

# SOUTHERN TITLE INSURANCE CORP.

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## Title Talk

January 2007

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### Southern Title's Core Values

- Honesty & Integrity
- Courtesy & Respect
- Professionalism
- Openness & Fairness
- Safety
- Corporate Citizenship
- Teamwork

### Southern's Holiday Party

Southern Title's holiday party at The Jefferson was once again the event of the season. Thank you to the over 500 people who were able to attend.

To all our business partners, we hope that you had an enjoyable holiday season. We wish you all a safe and prosperous 2007.

### Title Insurance Industry Criticism

Recently, in national and local publications, some articles have appeared which are highly critical of title insurance and the insurance companies and agents who are providing this insurance. Many of these articles, such as the piece in Forbes by Scott Woolley, are one-sided, biased, factually inaccurate and misleading. The common premises of these articles are that title insurance is unnecessary, overpriced and that the industry is corrupt. To follow are some positions taken from these articles.

#### UNNECESSARY:

1. A century ago, homebuyers needed protection from being swindled by crooks. This protection is far less necessary today because of the rare instances of title fraud.
2. A refinancing lender requires mortgagee title insurance despite the absence of any risk.
3. One hundred years ago, people did not have the desire, time or knowledge to search the land records to make their own determination regarding status of titles, but now they do.
4. Transitioning from traditional paper title records to digital databases will eliminate the need for title insurance. Response: The idea that instances of fraud are decreasing, that there is no risk to the lender on refinances and that the average American has the ability to determine the status of title is ridiculous. Usually, these articles fail to

mention the primary distinction between title insurance and the other insurance lines: loss prevention and the assurance of title, as opposed to the insurance of title, is supposed to set us apart and justify our marketplace existence! These articles suggest that the only disaster that can befall a homeowner is an unpaid lien for a small amount of money. Here, we are a victim of our own success. Large numbers of home buyers have not lost their homes because of the loss prevention work the industry does. Risk identification and elimination and curative documents are all provided in the normal course of business by the title agent, usually for no additional charge. These authors' positions reflect a complete lack of understanding and give no mention of the primary purpose of title insurance.

**OVERPRICED:** These articles point to an industry loss ratio which is very low when compared to home and auto insurance losses. They disclose industry data that reflects a substantial increase in revenues over the past decade. Response: Again, they just don't get it. A small portion of the total premium does go directly to the insured in payments for losses sustained. There is fraud and forgery in the real property conveyance marketplace. Title searchers can and do miss things in their research. Many claims dollars pay for losses sustained by homeowners when



## Southern Title Your Partner In Business

You have enough competitors for your business. Your underwriter should not be one of them. By working with our agents, and not in competition with our agents, Southern Title has become the business partner of choice.

**"Southern Title's  
2006 Financial  
Stability Rating  
A' (A Prime)  
Unsurpassed"  
Demotech, Inc.**

**Southern Title's  
2006 Commercial  
Real Estate  
Recommendation:  
Strongly Recommended  
Demotech, Inc**

### ***Southern's Family***

*Peter Walther has joined Southern Title as our Claims Manager. Peter will be working out of the Richmond Office. Peter brings 20 years of experience to Southern Title.*

## Title Insurance Industry Criticism (continued)

there has been no fraud or negligence. But a substantial portion of the title insurance premium goes to risk identification and elimination.

**CORRUPT:** Finally, these articles recognize and hit the industry's weak spot: kickbacks and illegal affiliations. The authors write about scam operations, scam reinsurance agreements and opulent entertainment of business referers. Good shot, the industry deserves that. Those practices are

wrong and illegal. HUD needs to dramatically increase enforcement, fines and penalties. While in the other areas of criticism, we are victims of our own success, here we are our own worst enemy. Many significant players in our industry are complicit. Others throw up their hands and say "we can't do anything." We, as an industry, are not policing ourselves. That needs to change. As the marketplace, our agents, and even our own

staff continue to pressure us to relax our underwriting standards and accept more title risks on a casualty risk basis, we are playing into the hands of those who do not understand the importance of TITLE ASSURANCE in the marketplace and in our culture. The foundation of our industry is one of the primary foundations of our nation, the American home. Our industry has, and will continue to do an excellent job of protecting the American home.

## Over The Limit Requests

Each agent of Southern Title has a limit as to the policy amount that can be written without prior approval from an underwriter or attorney at Southern Title. Each over-the-limit request should be sent in to the local Southern Title branch on an over-the-limit request form along

with the title notes and the commitment. Turn around time for the approval of these requests is very timely. Be sure to submit a request for any policy that exceeds your underwriting limits. That amount is listed in your agency contract. If you are uncertain of your underwriting limits,

please contact your local Southern Title branch. The over-the-limit authorization form is on our website under "Forms". We can also email or fax the form to you. If you have any questions, please call Kevin Dodson at 1-800-468-0151 or email at [kdodson@southerntitle.com](mailto:kdodson@southerntitle.com)

## 2007 Holiday Schedule

- Martin Luther King Day.....January 15, 2007
- President's Day.....February 19, 2007
- Memorial Day.....May 28, 2007
- Independence Day.....July 4, 2007
- Labor Day.. .....September 3, 2007
- Columbus Day.....October 8, 2007
- Thanksgiving.....November 22-23, 2007
- Christmas.....December 24-25, 2007

## Website of the Month

Our website of the month is:  
[www.bbonline.com](http://www.bbonline.com)

This is a website to bed and breakfasts' across the country. A bed & breakfast can be a nice alternative to hotels when traveling. They are often less expensive as well. Additionally, this website has a link to recipes and cookbooks used by these establishments. Enjoy!