



## **Executive Summary Report**

Title Industry Year-End Financial Data for 2007

The downturn in the real estate and housing development market has proved an equal opportunity drag on virtually every sector of the economy, including the title industry. According to industry data released today, slowing real estate sales and refinances caused a significant drop in 2007 revenues while losses and loss adjustments were much higher. Operating Expenses other than Agents' Retention were essentially flat (down less than 1%), thus leaving Net Operating Gain down \$800 million, a loss of \$84 million. Net Investment Gain of \$533 million was also down (11.7%), resulting in Net Income of \$319 million, down 68.4%.

The end of 2007 marked the 7th consecutive quarter of declining title premiums. Furthermore, while the last two quarters of 2006 and the first two quarters of 2007 were each down around 9%, the third quarter's decline was more than 15% and the fourth quarter declined 22%, indicating that poor markets continued through the end of the year.

While it was a challenging year, unlike other parts of the real estate industry, the title industry remains financially stable, with year end Admitted Assets in excess of \$10 billion, of which \$8.8 billion is in Cash and Invested Assets. At the same time, Statutory Reserves were up over \$400 million to almost \$5.5 billion and Statutory Surplus closed the year at \$2.7 billion.

On a state-by-state basis, 33 states show written premiums dropping in the fourth quarter by 10% or more, with 5 or more states declining more than 30% and 16 between 20 and 30%. On the plus side, 6 states plus the District of Columbia were up with Delaware up 66% and Wyoming up 14%. The three largest states in terms of written premiums, California, Texas and Florida were down 36, 8 and 40%, respectively.

For the year, written premiums declined in 42 states plus the District of Columbia, while only 8 states recorded increases. Eight states dropped more than 20% and eleven states dropped between 15 and 20%. Of the states recording increases only one (Delaware at 12%) increased more than 10%. The two largest states, California and Florida, were down 23 and 30%, respectively.

It's clear from this data that title companies have been sailing into the same strong headwinds many others businesses have faced over the last two years. And while businesses across the board have seen steep declines in revenue, title companies remain financially strong. For a complete look at the data, please see the tables accompanying this summary at [www.alta.org](http://www.alta.org).