

**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF WASHINGTON**

In the Matter of the Merger of :

NO. G10-026

**PACIFIC NORTHWEST TITLE
INSURANCE COMPANY, A
Washington Domestic Insurance
Company, with and into FIRST
AMERICAN TITLE INSURANCE
COMPANY, A California Domestic
Insurance Company,**

PRE-FILED OPENING STATEMENT

Applicants.

PRE-FILED OPENING STATEMENT OF:

**Daniel Brown
Sonnenschein, Nath & Rosenthal LLP
Representing Pacific Northwest Title Insurance Company &
First American Title Insurance Company**

June 21, 2010

OPENING STATEMENT

I am Dan Brown of Sonnenschein, Nath & Rosenthal LLP and I represent Pacific Northwest Title Insurance Company (“PNWT”), a Washington domiciled title insurance company, and its parent corporation First American Title Insurance Company (“FATICO”), a California domiciled title insurance company.

PNWT wishes to merge with and into FATICO effective June 30, 2010 (the “Merger”). PNWT is wholly-owned by Pacific Northwest Title Holding Company, a Washington domiciled holding company, which in turn is wholly owned by FATICO. Accordingly, FATICO is the direct 100% parent of Pacific Northwest Title Holding Company and the 100% indirect parent of PNWT. Both PNWT and FATICO are ultimately owned and controlled by the First American Financial Corporation, a publicly traded California company. The Merger is a means of consolidating certain operations within the First American Financial Corporation group of companies. As a result of the Merger, PNWT will be merged with and into FATICO and the separate corporate existence of PNWT will cease. As of the effective date of the Merger, all of PNWT outstanding stock certificates will be cancelled without consideration.

PNWT and FATICO filed an application for approval of the Merger, pursuant to Revised Code of Washington (“RCW”) section 48.31.010, with the Washington Office of the Insurance Commissioner on March 10, 2010 (the “Application”). The Application included:

1. The Agreement and Plan of Merger;
2. A diagram of pre- and post-Merger organization;
3. A certified copy of the Consent in Lieu of Special Meeting of the Board of Directors of FATICO approving the transaction;
4. A certified copy of the Consent in Lieu of Special Meeting of the Board of Directors of PNWT approving the transaction;
5. A certified copy of the Consent in Lieu of a Special Meeting of Shareholders of FATICO approving the transaction;
6. A certified copy of the Consent in Lieu of a Special Meeting of Shareholders of PNWT approving the transaction;
7. Pro-forma financial projections that reflect the projected financial condition of FATICO and PNWT immediately before and immediately after the Merger;
8. Affidavits of PNWT and FATICO pursuant to RCW section 48.31.010(1)(c); and
9. An unsigned copy of the Articles of Merger to be filed with the Washington Secretary of State.

RCW section 48.31.010 provides that a domestic insurer may “merge or consolidate with another insurer,” provided that:

(a) The plan of merger is submitted and approved by the commissioner in advance of the merger or consolidation;

(b) The commissioner, after a hearing, pursuant to such notice as the commissioner may require, finds that the merger is fair, equitable, consistent with law, and that no reasonable objection exists;

(c) No director, officer, member, or subscriber of any such insurer, except as is expressly provided by the plan of merger or consolidation, shall receive any fee, commission, other compensation or valuable consideration whatsoever, for in any manner aiding, promoting or assisting in the merger or consolidation.

The companies have satisfied the requirement of section 48.31.010(a) by providing the Agreement and Plan of Merger to the Commissioner in advance of the Merger, specifically as part of its merger application filed March 10, 2010. The testimony will show that the Merger is fair, equitable, consistent with the law, and that there are no reasonable objections in satisfaction of section 48.31.010(b). The testimony will also show that no director, officer, member, or subscriber of either PNWT or FATICO will receive any fee, commission, other compensation, or valuable consideration whatsoever for in any manner aiding, promoting, or assisting in the Merger in satisfaction of section 48.31.010(c).

