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April 26, 2010

**Via E-mail and Regular Mail**

Ronald J. Pastuch  
Washington Office of the Insurance Commissioner  
Holding Company Manager  
Company Supervision Division  
PO Box 40259  
Olympia, WA 98504-0259

Re: Application for Approval of Proposed Merger of Pacific Northwest Title  
Insurance Company

Dear Mr. Pastuch:

On behalf of Pacific Northwest Title Insurance Company ("PNWT") and First American Title Insurance Company ("FATICO") we provide the below responses to the questions posed in your letter of April 8, 2010.

**1. Please provide the number of policies-in-force of Pacific Northwest Title Insurance Company as of March 31, 2010. Please provide the in-force numbers of residential and commercial properties insured in each county of Washington State.**

Given the nature of title insurance coverage, PNWT cannot know the number of policies-in-force as of March 31, 2010, or any other specific date. In particular, title insurance is unique in that a policy is in force not for a specified period of time (e.g., six months or a year), but for as long as the policyholder owns a particular insured property. The policyholder is not required to notify PNWT when they sell the property and therefore cease to be an insured, so PNWT has no way of knowing which policies remain in force. As such, title insurers base reserves on the number of policies sold, rather than in force.

Attachment A to this letter provides the number of policies sold by PNWT in 2008, 2009 and through March 31, 2010, in each county of Washington State. Please note that PNWT's tracking system does not distinguish between residential and commercial policies, however, it does distinguish "high liability" policies (liability over \$2 million) which would often indicate a commercial policy.

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**2. Please provide the contact information for the Pacific Northwest Title policyholders post-merger. This information should contain addresses, phone numbers and/or email addresses for its contact persons.**

The contact information for PNWT post-merger will remain the same as its current contact information. Listed below is the contact information for First American's Seattle and main Washington administrative office, which will be the contact information for FATICO after the merger.

First American Title Insurance Company  
Attn: Claims Department  
818 Stewart Street  
Suite 800  
Seattle, WA 98101

Phone: 206 728 0400  
Toll free: 800 526 7544

**3. Please provide a sample of the proposed policy endorsement of the merger. This would not be the approval of the form but merely a sample form what Pacific Northwest Title Insurance Company's policyowners would expect to see regarding the merger.**

PNWT and FATICO do not plan to issue a policy endorsement as a result of the merger. As described in response to Question 1 above, the nature of title insurance makes it impossible to do so. Title insurance coverage ceases when a policyholder no longer owns the property on which the policy was placed. However, the policyholder has no obligation to provide the title insurer with notice of a change in ownership. Accordingly, it is impossible for PNWT to know exactly which of its policies are currently in-force, and therefore cannot determine to whom any such endorsements or notices would go. Moreover, issuing a policy endorsement is unnecessary under the circumstances because (a) there will be no change as a result of the merger to any pertinent contact information provided to policyholders, and (b) as a matter of law FATICO will acquire all contractual obligations of PNWT. If any policyowner uses the contact information listed in its PNWT policy, they will be connected with FATICO, which will be the legal obligor under all requirements of the policy.

**4. What will happen to the intermediate holding company, Pacific Northwest Title Holding Company? We noted that holding company owned other title agencies. Please provide an organizational chart showing any entities that holding company currently owns such as title agencies.**

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The Holding Company will continue to function and provide direct management of the remaining Pacific Northwest operations. **Attachment B** is an organizational chart showing the entities currently owned by Pacific Northwest Title Holding Company.

5. What will happen to the title plant owed by Pacific Northwest Title Insurance Company? Could First American Title Insurance Company or Pacific Northwest Title Insurance Company potentially sell that title plant to another entity?

As of now, FATICO, as the survivor of the merger, plans to maintain ownership of the title plant.

Sincerely,



Stephanie Duchene

cc: Timothy Kemp (via e-mail)  
Mike Holt (via e-mail)  
Karen Dahl (via e-mail)