Title News

JANUARY–FEBRUARY, 1986

ALTA Board of Governors Following Installation at Convention

Title News

Contents

Volume 64, Number 6

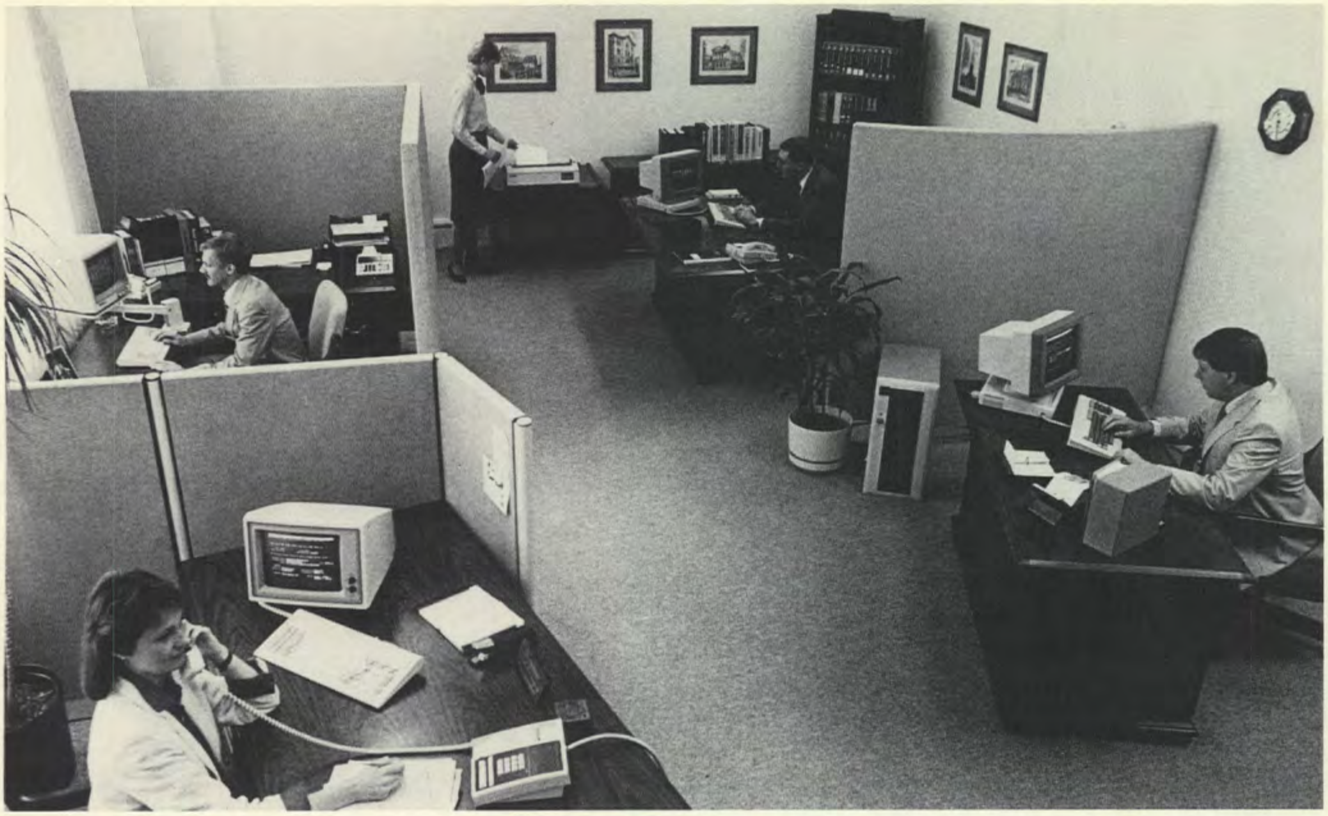
Front Cover

ALTA officers and governors for 1985-86 are shown here, shortly after their installation on the closing day of the Association's 1985 Annual Convention. Seated, from left, are Title Insurance and Underwriters Section Chairman Marvin Bowling, Treasurer Bill Little, President-Elect John Cathey, President Jerry Ippel, Finance Committee Chairman Dick Toft, and Abstracters and Title Insurance Agents Section Chairman Charles Hon. Standing, from left, are Immediate Past President Jack Rattikin, Jr., and Governors Dave Porter, Mike Currier, John Bell and Dick Cecchettini. Transcripts based on commentaries during the Convention program are included in this issue.

Title News is published by the American Land Title Association, 1828 L St., N.W., Washington, D.C. 20036. Telephone (202) 296-3671.

ISSN 0040-8190

Editor: Gary L. Garrity



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A Message from the President

Soon it will be time for the Mid-Year Convention in Washington, D.C. Most of us think mid-year is during the summer, but our ALTA Bylaws have designated this March meeting as the Mid-Year Convention, and I guess we must conform. But, that is not important. What is important, is that every one of you should be planning to attend the Mid-Year Convention. It will be one of our truly great meetings. Planning and preparation, begun almost a year ago, have been very thorough. The format, except for clearances for the various ALTA committees, was determined as early as last spring. Mike Goodin and his staff, and Betty Carlisle of Ticor, have worked diligently on the program to make sure some part, if not all of it, will benefit everyone. I am sure that you will be as delighted with it as I am.

Our primary objective is to bring to our members, management training and educational workshops which will favorably impact the daily operations of their business. An entire day (March 6) will be devoted to four seminars, each of which will be conducted concurrently with the others. The seminars will be given in the morning and repeated in the afternoon. You will have the opportunity to attend two of the four seminars (We will have to use a reservation system to accommodate all our members, and reservations will have to be made early). The seminars will be taught by professionals from outside the industry who enjoy national reputations in their respective fields.

Each seminar will focus on the managerial problems you regularly face if you are an owner or manager of a small to medium-sized title office. We have defined a small to medium-sized office as one employing 10 to 20 persons so, therefore, our subject matter will cover the operations of a wide range of our members. The spectrum also will include title insurers, agents, and abstracters—so everyone will have an interest.

It is indeed rare when we can find subject matter of universal interest affecting so many members of ALTA. To give you some idea of what we are planning, there will be workshops on: (1) Business Planning and Budgeting for the Entrepreneur, (2) Enhancing Employee Performance, (3) Stress Management—Beyond Sanity and Survival, and (4) How the Small Business Can Avoid Legal Pitfalls in Human Resources Management. So please come prepared to work on the first day of the Mid-Year Convention. All course materials will be provided. It will definitely not be "show and tell." I am sure that all of us will be better managers after this experience.

With all the attention given to the seminars, one might expect that the Friday morning program would be slighted. Such is not the case. Mike Goodin already has lined up a member of the Washington television press corps and the director of the Georgetown Center for Strategic and International Studies.

It's just going to be a great Mid-Year Convention and I hope that each member will attend and/or send someone from his or her staff. You won't be sorry.

Gerald L. Ippel

Gerald L. Ippel

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Title Insurance Companies Challenge Constitutionality of FTC Action

By Theodore B. Olson And Larry L. Simms

Theodore B. Olson is partner-in-charge of the Washington, D.C., office of the law firm of Gibson, Dunn and Crutcher, and Larry L. Simms also is associated with the firm, which represents Ticor Title Insurance Company in the lawsuit discussed in this article. Olson was appointed by President Reagan in 1981 to serve as Assistant Attorney General for the Office of Legal Counsel, U.S. Department of Justice, and Simms served as Deputy Assistant Attorney General in that office from 1979 through 1985, when he joined the aforementioned law firm. While Assistant Attorney General, Olson provided counsel to the President and the Attorney General on a wide range of legal issues including disputes between the Legislative and Executive branches regarding allocation of power among the three branches of federal government under the Constitution. In the lawsuit, First American Title Insurance Company is represented by Cooley, Godward, Castro, Huddleson and Tatum of San Francisco and Levinson and Lieberman of Beverly Hills (California); Chicago Title Insurance Company is represented by Bell, Boyd and Lloyd of Chicago, Illinois, and Washington, D.C.; SAFECO Title Insurance Company is represented by Pierson, Semmes and Finley of Washington, D.C.; Lawyers Title Insurance Corporation is represented by Baker and Hostetler of Washington, D.C.; and Stewart Title Guaranty Company is represented by Fulbright and Jaworski of Houston, Texas, and Washington, D.C.

