Matt Morris has spent the last nine years at the helm of a ship sailing in a new direction.

Morris, CEO of 120-year-old Houston-based Stewart Information Services Corp. (NYSE: STC), is a fifth-generation descendent of the company’s founder. He has instituted several structural changes within the company to streamline many of the daily processes and align its 6,000 employees into a centralized system.

These changes included reorganizing executives, selecting a single accounting system and other crucial choices to make the company more cohesive.

For the company, 2012 was its first profitable year since before the economic downturn, with revenue increasing 12 percent.

And in the first quarter, Stewart’s pretax earnings rose more than $18 million, compared to the same quarter last year, totaling $10.8 million. Morris attributes the company’s growth to the organizational changes and a cyclical industry bouncing back with an economy on the mend.

In his youth, Morris remembers working in the mailroom of Stewart and watching the company grow as quickly as he did throughout his life.

Morris was named CEO in November 2011 and serves as an advisory director. Previously, Morris held executive level positions at Stewart Information Services and some of its subsidiaries such as Stewart Title Co.

Morris sat down with HBJ to discuss the challenges facing the title and insurance industries in Houston and what’s next for the century-old company.

**How did Stewart do as a whole in 2012?**

It did very well in 2012. Essentially, it was our best year since 2006. That was the year when revenues were 30 percent lower but we made more money last year. We are definitely encouraged by the results. This was our first profitable year since 2006, so it’s been a long time coming.

**Why do you think it did so well last year?**

Revenues were closer to 30 percent greater than they were in 2006. A lot of the revenue is falling to the bottom line that wasn't back in 2006.

And, that’s a result of a lot of restructuring we’ve done over the last several years. There have been significant changes to our management team, structure and operations.
What did the company look like before it was restructured?

The structure was organized primarily by geography. Everything was driven by geography, and a lot of operations basically operated independently. We had a lot of overlap and duplicity.

Overall, we needed to be more efficient with our resources, centralize more of the nonconsumer-facing activities and consolidate them in a centralized place.

What has changed for title insurance for commercial property?

(We are) seeing significant growth, especially here in Houston. There’s a tremendous amount of activity in all types of segments. Multifamily seems to have the most activity right now, but it’s a great time to be in Houston.

The amount of commercial activity is pretty astonishing. Austin is doing well and Texas cities as a whole.

I see you are using your iPad — how has technology affected your industry?

We continue to try to standardize and modernize our data. A lot of what we do as a company is dependent on quality data, and a lot of expertise (is) needed (for) what we do.

Technology enables some of the centralized processes, which makes us able to leverage our workforce better. It helps get the best people working on the appropriate level of transaction.

The data is now accessible — you don’t have to drive down to the courthouse to get information. However, we are not as automated as you might think. We are still a long way from being able to press a button and see everything that surrounds a property transaction.

What are the greatest challenges facing the insurance industry today?

Regulation and government intervention. More so than the rules themselves, but the uncertainty around what the future holds for the mortgage industry overall and tax systems.

The Consumer Financial Protection Bureau has an array of rules they are required to make coming out of Dodd Frank. That will change how we do business (and) change how we interact with the lender.

Other regulatory changes, (such as) the mortgage interest tax deduction, could change homeownership rates (and) the government’s view on homeownership. Interest rates overall have a huge impact on our business.

What has changed within the insurance industry?

People now care where their policy is coming from. In the past, people did not have a lot of visibility for whom they were using for a settlement agent and an insurer. Some of the declines in the market, (like) people who have gone bankrupt (now care) about whom that transaction is (with). That’s lenders as well as consumers.

We issue our policies through our direct offices and through independent agents. We have done a lot to vet and ensure our independent agency base, and we have actually (closed) about half of our independent (agency offices).

(Our) quality of agents, we have vetted them to make sure they meet the needs of the lending community (and) some of the requirements from the CFPB.

What will be important for the insurance industry this year?

Some of it relates to the CFPB closing disclosure forms that could change how that part of the transaction is done.

Lenders are much more aware of (our) involvement and the title policy (with) the transaction, so where they are funding the loans, they are vetting their title companies. It’s new that they are paying much more attention to that — there is a significant focus around it.

Depending on how the Legislature handles water rights could change some insurance requirements. Water is a hot issue in Texas right now. Insuring water rights could be an issue going forward.

We do have a (3.8 percent) rate increase for title premiums in Texas (approved in March). Honestly, (it) should have been in place much earlier. It was the first rate increase in 22 years. It was a long time coming. We see this as a way to really add stability for insurers in Texas going forward.