Specifically, the testimony will demonstrate that:

- After the Merger, FATICO, as the survivor, will continue to satisfy the requirements for the issuance of a license to write title insurance in Washington;
- The Merger is fair, equitable, and consistent with the law because:
 - The Merger treats all stakeholders -- including policyholders of both companies, the general public, the merging companies, and the shareholders -- fairly and equitably and consistent with applicable law;
 - The Merger will not impact competition in the insurance market in Washington or tend to create a monopoly in Washington;
 - The current financial condition of FATICO does not prejudice the interests of PNWT policyholders;
 - There is no plan to liquidate PNWT or FATICO or to make material changes in either business, corporate structure or management such that would be unfair and unreasonable to policyholders;
 - The competence, experience and integrity of the persons who will control the operation of FATICO are in the interest of PNWT's policyholders and of the public;

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June 21, 2010

- The Merger will not be hazardous or prejudicial to the insurance buying public of Washington;
- No director, officer, member, or subscriber of any insurer party to the Merger shall receive any fee, commission, other compensation, or other valuable consideration whatsoever for any manner aiding, promoting, or assisting in the Merger;
- FATICO and PNWT have received no comments, objections, or questions of any kind from policyholders or the public with respect to the Merger.

In addition to requesting approval of the merger pursuant to RCW section 48.31.010, the companies have requested 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 an automatic exemption to filing a Form A Statement for a “transaction that is subject to RCW section 48.31.010, dealing with the merger or consolidation of two or more insurers.” The merger of PNWT into FATICO is of two insurers governed pursuant to section 48.31.010, therefore, the automatic Form A Statement exemption should apply to the Merger.

Accordingly, PNWT and FATICO request the Commissioner’s approval of the Merger pursuant to RCW 48.31.010 and exemption from the prior notice and approval requirements of RCW section 48.31B.015. I will be pleased to address any additional issues that may arise or otherwise be of assistance at the hearing.



Dated: June 21, 2010

DANIEL BROWN
SONNENSCHN NATH & ROSENTHAL LLP

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**Daniel Brown
Sonnenschein, Nath & Rosenthal LLP
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June 21, 2010

CLOSING STATEMENT

Thank you to your Honor and the Office of the Insurance Commissioner for today's hearing and your consideration of the proposed merger of Pacific Northwest Title Insurance Company ("PNWT") with and into First American Title Insurance Company ("FATICO") (the "Merger").

As Mr. Hartman and Mr. Holt testified and as the application documents demonstrate, as of the effective date of the Merger each share of PNWT that is outstanding immediately prior to the effective date, and all rights and obligations with respect to those shares, will without further action be canceled and extinguished without consideration. FATICO, as the survivor, will continue to exist by virtue and under the laws of Washington and California. The corporate identity, existence, purpose, powers, franchises, rights, and immunities of FATICO will continue unaffected and unimpaired by the Merger, and the corporate identity, existence, purpose, powers, franchises, rights, and immunities of PNWT will be merged with and into FATICO. The separate existence of PNWT will cease and all rights and obligations of PNWT will become the rights and obligations of FATICO as the survivor. Further, FATICO will continue to exist as an insurance corporation domiciled under the laws of the state of California, with all of the rights and obligations of such surviving corporation as are provided by the California Corporations Code and the Washington Business Corporation Act.

As the testimony and the application materials reflect, the Merger satisfies the requirements of Revised Code of Washington ("RCW") section 48.31.010. The testimony and application show that the Merger is fair, equitable and consistent with the law. The testimony and documents also demonstrate that there is no reasonable objection to the Merger and that no director, officer, member, or subscriber of any insurer party to the Merger will receive any fee, commission, other compensation, or other valuable consideration whatsoever for any manner aiding, promoting, or assisting in the Merger. In addition, the testimony and filed documents show that the Merger is not made for, nor does it have the effect of, changing or influencing the control of PNWT; the First American Financial Corporation is the ultimate controlling person for both PNWT and FATICO now, and will remain the ultimate controlling company of FATICO after the Merger. Accordingly, the Merger should be exempt from the prior notice and approval requirements of RCW section 48.31B.015(1), otherwise known as a Form A Statement.

The California Department of Insurance has already approved the Merger with a proposed effective date of June 30, 2010. Accordingly, PNWT and FATICO respectfully request the Commissioner's approval of the Merger with the same effective date. We also request a certified copy of the Commissioner's Order to provide to the California Department of Insurance.

Thank you again, and I will be available at the Hearing to address any questions or additional issues that may be of assistance to your Honor or the Commissioner.

Dated: June 21, 2010



DANIEL BROWN
SONNENSCHN NATH & ROSENTHAL LLP