Six title insurance companies recently have launched a constitutional legal challenge to one of Washington's most sacred cows—the so-called "independent" agencies. The suit specifically challenges the authority of Congress to place law enforcement power in the Federal Trade Commission, an agency within the headless "Fourth Branch" of the federal government.

In September, six title insurance companies—Ticor, First American, Chicago, SAFECO, Lawyers and Stewart—brought a lawsuit in the United States District Court for the District of Columbia, claiming that the FTC had, in bringing a complaint against them, "exercised powers which may be constitutionally delegated by Congress only to the President." On December 18, 1985 the federal district court in Washington heard the first round of arguments concerning technical jurisdictional issues in the case, which had been described three weeks earlier in a *Wall Street Journal* editorial as a "bombshell."

Although still in its early stages, this lawsuit may yield the first serious test in 50 years of the view that the Constitution allows Congress to empower a variety of unelected and unaccountable bureaucracies in the federal government, not responsible to the President, to make decisions that deeply affect the lives and livelihoods of citizens. If successful, the lawsuit could, for the first time since the creation in the late nineteenth century of the granddaddy of the Fourth Branch—the Interstate Commerce Commission—bring these "independent" agencies under control—the control of the President. Requiring accountability to the President in agencies that have often charted a course very different from that selected by the voters would be a major shake-up in an engrained way of doing the government's business. Voters, who every four years believe they have elected a President to be in charge of the federal government only to find out that they have many federal governments to tell them how to run their lives and businesses, will finally have a meaningful voice in some of the most important decisions made by government in this country.

The title insurance industry's latest problem with the Federal Trade Commission arises out of the FTC's January, 1985, complaint alleging that it had "reason to believe" that the six title insurance companies had engaged in price fixing through their use of state created or state sanctioned rating bureaus in some 13 states. The issuance of that complaint brought on a repetition of what many other businesses "indicted" by the FTC or some other "independent" agency have experienced over the last several decades: the filing of multiple private class actions—here for treble damages—a predictable, very expensive side effect of the FTC's action.

Then came the reality of the costs and management attention necessary to deal with an agency prosecutorial effort which seems to take on a life of its own. The title insurance industry is not, of course, unique. Over the decades, commissions such as the FTC and the SEC selected their targets and, by that selection, ordered the priorities of the federal government in ways uncontrolled by, if even known to, legislators on Capitol Hill and the President's staff in the White House.

The six title insurance companies decided to do more than defend themselves on the merits. They decided to challenge the fundamental premise that law enforcement power could be placed in a permanent, unaccountable and uncontrollable bureaucracy. This challenge was long overdue. A related battle was

Continued on page 42

Management Workshop Mid-Year Highlight

A new dimension in program will be offered during the 1986 ALTA Mid-Year Convention when a participatory Title Management Workshop designed for owners and executives is presented on Thursday, March 6.

Four concurrent workshop sessions—each on a different subject—are scheduled for the full day event and each will be repeated once, providing attendees an opportunity to participate in two of the segments. Advance registration materials have been sent to ALTA members, who will designate their preferences as to workshop sessions and who will be placed in the highest priority choices possible. Admission to the sessions will be by tickets that will be enclosed in registration packets to be picked up by participants upon arrival at the Washington (D.C.) Hilton, site of the 1986 Mid-Year. ***Attendance will be limited at each workshop session and early registration has been advised. Registration deadline is Monday, February 10.***

Workshop session subjects, leaders and content summary are as follows.

An Ounce of Prevention in Human Resources Management—avoiding Legal Pitfalls. Leader will be Frank Cronin, partner in Jackson, Lewis, Schnitzler and Krupman, Los Angeles, California, who directs employment litigation practice in the west coast offices of that law firm. The session is designed to help management spot key issues and implement positive action *now* to avoid legal liability—and requires participants to analyze realistic incidents and determine best approaches to common problems. Included in items that will be covered are selection of new employees, use of employee handbooks, dealing with allegations of sexual harassment, minimizing exposure to "wrongful discharge" claims, employment contracts, wages/hours questions, maternity leaves, and unemployment compensation claims.

Stress Management—Beyond Sanity and Survival. Leader will be Lee Gardenswartz, Ph.D., co-owner, Training and Consulting Associates, Marina del Rey, California, whose doctoral dissertation was written on the topic of stress and who is co-author of the comprehensive stress management workbook, *Beyond Sanity and Survival.* The session will teach how to assess, monitor and diminish stress—and will include instruction, personal assessment inventories, group experimental exercises, dynamic sharing, group discussion, and application of learning to real work and life situations. Concentration will be on awareness of stress and stressors, perception of the environment and coping strategies.

Business Planning and Budgeting for the Entrepreneur. Leader will be Edward Cheramy, Certified Public Accountant and partner, Price Waterhouse, Los Angeles, California. Included in the session will be pointers on planning the work and working the plan; basic components in developing a plan including executive summary, the business, products and/or services, industry analysis, market analysis, marketing strategy, management and organization, implementing the plan, and potential risks and pitfalls as well as budgeting.

Enhancing Employee Performance. Leader will be Michael A. DeGiorgi, management development specialist for Arthur Young, accounting and professional services firm, who is based in Reston, Virginia. Session emphasis will be on implementing an employee development plan, cultivation of the mentoring process, effective performance feedback, and adapting leadership style to performance and needs of work group. Participants will interact in producing an employee development plan and relationship between the plan and mentoring will be studied. There will be participatory practice simulations in feedback, and an exploration of the dynamics between manager and work group.

Following are biographical sketches of the four workshop leaders.

Frank Cronin received his law degree from Boston College Law School and then spent five years as a trial attorney for the U.S. Department of Justice Civil Rights Division. After that, he was associate general counsel and director of the Los Angeles office of the Mexican American Legal Defense and Educational Fund for two years; in both these positions, he litigated class action employment discrimination cases in federal courts throughout the nation. At Jackson-Lewis, he represents management in many lawsuits in both federal and state courts, as well as in administrative hearing before government agencies. His practice has evolved in recent years to primary emphasis on wrongful discharge, breach of employment contract, contract, and other employment-related tort and contract suits. He has successfully defended corporate clients including title insurance companies in many federal and state trials.

Lee Gardenswartz earned her doctorate from the United States International University, San Diego, California, and is a former junior and senior high school teacher in Los Angeles, where she was nominated as Teacher of the Year. During her days as a public school system teacher, she participated in Project Change, a federally-funded staff development project, and was a member of the Los Angeles City Schools staff development unit. She has addressed groups throughout the nation, including those from Arco, General Telephone, Huntington Memorial Hospital, Hughes Aircraft, and TRW. Her audiences learn about decision making, handling change, problem solving and dealing with conflict and anger. She currently is in the process of co-authoring a book on the topic of confidence.

Edward R. Cheramy received his bachelor's degree in accounting from California State University, Long Beach, and holds a CPA certificate in this and other states. Earlier, he was one of two applicants selected as SEC Professional Accounting Fellow in a na-

Continued on page 43

Denver Site for Next Regional Seminar

Discussions on ALTA title insurance forms, employee productivity and training, employee rights and employer responsibility, and safe handling of funds at closing will be featured at an ALTA Regional Seminar to be held Friday afternoon and Saturday morning, April 18 and 19, at the new Stouffer Concourse Hotel, Denver Airport. Following in the same basic format that was well received when last presented at an ALTA Seattle Regional Seminar in October, two members of the Association Title Insurance Forms Committee—Chairman Oscar H. Beasley and Russell W. Jordan, III—again will head the discussion on forms that has been designated as the entire program for Friday afternoon. Emphasis will be on ALTA forms as used in the Rocky Mountain Region, and the leaders will comment on proposed changes in the forms as recommended by the Forms Committee.

