

UNDERWRITING BULLETIN

Stewart Title Insurance Company, 300 East 42nd Street, 10th Floor -New York, New York 10017
(212) 922-0050 – (800) 433-0014 – FAX (212) 983-1133

NY000295

Date: December 1, 2006

To: All New York State Office Counsel, Managers and Agents

From: Harold Boxer, Vice President and Senior Agency Counsel

Re: Reinsurance Procedures Review

In an effort to facilitate the process and perhaps demystify the issues surrounding the topic of reinsurance, this Bulletin will both provide some basic information as to why and when reinsurance is required in connection with any given transaction and introduce our more concise Reinsurance Questionnaire.

As you may know, any title insurance company is limited as to the amount of liability it may assume in any single transaction. This is commonly known as a “single risk retention limit”. That amount, for each insurer, is determined in one of two ways. First, there is a mathematical formula, mandated by statute, that uses certain financial data of the company and the resultant calculation is the single risk retention limit for that company. Alternatively, a company may choose to impose a single risk retention limit upon itself that is *less* than the amount that may result from the statutory formula. Here at STIC, we have a self-imposed single risk retention limit currently set at \$13,000,000.00.

Please note, however, that this does **not** mean that STIC is limited to issuing policies of no more than \$13,000,000. Subject to underwriting approval, any STIC office may issue its policy in excess of that amount, provided that the reinsurance issue is addressed.

Reinsurance becomes necessary in one of two ways. Either a company is asked to issue a policy in an amount in excess of its single risk limit or an insured mandates that any particular insurer can only assume a certain amount of a given risk (which amount could be less than what a company may normally hold) and, in either case, the excess liability must be reinsured with another company. In most cases, STIC will look to Stewart Title Guaranty Company to place its reinsurance. This is a relatively simple process, somewhat routine, however, it must be stressed, it is also an absolutely necessary prerequisite to the issuance of any policy with a liability amount over our single risk limit.

To reiterate the procedure, in any instance where your office will issue its policy in amount in excess of \$13,000,000, please advise this office as follows:

1. A Reinsurance Questionnaire, a copy of which is attached for your use and reference, must be completed and sent to Haydee Rodriguez, Reinsurance Administrator, prior to closing. The form should be accompanied by a copy of the report of title or proposed policy to be issued in connection with the transaction. If necessary, the form may be accompanied by a separate writing containing any additional details of the transaction, including, but not necessarily limited to, the existence of any unusual risks which may pertain.
2. If the amount of insurance requested exceeds your office's underwriting authority, a Policy Approval Form must also be submitted and approved. That form, together with a copy of the title report should be submitted to Margaret T. Ling, Esq.
3. Copies of final policies, together with all endorsements, are to be submitted to the Reinsurance Department as soon possible, once the closing has been completed. Please note that this request for copies of policies is in addition to the copies submitted with your monthly remittance.

This procedure is also to be followed in cases where the amount of insurance requested is less than \$13,000,00 but the insured nevertheless requests reinsurance.

If you have any questions at all regarding the procedure, the completion of the forms or any other aspect of our reinsurance requirements, please do not hesitate to call. Thank you for your anticipated cooperation.

THIS BULLETIN IS A CONFIDENTIAL COMMUNICATION BETWEEN STEWART AND THE ADDRESSEE. STEWART DOES NOT AUTHORIZE THE DISCLOSURE OF THIS COMMUNICATION TO ANY THIRD PARTIES WITHOUT ITS PRIOR WRITTEN CONSENT.

References:

Bulletins Replaced:	None
Related Bulletins:	NY000259
Underwriting Manual:	None
Exceptions Manual:	None
Forms:	None
Attachments:	None



TO: Haydee Rodriguez, Reinsurance Administrator
 Stewart Title Insurance Company
 300 East 42nd Street
 New York, New York 10017
 (800) 433-0014 or (212) 922-0050
 FAX: (212) 297-2096 Email: hrodrigu@stewart.com

FROM: _____

REINSURANCE QUESTIONNAIRE

Project Name _____ File No. _____
 Address: _____ Policy No. _____
 _____ Policy No. _____

Policies to be issued: (Enclosed are Commitments ___; Pro-Formas ___; Policies ___)

a. Owner Policy (Fee___ Leasehold ___) - Amount \$ _____

Insuring - _____

b. Owner Policy (Fee___ Leasehold ___) - Amount \$ _____

Insuring - _____

c. Loan Policy (Fee___ LH ___ Construction ___) - Amount \$ _____

Insuring - _____

d. Loan Policy (Fee___ LH ___ Construction ___) - Amount \$ _____

Insuring - _____

Premises: _____ County, State _____

Purpose of Financing (for example, purchase of land, purchase of stock or partnership interest, construction loan, permanent financing) _____

IF CO-INSURANCE – TOTAL AMT. OF TRANSACTION _____
 COMPANY: _____ AMOUNT: _____
 COMPANY: _____ AMOUNT: _____
 COMPANY: _____ AMOUNT: _____

Type or Character of Property (vacant land, residential, commercial, condominium, etc.) _____

What endorsements or affirmative coverage is being given? (List Endorsements):

Are there any unusual risks: _____

Is Stewart Title Guaranty to take all? _____

Acceptance letters will be addressed to Haydee Rodriguez at STIC unless otherwise stated.

Other: _____

WHEN TRANSACTIONS CLOSE – PLEASE SEND A COPY OF EACH POLICY TO THE REINSURANCE DEPARTMENT. THANK YOU.