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**RECEIVED**

March 10, 2010

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VIA FEDERAL EXPRESS

**INSURANCE COMMISSIONER  
COMPANY SUPERVISION**

Ron Pastuch  
Holding Company Manager  
Company Supervision Division  
Office of Insurance Commissioner  
5000 Capitol Boulevard  
Tumwater, WA 98501

Re: Application for Approval of the Proposed Merger of Pacific Northwest Title Insurance Company With and Into First American Title Insurance Company Pursuant to Revised Code of Washington ("RCW") section 48.31.010

Dear Mr. Pastuch:

Pacific Northwest Title Insurance Company ("PNWT"), a Washington domiciled title insurance company, wishes to merge with and into its 100% parent, First American Title Insurance Company ("FATICO"), a California domicile title insurance company (the "Merger"). Enclosed please find two copies of the application, pursuant to RCW section 48.31.010, in support of the Merger (the "Application").

Merger

The Merger, which the companies would like to be effective on June 30, 2010, is a means of consolidating certain operations within The First American Corporation ("FAC") group of companies. The Merger will not result in a change of the ultimate ownership or control of any insurer. Consequently, we are filing the Application pursuant to RCW section 48.31.010 and, as described below, we believe the Merger is exempt from the prior notice and approval requirements of RCW section 48.31B.015(1).

PNWT is a title insurance company organized under the laws of the State of Washington and is a wholly-owned subsidiary of Pacific Northwest Title Holding Company. Pacific Northwest Title Holding Company is a Washington domiciled holding company and a wholly owned subsidiary of FATICO. FATICO is a California domiciled title insurance company and the direct 100% parent of Pacific Northwest Title Holding Company and, accordingly, the 100%

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indirect parent of PNWT. Both PNWT and FATICO are ultimately owned and controlled by FAC.<sup>1</sup> As a result of the proposed Merger, PNWT will be merged with and into FATICO and the separate corporate existence of PNWT will cease. A chart setting forth the relationship of the insurers prior to and following the Merger is attached hereto as Attachment 2. As of the effective date of the Merger, all of PNWT's outstanding stock certificates will be cancelled without consideration.

### Exemption Request

The proposed Merger falls squarely within the grounds for an automatic exemption from the prior notice and approval requirements of RCW section 48.31B.015(1) (generally referred to as a Form A Statement). RCW section 48.31B.15(5)(a) provides that section 48.31B.015 does not apply to a "transaction that is subject to RCW 48.31.010, dealing with the merger or consolidation of two or more insurers." The proposed Merger is a merger of two or more insurers that would be governed pursuant to section 48.31.010, therefore, the automatic Form A Statement exemption pursuant to section 48.31.15(5)(a) applies.

However, even if such automatic exemption were not available, the proposed Merger should be exempted as "not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer, or ... otherwise not comprehended within the purposes of this section." RCW § 48.31B.015(5)(b). The proposed Merger will not result in a change of the ultimate ownership or control of any insurer; FAC is the ultimate controlling person for both companies now, and will remain the ultimate controlling company of FATICO, the surviving corporation. The proposed Merger is part of an internal restructuring of FAC's wholly-owned subsidiaries and does not involve a change in control or a change in the management of the insurers. As a result, it can have none of the effects that section 48.31B.015(1) is intended to protect against.

Consequently, the Application is filed for approval pursuant to RCW section 48.31.010 and we hereby request written confirmation that the Merger, as described herein, is exempt from the prior notice and approval requirements of RCW section 48.31B.015(1).

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<sup>1</sup> As you are aware, FAC is in the process of reorganizing and separating its financial services companies from its information service companies. The reorganization transaction was approved by the Washington commissioner on February 9, 2010, however, FAC is still awaiting approval of the transaction in California. Accordingly, until the reorganization is complete, PNWT and FATICO remain ultimately owned and controlled by FAC. Even after reorganization, PNWT and FATICO would be owned and controlled by the same ultimate parent, First American Financial Corporation, and the merger of PNWT into FATICO would not result in the change of control or ownership of any insurer.

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**Application**

This Application is comprised of the following documents:

Attachment 1: The Agreement and Plan of Merger;

Attachment 2: A diagram of pre- and post-Merger organization;

Attachment 3: A certified copy of the Consent in Lieu of Special Meeting of the Board of Directors of FATICO approving the transaction;

Attachment 4: A certified copy of the Consent in Lieu of Special Meeting of the Board of Directors of PNWT, approving the transaction;

Attachment 5: A certified copy of the Consent in Lieu of a Special Meeting of Shareholders of FATICO, approving the transaction;

Attachment 6: A certified copy of the Consent in Lieu of a Special Meeting of Shareholders of PNWT, approving the transaction;

Attachment 7: Pro-forma financial projections that reflect the projected financial condition of FATICO and PNWT immediately prior to and immediately following the Merger;

Attachment 8: Affidavits of PNWT and FATICO pursuant to RCW section 48.31.010(1)(c).

Attachment 9: A copy of the Articles of Merger to be filed with the Washington Secretary of State.

The original certificate of authority issued by the Washington Office of the Insurance Commissioner to PNWT will be provided for cancellation. The companies are simultaneously filing for approval of the Merger with the California Department of Insurance. We will provide you with documentation that the California Department of Insurance approves the Merger as soon as practicable.

We understand that typically the Office of the Insurance Commissioner holds a public hearing on merger applications pursuant to RCW section 48.31.010(1)(b). However, we respectfully request that the public hearing in this matter be waived because this is a merger between affiliates that will have no impact on Washington policyholders since FATICO will assume all of PNWT's assets and liabilities, including any outstanding claims, premium tax obligations, fees, fines or penalties, and because it will have no impact on Washington consumers as FATICO will continue to write business in Washington. It seems like an

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unnecessary expenditure of the Commissioner's resources to hold a hearing in these circumstances.

We appreciate your and your staff's assistance in processing this Application. Please do not hesitate to contact me at 213-892-2909 to discuss this letter and the enclosed materials. Thank you for your assistance and attention to this matter.

Sincerely,



Stephanie Duchene

cc: Timothy Kemp (via PDF)  
Thomas Hartman (via PDF)  
Mike Holt (via PDF)