Included on the Friday agenda will be the ALTA Owner's Policy, Loan Policy, Leasehold Policy, Construction Loan Policy, Standard Coverage Policy, Residential Policy, Endorsements and Special Forms of Coverage, and Government Forms.

Chairman Beasley is senior vice president and senior title counsel, First American Title Insurance Company, Santa Ana, California, and Committee Member Jordan is assistant general counsel, Lawyers Title Insurance Corporation, Richmond, Virginia.

Leading off the Saturday morning agenda, ALTA Education Committee Chairman Cara L. Detring, vice president, The St. Francois County Abstract Company, Farmington, Missouri, will moderate a discussion on employee productivity and training. Joining her as discussion leaders will be Committee Member Elizabeth J. Carlisle, training manager, Ticor Title Insurance Company, Los Angeles, and Lois T. O'Leary, office manager for Security Title Guaranty Company, a Denver operation with some 55 employees.

Next on Saturday, Bob Miller, partner, Stettner, Miller and Cohn—management-labor law firm with offices in Denver—will head a discussion on employee rights and employer responsibility. Wrapping up the program will be a discussion on safe handling of funds at closing, led by P. C. Templeton, president, First American Title Company of New Mexico, Albuquerque, which will be similar to his presentation that received high marks from attendees during the ALTA Kansas City Regional Seminar in November.

Emphasis on Participation

As always, the emphasis will be on group discussion and experience sharing throughout the Denver event.

ALTA Title Industry Regional Seminar

Friday, April 18

1:00 p.m.	Opening Remarks
1:15 p.m.	Comparison of Title Insurance Forms (Oscar H. Beasley, Russell W. Jordan, III)
	Owner's Policy, Loan Policy
3:00 p.m.	Break
3:15 p.m.	Comparison of Title Insurance Forms (continued)
	Leasehold Policy, Construction Loan Policy, Standard Coverage Policy, Residential Policy, Endorsements and Special Forms of Coverage, Government Forms
5:00 p.m.	Adjourn for Cash Bar Reception

Saturday, April 19

8:30 a.m.	Employee Productivity and Training (Cara L. Detring, Elizabeth J. Carlisle, Lois T. O'Leary)
10:00 a.m.	Employee Rights and Employer Responsibility (Bob Miller)
11:00 a.m.	Safe Handling of Funds at Closing (P. C. Templeton)
12:15 p.m.	Seminar Feedback
12:30 p.m.	Adjournment

Registration for the seminar is $70 for ALTA members and $110 for non-members, and does not include meals or lodging.

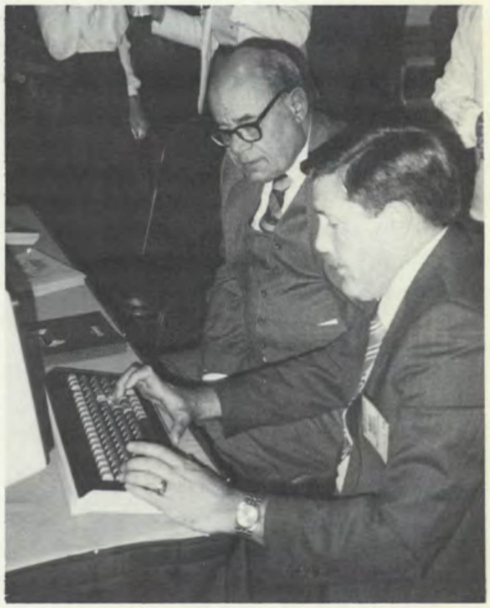
A block of sleeping rooms has been reserved at the hotel for Thursday and Friday nights, April 17 and 18, at $69 per night for both singles and doubles. Reservations may be confirmed or extended if desired by calling the hotel at 303-399-7500 and identifying as part of the ALTA group in order to receive the aforementioned rate.

The hotel will release all sleeping rooms not confirmed by Friday, March 14, 1986.

Registration checks made payable to American Land Title Association may be sent to ALTA Vice President-Public Affairs Gary L. Garrity in the organization's office, Suite 705, 1828 L Street, N. W., Washington, DC 20036.

Complimentary shuttle van service is available between the hotel and the airport.

Development of ALTA regional seminars is an ongoing activity of the Association Education Committee. Besides Chairman Detring and Member Carlisle, other committee members include Timothy J. McFarlane, vice president and manager, Idaho Title and Trust Company, Idaho Falls, Idaho; Joseph M. Parker, Jr., vice president and counsel, Lawyers Title of North Carolina, Inc., Winston-Salem, North Carolina; Joseph F. Seabeck, president, Land Title Company, Chelan-Douglas County, Inc., Wenatchee, Washington, and Linda R. Smith, secretary, Cherryland Abstract & Title, Ltd., Sturgeon Bay, Wisconsin.



Photographs from the recent successful ALTA Regional Seminars held at Seattle and Kansas City are shown here. At top, left, three title underwriter counsel lead a discussion on claims at the Seattle meeting; they are, from left, Albert Rush, Santa Ana, California, Louis Sefick, Chicago, and J. N. Laichas, Los Angeles. Mary Feindt of Charlevoix, Michigan, title woman and registered land surveyor, uses overhead projector for her Kansas City presentation on legal descriptions (top, center). (Top, right) During a coffee break at Seattle, Robert Bailey, Casper, Wyoming, title insurance executive, left, visits with Oregon Land Title Association President Larry Feagans. At middle, right, Milton J. Schnebelen, Farmington, Missouri, titleman (left), watches as Robert Lanzarotta, Portland, Oregon, software executive, demonstrates a program at Kansas City. George Moses, Lawton, Oklahoma, abstract company manager, comments during audience discussion that was abundant at Kansas City (bottom, left). At bottom, right, Seattle Regional Seminar leaders discussing their agenda are, from left, ALTA Education Committee Member Joseph F. Seabeck, Wenatchee, Washington, ALTA Title Insurance Forms Committee Chairman Oscar H. Beasley, Santa Ana, ALTA Abstracter-Agent Section Vice Chairman L. K. (Ken) Orthund, Tacoma, Washington, and Forms Committee Member Russell W. Jordan, III, Richmond, Virginia.

Use of Small Computers in Real Estate

John V. Roach

We are living today in one of the most significant revolutions in the history of mankind. It is in my opinion far more significant than the industrial revolution. This computer information and communications revolution is going on around you every day.

In the 30 years following World War II, the computer evolved and made possible many things including the exploration of space. But these early applications of electronic, speed-of-light-type speeds and logical circuitry were really mastered by only an elite few during that period.

Today though, this revolution has gotten real impetus from something called the microcomputer chip. The advent of the microcomputer system in 1977 permits not an elite few, but literally millions of people each year, to join the ranks of those using computers to benefit their activities and to improve their productivity.

Now, the potential exists for us to improve our productivity in the office, which has been a major problem to this country in its overall productivity and particularly under the increasing burdens of paperwork.

Roach is chairman, president and chief executive officer of Tandy Corporation/Radio Shack, a well recognized leader in bringing small computer automation to the world of business. His offices are in Fort Worth, Texas.

We are in the middle of a revolution because we're expanding the capabilities of the mind as opposed to the capabilities of the muscle. Computers gain their utility from the fact that they actually perform the tasks we do every day in a faster, more accurate, more productive way.

Almost universally in the office environment, the word processing capabilities of computers have virtually obsoleted, or should have, the traditional typewriter. Form letters, contracts, correspondence, and speeches such as this one can be completed, edited, modified, and reprinted in a fraction of the time previously required. Whether you are in the legal business, the title business, general administrative work, or simply doing correspondence at home, the flexibility and speed available today easily replace yesterday with the minimum investment in equipment, programs, and training.

