



OFFICE OF THE INSURANCE COMMISSIONER

In the Matter of)	No. 11-16
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
MASON COUNTY TITLE)	AND ORDER ADOPTING REPORT
INSURANCE COMPANY)	OF EXAMINATION

A Domestic Insurer.

BACKGROUND

An examination of the financial condition of **MASON COUNTY TITLE INSURANCE COMPANY** (the Company) as of December 31, 2009 was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). The Company holds a Washington certificate of authority as a stock insurer. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and recommendations was transmitted to the Company for its comments on December 20, 2010. The Company's response to the report is attached to this order only for the purpose of a more convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and the submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 1 through 10 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **MASON COUNTY TITLE INSURANCE COMPANY** and to order the Company to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that the Company may have implemented some of the Instructions and Comments and Recommendations prior to the date of this order. The Instructions and Comments and Recommendations in the report are appropriate responses to the matters found in the examination.

ORDER

The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

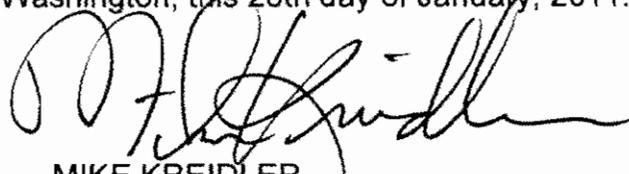
The Company is ordered as follows, these being the Instructions and Comments and Recommendations contained in the examination report on pages 1-3.

1. The Company is ordered to comply with RCW 48.05.073 by filing its financial statements in the general form and context approved by the NAIC and WAC 284-07-050(2) which requires adherence to the NAIC Annual Statement Instructions and the AP&P. Instruction 1, Examination Report, page 2.
2. The Company is ordered to compute its statutory premium reserve in accordance with RCW 48.29.120. Instruction 2, Examination Report, page 2.
3. The Company is ordered to comply with SSAP 25(6) by executing a written contract for all transactions between affiliates, and with RCW 48.31B.030(1) by filing all agreements between the Company and a person in its holding company system with the Commissioner prior to entering into the transaction. Instruction 3, Examination Report, page 2.

4. The Company is ordered to comply with RCW 48.05.280 which requires the insurer to keep full and adequate accounts and records of its assets, obligations, transactions, and affairs, by maintaining a list of policies in-force. The Company should maintain a list of its in-force policies so that it can determine whether it qualifies for exemption from audited financial statements under WAC 284-07-100. Instruction 4, Examination Report, page 2.
5. It is ordered that the Company consider obtaining a fidelity bond and errors and omissions coverage. Additionally, the Company should consider researching the need for additional insurance coverage for the protection of the Company and its policyholders. Comments and Recommendations 1, Examination Report, page 3.

IT IS FURTHER ORDERED THAT, the Company file with the Chief Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 26th day of January, 2011.



MIKE KREIDLER
Insurance Commissioner

Mason County Title Insurance Company
PO Box 4157
Olympia WA 98501

RECEIVED

January 12, 2011

JAN 18 2011

Mr. James T. Odiorne, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division
PO Box 40255
Olympia WA 98504-0255

INSURANCE COMMISSIONER
COMPANY SUPERVISION

Re: Financial Examination Report of Mason County Title Insurance Company as
of December 31, 2009

Dear Mr. Odiorne:

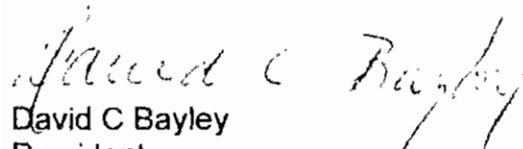
We have reviewed and generally concur with the factual material presented in
the referenced report of examination.

We respectfully request your consideration of the following facts.

**Instruction #4 requires MCTIC to develop and maintain a list of policies in-
force "so that it can determine whether it qualifies for exemption from
audited financial statements under WAC 284-07-100." Due to the nature of
title insurance, it is not feasible to develop such a list. MCTIC's analysis of
facts and statistics indicates it has fewer than 1,000 policyholders and thus
qualifies for this exemption. Due to the fact that MCTIC has been dormant
for TWELVE years, with no operating revenues, it will apply for this
exemption due to financial hardship, under WAC 284-07-220.**

It has been a pleasure working with the Examiners of the Office of Insurance
Commissioner.

Sincerely,


David C Bayley
President

cc: Michael G. Watson, Chief Deputy Insurance Commissioner
Patrick H. McNaughton, Chief Examiner