, consistently apply, and evaluate the adequacy of case reserves which are required by Nebraska Revised Statute §44-1988(2) and Statement of Statutory Accounting Principles (SSAP) No. 57. Historically, reported case reserves in the Company have generally been under-estimates, so subsequent development has diminished or eliminated the cushion between the reported Schedule P Reserve and the sum of the reported Statutory Premium Reserve (SPR) and case reserves. Moreover, this trend of the Company recording insufficient case reserves has also contributed to adverse development in the Schedule P Reserve.

It is recommended that the Company implement effective internal control processes to strengthen case reserving adequacy, with the effect that claims administrators should be required to record case reserve estimates based upon their current assessment of all relevant exposures on all known claims. The outcome should enhance case reserve adequacy and provide actuaries and management with a more timely recognition of the Company's financial condition.

Supplemental Reserve

As a result of the examination actuary's analysis of IBNR, a supplemental reserve was not required as of December 31, 2013. The examination actuary will be performing an analysis as of December 31, 2014, to verify the current reserve position of the Company.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

The following comments and recommendations have been made as a result of this examination:

Reserving – Incurred but Not Reported - It is recommended that a separate actuarial analysis be performed by Company in support of each Company's Statement of Actuarial Opinion. It is also recommended that the appointed actuary perform annual one-year and two-year "actual versus expected" analyses separately for each insurer in the Group, and apply the resulting insights to focus review on the actuarial methodologies and assumptions associated with the largest variances between expectations and actual outcomes.

Reserving – Known Claims Reserve - It is recommended that the Company implement effective internal control processes to strengthen case reserving adequacy, with the effect that claims administrators should be required to record case reserve estimates based upon their current assessment of all relevant exposures on all known claims. The outcome should enhance case reserve adequacy and provide actuaries and management with more timely recognition of the Company's financial condition.

ACKNOWLEDGEMENT

The courteous cooperation extended by the Officers and employees of the Company during this examination is hereby acknowledged.

In addition to the undersigned, Kevin Stubbs, CFE, Ross Pedersen, Financial Examiners; Gordon Hay, FCAS, MAAA, CPCU, Senior Property & Casualty Actuarial Examiner; all from the Nebraska Department of Insurance; Phillip McMurray, CISSP, CISA, AES, and Stephen Skenyon CPA, CISA, Consulting Information Systems Specialist, from Risk & Regulatory Consulting, LLC; and Financial Examiners, Information Systems Specialists, and Actuarial Examiners with or contracted by the California Department of Insurance, New York Division of Financial Services and Texas Department of Insurance; participated in this examination and assisted in the preparation of this report.

Respectfully submitted,

Joshua J. Johnson

Joshua J. Johnson, CFE
Examiner-In-Charge
Risk & Regulatory Consulting, LLC
Representing the Department of Insurance
State of Nebraska

State of Nebraska,

County of Lancaster,

Joshua J. Johnson, being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of Commonwealth Land Title Insurance Company.

2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.

3. I have reviewed the examination work papers and examination report, and the examination of Commonwealth Land Title Insurance Company was performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

The affiant says nothing further.

Examiner-In-Charge's Signature

Subscribed and sworn before me by Josh Johnson on this 26 day of May, 2015____.

(SEAL) GENERAL NOTARY - State of Nebraska
TERRI A. KELLER
My Comm. Exp. Dec. 24, 2017

Notary Public

My commission expires Dec 24, 2017 [date].