Expanding Applications

While word processing is the most universally used application, there are many others that are even more important, and where computing power is being made more readily every day.

The so-called vertical software for your industry and many other industries is still evolving. Sure, spreadsheet programs are readily available to do settlement statements with the minimum investment. But more comprehensive solutions are evolving.

There are also forms-generator programs that can replace literally any form that you have, duplicate that traditional form if you choose in the same form that it was in, and it just requires a little configuring to make the system work the way you want it to work.

Of course, one of the big questions in the title industry is the title plant information itself. It falls under the category of a data base management application. Anything that has been a card file can easily be converted to a data base program for inquiry and update. In some cases, these files are too large for a microcomputer and may require a system with large disk files and higher speeds.

As long as you can adequately identify the property, then the retrieval time could be greatly reduced and available either at a single location as it normally is today, or accessed for multiple locations at a somewhat higher cost in terms of computers and communications.

Closing and settlement systems also are being developed by many software companies and even some title companies who may want to sell their systems. Closing statements, checks, prorations, and the title policy can be completed on these systems in either single computer or multiple computer environments.

Other software that pertains to the industry—things that will help you make plots of metes and bounds or other plats and plots using programs such as Autocad—gives you graphs and drawings of incredible accuracy with incredible speed.

Of course, the details of the title policy are very common in most of these software packages.

You've got a lot of software companies evolving and certainly that's mostly what you see over at the exhibit hall for this convention. You've got names that probably are not exactly household words. You have really far-out names like Titlewave and Blackacre, and Softline, and the list goes on and on.

Sophistication Growing

The sophistication of relatively inexpensive computers is approaching and, really, with the software packages, surpassing that of many

Continued on page 15

ROACH—continued from page 13

larger and more expensive computer systems and schemes of the past.

Two of the terms that you may be faced with, as you begin to consider more the importance of computers and communications, are the terms, "multi-user" and "networking." Well, multi-user is a pretty self-descriptive term. It permits several people or users to use the same computer. That's one computer simultaneously.

On a microcomputer, this means that four to six terminals may share the same data and computer, but occasionally you may feel or see the computer slow down. Not because anything is working slower, but because of the number of applications you are servicing, the number of things that one computer is doing at the same time.

Multi-user systems often have a limitation, and that is that their displays do not tend to be terribly graphic. It's a little harder to draw the form and make it look exactly the way it looked on paper. Certainly, you can have the blanks to fill in without any difficulty.

On the other hand, multi-user may be the best solution in those applications where you're sharing larger files such as the title plant file would be.

And, the other thing that's great about multi-user is that it's absolutely here. It's a real technology; it's well-developed and you have very little risk in that operating environment.

Another buzzword or term that you hear a lot today is networking. Networking is a much talked-about method of communicating between computers, which really is a technology that is only beginning to emerge from a practical point of view. In a network environment, each terminal is normally a computer. That is—each individual terminal is a computer as opposed to only one computer in the multi-user world.

And so, each computer does its own application, somewhat independent of the other computers. And data can be electronically moved from computer to computer or, more importantly, a large data file can be accessed by several computers. In theory, networks are great. Ultimately, they will be great.

One of their problems is that they are so generalized so that they can support different types of machines, different types of files, and then you get into the question of who's really in charge of the file, who is controlling it, who can change the information and won't be changing it while you're changing yours and what have you, that they are somewhat more difficult to implement.

So you need, at this juncture, to be a little more careful if you're considering going into something described as a networking system, as opposed to a multi-user system.

You might say, what in the world would you suggest? Well, depending on the sophistication of you and your staff, and that makes, certainly, a difference in any decision, I would say that it's unlikely the answer should be that you should do nothing.

Action Recommended

Current costs and productivity improvements require that you do something. A word processing and closing statement system on stand-alone computers is probably the best place to start. As far as your title plant goes, that's a little bigger undertaking and, depending on its size and the size of your operation and the capability of your personnel, you should consider a multi-user system, either micro or mini-computer base or possibly even doing that in conjunction with others, if permissible.

As you visit over at the show they call SYMBIOSIS, don't be afraid of the word, symbiosis. You'll recognize all the forms and what the people are trying to do with the computers, and you'll see mostly software vendors, a few hardware vendors.

And as you go by each of the booths, I'll throw in my commercial; Tandy/Radio Shack has one there and most of the things you see shown will run on any of our computers, naturally at a lower cost and with better service. What did you expect me to say?

One thing I hoped you wouldn't do is let some of the doom and gloom that the media talks about in the microcomputer business lull you into thinking that microcomputers are not here to stay, or that there's some reason why you shouldn't really embark, at this point in time, on updating your systems.

Clearly, there are going to be survivors and the survivors are growing. You know it's a business that most everyone would be very happy with the growth in if you had it in your own industry. We probably sold 25 per cent more CPU's last year to business customers than we did in the year before.

It's a very viable, growing business. The doom and gloom you hear is it's not growing at quite the rate that some had projected. They thought it might go straight up forever, which is virtually impossible, and also there have been a few companies, too many companies possibly, that have fallen on difficulties as a result of this slower growth rate. But, clearly, as has normally been the case in electronics-related industries, there are industry standards evolving. The prices are continually improving so that you get great values and the only thing that I think you need to be terribly careful about is that you deal with people that you know will be in business over the long term.

And, certainly that applies to the software vendors possibly as much or more than it does to the hardware vendors. The vertical software that applies specifically to your market, you should buy it in the same way in many respects that you would buy anything else that you would consider a major purchase.

You really ought to have a good contract, you ought to have good warranties, and you really ought to have a reputable supplier. If you settle for anything less than that, you may have some aggravation because you're dealing with highly sophisticated products. Software is always going to have a few bugs in it, just like everything that we do manually probably has a few difficulties in the system that we don't like to face up to all the time, either.

But, again, these things should not be considered a major negative. They should be considered just an element of doing a serious business job and making a serious purchase.

Most importantly, I think it would be best if you would not try to go to the ultimate system too rapidly. It might be better to be waiting to join the revolution and, like anything new, it will take a little investment in time. The failure to do so is failure to deal with reality that will ultimately only benefit your more adventuresome competitors.

Pride Essential

Computers, with all their power and their importance to productivity, will be the most important to your business, however, if they're just one of many elements of pride in your company.

Yes, it's pride and workmanship, pride in quality, pride in integrity, pride in efficiency, along with pride in community and pride in country, that will make our lives and the lives of those around us better.

The day is past when either employees or employers or students or others can emphasize the shoddy or the shabby or just try to get by. It's time for those with a community of interest to pull together to emphasize the quality and productivity and excellence that are possible.

Failure to do so in any industry will abdicate our position in the world to those with more pride. And I guarantee you, there are some with plenty of pride and lots of energy.

History repeats itself. Title companies will come and go, retailers will come and go, and countries will come and go. But each of us has a real opportunity, as we sit here, to go forward and contribute to making not only our company and our community, but our whole country, a better place.

* * *

Now, I'd like to put in a commercial for Tandy Corporation.

Since I'm here talking, I'll tell you just one or two facts about us. We're the world's larg-

Continued on page 43

Outlook for Title Industry Automation

Richard P. Toft

The information age, or the computer age as we called it a few years ago, is not before us. It is ***upon us*** with full force.

The invasion of microcomputers into every aspect of the business environment continued last year:

- 1,558,000 microcomputers were sold in the last *12* months.
- 1 out of 5 white collar employees has regular access to a microcomputer.
- 1 out of 20 white collar employees has a microcomputer at his/her work station.

It is obvious that this pace of technological progress will continue;

- Prices will continue to drop on microcomputers and associated peripherals (Prices on several of the popular microcomputers dropped by as much as 25% last year. Two-year-old technology can be purchased for less than 25% of its original cost).
- Computer speed and memory capacity will increase exponentially (Apple just announced a 1 million byte plug-in memory board for under $400).
- Many industry experts are predicting that, in 5 years, you will be able to buy a computer with the power of today's mainframes for under $10,000.

