Stewart Information Services marks 120 years

By LAURA ELDER

GALVESTON — The highest-ranking executives and leaders of one of the world’s largest title insurers gathered last week around a conference table in a historic building downtown and pondered this question: How did Stewart Information Services Corp. survive the economic downturn?

They countered with their own question: Which downturn?

Stewart Morris Sr., senior adviser to the board; his son, Stewart Morris Jr., vice chairman to the board; CEO Matt Morris; and Vice Chairman Malcolm S. Morris were on the island April 11 to celebrate the company’s 120-year anniversary.

The company, which provides title insurance and other services vital to real estate transactions, had survived The Great Depression of the last century, The Great Recession of this one and many nameless bad cycles in between. It did so through sacrifice, innovation and the ability to adapt quickly, the Morries said.

‘Hard road’

Stewart Morris Sr., 93, remembers his father coming home during The Great Depression announcing that his pay had been cut from $1,000 to $300. The cuts were across the board. Employees were asked to take only what they needed to pay mortgages and buy groceries.

Stewart Information Services Corp. came out of the last downturn, which began in 2007 and lingers today, significantly changed. It was forced to lay off 5,000 people and shed 465 offices in the face of falling real estate transactions.

Some of the severed employees had been with the company for 45 years. Executives met with many face to face.

The cuts were painful, but necessary, Stewart Morris Jr. said. Everyone sacrificed, everyone worked with a little less.

“You cut a company back so some people might have a job,” he said.

It was a “hard, hard road,” Malcolm Morris said.

Upside of downturn

But if there was an upside to the downturn, it was that Stewart Information Services Corp. emerged more efficient, consolidating hundreds of legal entities, accounting systems and centralizing hundreds of data centers. Despite the downsizing, the company never lost sight of the customer, executives said.

What remained intact was a reputation for good service and trust, something imperative in the title industry. Title
companies protect one of the most important investments in people’s lives — their homes and property.

Last year, Forbes named Stewart Information Services Corp. among the Top 100 Most Trustworthy Companies based on an independent audit of 8,000 U.S. stock exchange companies. The magazine set out to find “the most transparent and trustworthy businesses that trade on American exchanges.”

Factors that weighed into the evaluation included executive compensation levels, management turnover, accounting practices, existence of positive events and the absence of negative events, among others.

**Island roots**

Although Stewart is headquartered in Houston, it got its start in Galveston. The executives last week met at the 1882 Stewart Title Building, 222 22nd St., which lawyer Maco Stewart acquired in 1905 and had remodeled by C.W. Bulger to serve as the company’s headquarters.

But Stewart Title Co., a wholly owned subsidiary of Stewart Information Services Corp, began even earlier in Galveston. In 1893, Maco Stewart, a young attorney and the son of eminent jurist and legislator William H. Stewart, bought the Gulf City Abstract Co. Maco, along with his brothers Minor and Clegg and brother-in-law W.C. Morris, would all play major roles in the company’s development.

The company was born at a time when Galveston was dubbed the “Wall Street of the South” because of its many banking and financial institutions.

**Born in big events**

The 1900 Storm, which killed more than 6,000 people, and the discovery of oil in Beaumont in 1901 both accelerated the need for accurate land documentation in Texas.

Chartered in 1908, Stewart Title Guaranty Co. was the first title insurance underwriter authorized to write title insurance in Texas. Unlike most insurance that covers future events or losses, title insurance protects lenders and buyers against past problems with titles.
Title insurance services include searching, examining, closing and insuring the condition of the title to real property. The company must ascertain ownership of property being transferred and to conclude whether there are other claims.

Shift to the north
With the building of the Houston Ship Channel and the shift of commerce to the north, the company moved its headquarters to Houston. But it has 35 employees in six Stewart Title offices in Galveston County. And the Stewart name lives on in Galveston.

After the 1900 storm, islanders began building the Galveston seawall to protect against future hurricanes. Maco Stewart donated 600 acres on the island’s East End, now known as Stewart Beach, for the extension of the seawall.

The company isn’t just in residential real estate. It also offers its services to commercial real estate transactions.

Return of the profit
Cost-cutting, streamlining management and centralizing back-office functions have paid off for the company. But a housing recovery and rising real estate transactions also is helping the company’s financial position.

Last year, Stewart Information Services reported net earnings of $109.2 million, or $4.61 per diluted share, an improvement of $106.8 million over 2011, representing its first significant profit since 2006.

Innovation also has been key to the company’s survival. Stewart has been a leader in file-sharing services that allow consumers to follow every step of the title process.

Last week, Stewart officials met with longtime clients on the island. In September, Stewart Information Services Corp. will celebrate the anniversary with a party on the island. Reach reporter Laura Elder at 409-683-5248 or laura.elder@galvnews.com.

PHOTOS: JENNIFER REYNOLDS/The Daily News