

Title Insurance Industry Market Share and Financial Statement compilations for the 2nd Quarter of 2008 are now available on the ALTA website (www.alta.org/industry/financial.cfm).

The title insurance industry achieved a substantial reduction in operating expenses during the first half of 2008. However, the industry posted an operating loss of \$204.7 during the first half due to continued slowing of real estate sales and mortgage refinancing transactions, a reduction of title insurance transactions and revenues, and a rise in loss and loss adjustment expenses. This contrasts with an operating gain of the \$64.1 million for the corresponding 2007 first half and an operating loss of \$87.6 million for the full year 2007.

This reduction in operating gain, combined with a 30% decrease in net investment gain was partially offset by a reduction of income taxes, resulting in Net Income for the first half 2008 of \$33.9 million, an almost 87% decrease of over the first half of 2007.

Despite these struggles, the industry remains in a (we may want to say “adequate instead of strong) strong financial position with Admitted Assets of almost \$10 billion, including almost \$8.5 billion in Cash and Invested Assets. Also, Statutory Reserves were in excess of \$5.4 billion and Statutory Surplus was up over \$130 million from year end 2007 to total over \$2.8 billion.

The 2nd Quarter of 2008 marked the 9th consecutive quarter in which title premiums written declined from the prior year’s equivalent quarter. Furthermore, each successive quarter’s decline was greater than the previous quarter. The third quarter 2007 decline was more than 15%, the fourth quarter decline was 22%, the first quarter 2008 decline was over 26% and second quarter 2008 declined almost 28%, indicating that poor markets (not sure what you mean by “poor markets”) continue into the current year and were still worsening through the second quarter.

On a state-by-state basis, 40 states plus the District of Columbia posted written premiums dropping in the second quarter by 10% or more, with 7 states - three of the four largest states and four of the six largest - declining more than 30%. Twenty states plus the District of Columbia were down between 20 and 30%. Only six states showed increases, with Oklahoma up 9%, South Dakota up 7%, Louisiana up 3% and three smaller states each up less than 2%. The four largest states in terms of written premiums, California, Texas, Florida and New York were down 35, 21, 48 and 33%, respectively. The sixth largest, Arizona, was down 34% and the seventeenth largest, Georgia, was down 31%.