All one needs to do is look at the nearest news stand. Computer publications easily comprise one third of the space. "IBM," "PC," "disk drive," and "byte" are part of the vocabulary of the majority of our teenagers . . . and an "Apple" is no longer just the fruit that one eats to keep the doctor away.

Our industry is no exception:

- In 1983, we held our first computer exposition at the ALTA Boca Raton Convention. Barely 25 exhibitors registered. This year, the number of exhibitors has more than doubled.
- A few years ago, *Title News*, our Association magazine, averaged only five to six pages of advertising per issue, only one or two of which were computer-related vendors. This year, one issue of *Title News* featured 15 full pages of advertising, only one or two of which were not computer-related vendors. And this does not include the vast amount of editorial space which has been devoted to the subject recently.
- Attendance at the Convention itself has risen more than 30 per cent in the past two years, in no small part due to the increasing number of members attracted by the automation exposition and related information available on the subject.
- *And*—look around downstairs! Have you ever seen so many—ready to take the money of so few! Clearly, we, *as a market*, have been identified and the pursuit is on.

Microsystems Increase

A number of underwriters have developed their own micro-systems within the past few years. Chicago Title is no exception. We are proud of our CTIP (Computerized Title Information Processing System), which has been well received by agents (but not enough!) and, we have recently launched a major new commitment to future systems development.

But disorder prevails. Microcomputers are being purchased by individuals (with and without company approval) for individual work stations; usually for single applications in:

- Word processing
- Spreadsheets
- Data bases

While microcomputers are relatively inexpensive, they are also typically underutilized (one industry study found that microcomputers were actually in use less than 5% of the time). Individual users know only one, or at best two, generic applications (a word processor or spreadsheet is the most common).

Many of the applications can only be understood by the individual who designed and operated them, making them throw-aways or making the people impossible to move or replace.

Many of the applications are "shadow" systems, that is a system that duplicates most or all of a mainframe system simply to get around a deficiency in the mainframe system. This deficiency is usually timing, or the inability of the mainframe system to permit additional analysis of the data.

The reasons for this explosion of activity and interest in automation are evident in our skill and people intensive industry. Indeed, *The Wall Street Journal* recently went as far as suggesting that automation is a trend that will not only be expanding in the title industry, but will actually become a necessity for survival in the future—a view with which I concur.

Continued on page 43

Toft is chairman and chief executive officer, Chicago Title Insurance Company, and is ALTA Finance Committee Chairman and a member of the Association Board of Governors. His offices are in Chicago, Illinois.

So You Want to Get Started In Title Automation

Dennis R. Johnson
Herbert N. Morgan
Betty F. Quisenberry

Dennis R. Johnson

I am going to say right now that anybody in this business who does not automate in the next five years, unless you're the only store in town, you're either going to be out of business, or you're going to be in deep trouble, because there is no way in the world that you can compete against somebody who is automated if you're still doing things by hand. There's no way you're going to be able to give the service, the turnaround time, the accuracy, and the professional appearance in your closing packages and legal documents that accompany those packages, unless you are on some type of automated system.

Betty F. Quisenberry

In the computer field, I know how to turn one on; I know how to turn it off. That's about it. I made the decisions about automating but then I turned the work over to someone else, so I have some experts in my office that do that.

But I think the first question for most of us is no longer, "Do I automate?" The question is, "Why, when, how and what?"

Now, first, I considered why. Why invest in a computer? Was I wanting to do it because my friends were? Was I wanting to do it because I didn't want to be out of step or behind the times? Or, was I really wanting to improve on the efficiency of our office and to increase productivity and to lighten the workload for our employees?

Next, I considered when I am going to do it. For those of you who read *Better Homes & Gardens*, you are familiar with Liz Filbert and she says she's holding out on purchasing a computer until she locates a model that sorts supermarket coupons. So we all have our special reasons for automating. You're probably aware that the first computer occupied four rooms, required 40,000 light bulbs and cost over $1 million. Well, at that point, there wasn't much of a decision to be made for most of us about whether or not we were going to have a computer. The cost was prohibitive. But that's no longer the case. The picture has changed and the price is within our reach.

Improvements are coming so rapidly that it's difficult to keep abreast of them. Good things are happening in the computer world. Those of you who have not made the "plunge" as yet, now have the advantage of the improvements and also benefit from the trials and errors of your predecessors.

The next question was how. Now that I had decided to automate, how was I going to start? I decided to begin with the title insurance department in the production of commitments and policies, since that was the area of our business that had the most rapid growth, the most volume, and also the most pressure on the employees.

And, the next step was to choose the hardware and the software. Because of my inexperience with computers, I relied heavily on the expertise, the honesty, and the dependability of a distributor-programmer whom I knew personally. I later found this to be a wise decision as he was readily available when we had questions, problems, and breakdowns. Many times, he was able to assist us by telephone and our problems were solved within minutes.

Software Key Element

I purchased software that had been preprogrammed. As one member of this panel has stated, you have to have something which is going to work, and the key to solving the problem with the computer is not the computer itself, it is the software. You may want to save money by doing your own programming, and, if so, I congratulate you on your ambitious efforts. As for myself, I chose the simple way and purchased preprogrammed software.

At this point, our excitement over the prospect of the new purchase and our desire to get on with it discouraged us from the waste of time which might be involved in a trial-and-error method of doing our own programming. After the delivery of the hardware and software and three or four hours of instruction, the supervisor of my title insurance department was ready to go to work. For our sharp, young employees, it is just as simple as that!

Once you have automated one facet of your business, ideas begin to come rapidly as to the possibility of automating other areas. For instance, after a particularly trying day when a closing has not gone smoothly, and all the fig-

Johnson is president, C. W. P. Software, Spring, Texas, and presently serves as consultant to the ALTA Land Title Systems Committee. Morgan is president, Real Title Company, Inc., Fairfax, Virginia. Quisenberry is president, Central Missouri Abstract & Title Company, Columbia, Missouri, and is a member of the Systems Committee.

ures are changed at the closing table, an ad which reads, "Push Button Closings," looks particularly inviting.

And so it was that I decided that we must automate our closing department. The uncomplicated escrow closing is a scene of the past. But, with the advent of closing software, Fannie Mae, FHA, VA closings as well as others, are no longer the nightmares that they once were. The computer prepares the HUD I form, the Buyer-Seller Settlement Statement, Truth-in-Lending, even the preparation of the checks. Anything that you need to have done for a closing, it will do. It's a natural solution to a complicated problem.

The purpose of this automation workshop and the purpose of the AUTOMATION SYMBIOSIS exhibit is to help you decide what will fit your needs. There are many things to consider when making the decision to automate. Which hardware should I choose? Which company should I purchase from? Which company will give me the help I need in time of trouble?

One important factor to consider is downtime. Is there a computer repair shop locally? No machine is trouble-free. Our first experience with a breakdown came shortly after installation. Thinking our local distributor would be able to fix the problem, we gave them a call, only to be told the printer would need to be shipped to St. Louis, 135 miles away, but it should be returned within a few days. Days passed and nothing happened, so we contacted the sales representative from whom we purchased the hardware. Because he was concerned and because he wanted us to be a satisfied customer, he arranged the loan of another printer until ours was returned from St. Louis.

As it turned out, our printer got lost on the back shelf nearly six weeks before it was returned. So, when you're ready to make the selection, question the vendor or distributor about repairs and maintenance. It's a very, very important item. Once you have automated and get used to using your computers, it's like the electricity has been turned off when something breaks down.

I'm sure all the vendors who have exhibits at this show will be more than willing to answer the questions you might have, but, should you still have unanswered questions after this program today and after viewing the exhibits, there is a catalog of information which is available for distribution. The Land Title System Committee and ALTA are in charge of collecting and compiling information into the Vendor Automation Software Library. They have acquired information from distributors who wish to participate and has it indexed for title plants, judgment searches, general accounting, title policies, closing documents and others. You may subscribe to this library by contacting Jennifer Phillips in the ALTA office. They will be happy to give you information about the library at $5 for each category and the updated materials which you may receive from time to time.

Enjoy the exhibit and be sure to take a computer home with you.

* * *

MR. JOHNSON: Thank you very much, Betty. You made some very good points. If I could just take half a moment to emphasize again, particularly the aspect of service, both on the hardware and on the software because, occasionally, a bug will appear or changes of some sort will have to be made, and you'd better keep it in mind when you are buying your system. Be sure you can get that follow-up work, and how much is it going to cost and how long is it going to take to get it done? You probably can't afford to be down for six weeks, and they were very fortunate to have a relationship with the vendor that allowed them to get a loaner and get back on line and working again in a much shorter time than otherwise would have been the case.

Open Discussion

MR. JOHNSON: Communication between title people and anybody else, let alone computer people, is sometimes difficult. When you go from area to area in the country, the words that we use every day have a different meaning.

I'm from Michigan, originally; I'm proud to be in Texas now, from Houston, but, to me, the word "escrow," means that somebody is holding some money for somebody else and it's going to be released upon certain conditions being met. That, to me, is the traditional definition of escrow.

But, if you get out on the West Coast, then escrow is kind of an all-encompassing term meaning everything from opening the transaction, to releasing the papers, to conducting the closing, issuing checks and the accounting afterwards, and recording, and the whole ball of wax.

So, if we really can't rely on being able to communicate among ourselves, we're in the same industry and really not able to understand each other, how in the world are we going to communicate that type of knowledge and that type of vocabulary and expertise and experience to a computer programmer? You know that, when you have a new employee come into the office, if you start him or her out cold, it's going to take a good six months for that employee to be well enough trained to be able to handle any kind of responsibility for closings or title work in the office without close supervision. You can't talk to a computer programmer for two or three days or two or three weeks and expect to give him enough knowledge about how you do business and, really, all the variations that come up on how the closings take place, and have an effective program. That is impossible. It takes a much longer time.

So, during your visits with the people around the arena here today that have the software and all these programs, that have the expertise and background, because most of the vendors here are either title people themselves or have title people and attorneys on their staffs and programmers so that all their communication work has already been done, and the kinks have been ironed out, you can look and see just exactly what kind of features they have to offer and how well they fit into your office.

Herb has said that, even before he started, he knew the overall picture of what he wanted to accomplish. Do not go out and buy any kind of a computer or any kind of a software program to run on it unless you know ahead of time what it is you want that system to do.

If you don't know what you want to come out of it, how can you tell somebody what to put into it? You've got to know the functions that you want to automate, and do them one phase at a time. You have to keep your eye on the overall picture because you have to know that the system you're buying or the software company you're dealing with is going to be able to provide all the services for you. But don't try to do everything at once.

Now, I've taken enough of your time. Let's have some questions.

Q: How many orders a day do you process?

MR. MORGAN: We process, on the average, 600.

MS. QUISENBERRY: We have three computers. The first one we purchased was a Radio Shack. The other two are IBM personal computers.

MR. JOHNSON: Well, do you find that the system not only smooths out the months, the peaks and valleys within a month, but in a lot of parts of the country—I don't know about Virginia—you have seasonal peaks. And, if you have a system, you'll find that you don't have to either pay extra people during one time of the year to carry the peak loads and then lay them off, or have part-timers, or do something like that, because the overall productivity or the capability when you have a system just smooths out your manpower demands so economically, because it allows for those sudden spurts at the end of the month or the end of the year, whatever.

Q: Do any of you have a title plant on your systems?

MR. MORGAN: I do not. That's the one function of the business that I don't post at all, even the indices.

One of the things that we're trying to achieve at this moment is a total filing system and that's what our new system will have. It will operate 124 terminals and it can operate 248 with just a little more enhancement. With the hardware that we chose, everybody will have a terminal and when someone calls to change the settlement date or to change an interest rate or to close or whatever, that person can put that right on the screen and make the changes. It is ultimately more efficient.

MR. JOHNSON: You're sitting around the closing table and the buyer says, "I thought you were going to leave the drapes." And then it begins, and the whole deal changes right there. We've all experienced that, and everything must be reprinted, if you have a lot of changes, and Betty and Herb both are in agreement. It's entirely correct. It's just a matter of five or ten minutes to make the changes and reprint all the documents. A tremendous advantage in making those last-minute changes.

Q: How long does it take you to prepare a sheet on this machine? We do ours manually in no more than 15 minutes. Now you're talking about a tape. We've got our tapes done in three minutes on our sheet. It takes you 20 minutes for the computer? I thought it was supposed to be faster.

MR. MORGAN: No, it doesn't take 20 minutes for the computer. She said when the lady was at a settlement, she came back to her office and was back in 20 minutes. When it comes to my machine, I would say it takes less than one minute to run the settlement statement. The efficiency to me is that the settlement statement builds up over a period of time. I don't have to go make all the individual interest for every one of those settlement statements. The only thing that I have to do is change the adjustment of taxes on a particular lot or whatever if you change the date. If the settlement date is changed, I can change the settlement date, leave on the settlement statement in less than a minute, and that will make all of the computations to adjust the interest rate within the statement in ten minutes. And transfer to that amount.

MR. JOHNSON: Well, the time periods we're talking about, when I say 10 or 20 minutes for a closing, and I think that what Herb and Betty mean, I'm not talking just the settlement sheet. I'm talking RESPA page one, RESPA page two, Regulation Z calculation, disbursement sheet, checks, warranty deed, note, deed of trust, buyer and seller no-lien letters, and the whole ball of wax.

We're not talking just one settlement sheet. We are prone to, again, this is communications, we have a problem, because we're so used to speaking of how long it takes it to prepare *everything*, not just one item.

From your point of view, then, instead of talking 10 or 15 minutes, you're talking a couple of minutes, and even if it doesn't save that much time, you're guaranteed that you'll never make an error in calculating that file. You might enter a wrong sale price or something, but that's a pretty obvious error. You'll never make an error in the calculations again; you'll never make an error in doing your totals and it can save you a lot of aggravation and embarrassment as well.

MR. MORGAN: My system, when it runs a settlement statement, runs a balance sheet, or it writes all of the checks and then it jumps left and writes all of the debits, and then balances the account at the end of every month.

MR. JOHNSON: Would either of you care to comment upon the cost of having custom programming done as opposed to buying something prepackaged? I've been in the title business and programming software as a business

Continued on page 45

So You're into Title Automation—What Next?

M. Scott Stovall

Lawrence H. Edger

Jerry D. Nixon

M. Scott Stovall

Each of the three panelists up here is into automation to some degree, and I assume a majority of you are.

One thing you always have to keep in mind when you're talking to the vendors downstairs at the exposition is that they are in the business of selling us something. We're not in the business of buying anything from them, so, in that regard, we're more or less in the same band, so to speak. But what we want to do here is not only solicit questions from you for the panelists—we also want to solicit answers. We certainly don't know everything up here but a lot of you do so, once we get some questions, with your help we're going to establish a few answers.

Each speaker up here is going to expound for a few minutes on his management philosophies in regard to automation.

Stovall is president, Evergreen Land Title Co., Springfield, Oregon, and is a member of the ALTA Land Title Systems Committee. Edger is president, American Realty Title Assurance Company, Columbus, Ohio, and currently is chairman of the ALTA Public Relations Committee. Nixon is president, Arkansas Title Insurance Company, Pine Bluff, Arkansas, and is a past president of the Arkansas Land Title Association.

Lawrence H. Edger

In my particular case, in our company, since 1978, we've been through three complete system changes.

In 1978, I was 31 years old, and I think I could qualify for social security today as a result of those changes, but we've been through three separate systems. And what was interesting about the changes is the changes were necessitated for two reasons.

One is, we grew. The company expanded. We were into different areas. We needed larger capacities. We needed the system to do more things.

But, I think also, one growth area that we did not anticipate is the development of the system from the manager or the department manager's standpoint.

While all of us understand the benefits of order processing, our managers started to use the system in ways that we never dreamed they would. There was resistance in the initial system. I think if any of you have been through these changes, you'll find some natural resistance to computers in general but, once we got beyond the order processing stage and we discovered the benefits of that, our management people developed an acquiescence to the system and, in the second step, they discovered the benefits of the system.

There's a number of areas that we could talk about—growth areas such as marketing, accounting, word processing—but the area that I would like to give some insight on from our company's standpoint is what I call management information systems. I'm not the only one who calls it that. We read so much about all types of industries and their management information systems.

From our standpoint, I'd like to give a definition of what I call a management information system and that is, data necessary to effectively allow managers to plan, direct, and control. In almost all cases, it's more information than necessary. And, in many cases, some of the information you don't want, such as the bad news that may be reported in a management information system or discovered.

I'd like to give you some key components of a system, of what we use at least, and perhaps through discussion later on, we can find some other components to expand our system and yours.

Data Indicators Used

We use various indicators, and I'm going to be giving you some of those indicators. But, keep in mind, they can be interpreted differently in different markets, with different companies, and, with different methods of operation, they could be interpreted differently.

The first category where we maintain data indicators is productivity. In this area, we maintain monthly data on each of these items. First of all, personnel costs per order.

We determine what it costs us to produce an individual order. We also keep an indicator on net income per order. We keep an indicator on average order size, general expenses per order, exclusive of the personnel costs, other general expenses per order, and cash flow per order.

We not only keep this information for the company as a whole, but we maintain this information for nine separate profit centers.

The second category where we maintain data, and again indicators, revolves around personnel. We're in a very labor intensive industry and, generally, our single biggest cost is people. I think we all realize that very quickly in this industry.

We maintain several key facts. Obviously, we keep the number of full-time and part-time people. We keep the number of orders per employee, and one factor that I think is very important is revenue per employee.

We also keep annual comparative figures, of course, on personnel costs this year versus production and also the comparative data in previous years. While we keep information in other areas such as return on investment, asset data, one other area that I look at very closely is operating ratios, again, not only for the company, but individual profit centers. They can point out problem areas very quickly.

We also maintain individual percentages and information on reserves and reinsurance costs, production costs, staff allocations and sales performance. Those are some of the other areas that we're talking about when it comes to a management information system.

Tools for Profitability

All of this may seem very overwhelming and it seems like a lot of data to maintain, but the interesting part of it is that, once you've kept this, you have a history behind you, and we've all been through the 1980, '81, '82—I can remember 1980 when I merged a company with the current company and the chairman of the board of this company and the parent company told me we had been through the worst, and this was November of 1980! He was wrong. It got worse but, believe it or not, in taking a look at history here, not just my company but other companies, there were a number of us that were profitable in '80, '81, '82. And I happen to believe that those companies that were profitable had the proper management tools to manage their companies.

This management information system is something that has helped us, and helped us make the proper decision at the right time. I think, again, all of these things, the indicators—and I keep calling them indicators because they mean different things to different people—they indicate different problems.

While the facts themselves are apparent and the data is apparent, the interpretation is much different. You may find, since I mentioned we've been through three systems, that putting together this management information system has been quite a task. By the way, all of those things that I mentioned to you are put together in one form that is produced on one computer sheet. All of those indicators that I mentioned to you are on one computer sheet monthly.

Now that we have the strength and patience to go through a management information system with all of the documents that I've mentioned and all the factors involved, a computer system and the management of a computer system is a little like raising children. I should mention, I've got two kids, a 16 and a 17-year-old, and I'll take managing our data processing unit over managing those kids any time.

But you've got to feed, house, and control the system properly to produce results. If any of these factors get out of hand, so does the system. Many times, we've been in situations where data processing people and suppliers and our own people try to tell us what the system can do. That is a philosophy I refuse to accept. Our philosophy is we need to tell our computer people, whether it be suppliers or internal people, what is it we need as a manager. It has to work the other way around. Their responsibility is to find a way to produce the information we need.

I think there are many other methods to discuss as to a management information system. I know of no commercial package available that will allow you to produce a management system in the title industry. We use various components of different software packages, we use spreadsheet programs, accounting programs, various methods. And our newest system we are just developing, all of this information is going to be produced through the use of a database manager. I think that probably, as the system develops, is the best format.

Jerry D. Nixon

I'm not opposed to automation. I'm not opposed to progress, nor am I opposed to computerization of our title plants. But I do think we're bombarded daily by the vendors and their need to sell their products, and they like to sell them as often as they can to as many people as they can.

So I think we have to be very careful what we hear and make sure that what we're buying is what we need to answer the problems we have on a local basis. Arkansas is basically a rural state and we have a lot of abstract companies and title agencies in the state that have seen this problem for a long time and they're told daily that, if you don't automate, if you don't buy a computer, or if you don't buy a bank of computers, you're going to be out of the business. I think that's a little bit of an exaggeration. You're talking about a county where you have one company, a mom and pop operation, $25,000 of your gross income. I do think there are even pros to the computer argument for these, but I think it's limited and you have to understand that limitation.

Developing the title insurance commitment, developing the final policy, in a lot of cases the preparation of your legal documentation, the judgment and name search need and capability, I think are all within the reach of the average rural abstract company.

I think when you get into closings which are based on a volume, it's questionable that the average abstract company can afford and justify the investment to get into these things on a basis when they may close three loans a month.

Complete Indices Different Story

Complete plant indices is an entirely different ball game. If you're trying to get into the business, and you're trying to build an abstract company, and you're coming from nowhere and trying to get to somewhere, then computers definitely are the answer.

If you've got a complete set of tract indices already, and you're talking about trying to modernize those in some type of a computer workable system, you're talking about, number one, spending a great deal of money; number two, in my opinion, you're not going to have a lot more than you'd have when you start. So as what I consider to be a good titleman's philosophy in this, we title people don't always agree and I'm not going to let this panel be an exception.

I'm going to sort of play the devil's advocate role here and try to point out why I think that moving to computerization within your particular plant, if you're in a rural area, is not necessarily the answer at this point in time.

Open Discussion

MR. STOVALL: Where do you draw the line?
MR. NIXON: I don't know.
MR. STOVALL: I don't either. Personally, I believe in it, but, as Jerry mentioned, the very best time to automate is when you're starting to scratch. You're going to have to spend a lot of dollars on some method of record keeping and the amount of money that you put into a computer is going to pay very high dividends very rapidly.

Larry, have you automated any portions of the title plant itself as far as your records go?
MR. EDGER: No, we have not. We're not into the title plant in our main operation, anyway.
MR. STOVALL: Is this working by the way?
MR. EDGER: I can't tell that it is or isn't.
MR. STOVALL: Is there a particular reason why you haven't?
MR. EDGER: Two reasons. One is the method of examining titles in our particular area. Again, I perceive that, in some areas of the country, and I've already seen this, that it's probably a huge investment, as Jerry said, versus what the county recorders are doing in some areas. Many county recorders are developing systems that we will be able to access, not in all areas, but in some systems, so the development of the title plant is a choice. If you feel that economically it doesn't make sense as a result of what the recorder is doing or what the county is doing, it's a difficult choice. We've chosen not to. There is only one that exists in our particular area and it's not a

complete plant. There are very, very few title plants in Ohio in general.

MR. EDGER: Our metropolitan area is about a million and a half in Columbus. Of course, we have offices in other parts of the state but, even in Cleveland, there are only two title plants in Cleveland, which the metropolitan area is probably, I don't know, 2½ million maybe in that whole metro area, so there are some large areas. But, even around the country, you're going to find a lot of metropolitan areas. I'll give you an example of a small area.

In Collier County, Florida—that would be Naples, Florida—the county recorder has developed a system where they are now allowing title companies to access their computer system. You can buy a terminal and access their records through that and they are going back, of course, creating records on computers. It really doesn't make a lot of sense to create a title plant. There's a number of title plants that exist in Collier County and some of them they have even stopped updating as a result of those actions of the county in the last couple of years.

But that's happening around the country. It's a decision that has to be made. In some areas, you have no choice and I'm sure that's what you're suggesting—that in some areas it's just impossible to do it any other way, any other cost effective way anyway.

I'd be curious, and I guess I'm asking the general audience, Scott, how many of the people here in the area that I discussed, management information systems, have created their own reporting system or created their own management information system?

MR. STOVALL: There's quite a few of them.

MR. EDGER: We are using, currently I should say, we're changing systems again, this is our third change, as I mentioned—right now our reports that are being produced are through a commercial spreadsheet program plus a commercial accounting program. I think they're available through any of the major companies. It's all in-house produced through commercial programs.

Our data base manager is another commercial package that we're just now getting into and we're going to format all of these reports into that data base manager.

One of them that has been very popular is SuperCalc. Are you familiar with that one? But again, I believe it's your own people or your support people are just as important as the commercial package. There's not a significant difference. When you start talking about accounting programs and spreadsheet programs, there's none developed for our business that I know of.

There's some that are adaptable to our business, but when you're talking about those two areas, I know of no package that is totally developed for our business. They are adapted to our business.

MR. STOVALL: When you get to take a look at some of these packages that you have down here at the automation exposition, I think you'll find that a lot of the accounting and data base managers really don't apply to title insurance. But, like Larry says, they are adaptable to it and with a little bit of effort, you can get them to work.

MR. EDGER: Through our accounting system, through the different profits in our accounting packages, we allocate time. For instance, and this is updated at least quarterly, we will take each individual within a profit center and we will allocate, for instance, if Sally over here is spending 80 per cent of her time in closing processing, that's where her salary is allocated and her expense is allocated, and 20 per cent perhaps to title processing. Or, maybe she has some administrative function also. We do a formal system of allocation, allocating each person's time, what they do and that's updated quarterly. It's not perfect but it's better than zero; it's better than not being able to manage it at all.

And, I have to be honest with you and say, it's very, very difficult to initially set it up. It took us almost a year to set this up, and now it's like second nature to us. It's a tremendous help from the management standpoint.

MR. EDGER: Essentially, our structure is that we have an accounting manager who is responsible for producing the reports. Then we have our department, each department must submit data into the system with a report production which comes through our accounting department. We do have a data processing specialist also who does nothing but work on special projects for our department managers and department heads, all types of information that they may want in individual reports.

We've allowed pretty much for freedom for our managers to develop what they need in their own departments. Most of them conform to the documentation we already have, but we allow them to produce their own individual reports and work with either our accounting department or data processing manager.

By the way, I'm talking about a company here with about 60 employees.

MR. EDGER: I don't know if you heard the question out there, but his question is, do you utilize the information, especially the ratio of salaries to production? When an employee comes in and asks for a raise, do you use this information to deny the raise, essentially is what he's saying.

I don't believe we would use a particular report to deny a raise for an individual employee. However, during our planning process, we may sit down and say we have to maintain, and this would be done through the system, through our department heads, or branch managers. We have to maintain this ratio. And to do that we have to limit salary increases across the board by X percentage. Now, the individual choice is another story. I don't think we would use these reports to deny that particular individual unless we wanted to do it purposely. Maybe we don't want the individual.

MR. STOVALL: Larry and Jerry, could you both give us an idea of what the bottom line costs for employees, or costs per title report, are as far as employees go?

MR. EDGER: Cost per order?

MR. STOVALL: Cost per order.

MR. EDGER: Well, on one of these sheets I can tell you.

MR. STOVALL: Jerry, what's the cost to you?

MR. NIXON: Scott, I really can't on an employee basis. Here again, our closings volume in a smaller company is limited. We don't close that much and we use people in dual roles. An abstracter this morning may become the closer this afternoon and so forth. So, as far as allocating an actual closing expense, I don't think I could.

MR. EDGER: I've got it Scott, for different departments here. Let me qualify first by saying, business, different branches and different profit centers, we do business different ways and to highlight that, let me give you, in our commercial departments, the cost per order, personnel cost per order, is $1,089.

But here, the order size is much different and that relationship is much different. For instance, in our North Columbus office, the personnel cost per order is $126. The average order size is a little larger in that particular office than in some of the others. That gives you, again, depending on the circumstances, where it is, where the office is, the size of the order, and what's necessary to process it, we have, in the state of Ohio, two or three different methods of closing loans. We have round table closings and we also have escrow closings.

MR. STOVALL: I operate in a county of about 250,000 people and I have eight employees. My employee cost is just a percentage of the gross. It runs in the neighborhood of 42 or 45 per cent.

And I've automated virtually the entire office, the plant is automated, accounting functions or word processing functions are, and it's still a very, very high percentage. So you have to take a look at the real bottom line any time that you're going to automate. I think that, probably, with this automation, maybe cuts 10-12 per cent. And that 10-12 per cent will show, I think for me, about a three-year payoff on the investment in the hardware that I buy.

MR. EDGER: Ours is one system. One central computer system that does all the functions.

I don't have the closing function automated. As a matter of fact, I just got into the closing

Continued on page 46

Reinsurance Coverage Panel Presentation

Marvin C. Bowling, Jr.

Ray E. Sweat

Oscar H. Beasley

Robert M. Zinman

R. Michael Hick

Marvin C. Bowling, Jr.

On behalf of the ALTA Title Insurance and Underwriters Section, I welcome you to our panel on reinsurance. I don't need to tell you that the size of commercial transactions is ballooning all over the country and that the ability and methods of furnishing millions of dollars of coverage to our customers is becoming more acute. In fact, we read in the newspaper about P and C companies that are either going out of business, or increasing their premiums greatly or increasing their deductibles, and we find that title insurance becomes more and more valuable and important in the business of rebuilding America.

There have been some very large cases recently, as I am sure you are aware. One comes to mind, particularly, that was just closed last week. Five hundred million dollars of title insurance coverage was furnished in connection with the sale and leaseback of the Bank of America complex in San Francisco. Four of our companies took $32 million of primary, 47 companies took $271 million of secondary, and 29 companies took $196 million of tertiary reinsurance. The sales price was $660 million.

At the present time, $500 million is the limit that we can legally and reasonably furnish to our customers. However, the total surplus of these 47 companies is $717 million. The 500 million that they gave is 70 per cent of their total surplus.

This is a scenario that we see repeated around the country as transactions become larger and larger and many questions arise, not only for us who are either ceders of reinsurance or reinsurers, but also for our customers. How much should a customer take from an individual company? Should a ceder feel secure when he has issued a policy many times his total assets in reliance upon the assets of a number of reinsurers? How secure should a reinsurer feel when he is assuming millions of dollars of liability based on the search and examination and underwriting of a smaller ceder?

Here to answer some of those questions and others that you might have is a distinguished panel of people who have been involved for many years in the underwriting and reinsuring of title insurance risks.

First, a long-time member of our organization, Ray Sweat, who is executive vice-president of Ticor Title Insurance Company of California, a veteran underwriter and reinsurer.

And then, Oscar Beasley, senior vice-president and senior title counsel of First American Title Insurance Company. Oscar also has been for years involved in the placing of underwriting and reinsuring.

We particularly welcome the two other gentlemen. Bob Zinman is no stranger to any of us. He is vice-president and investment counsel of Metropolitan Life and an associate member of the ALTA, a long-time attendee of our conventions and on the life insurance counsel group. Bob is a customer of title insurance companies and particularly involved in reinsuring, making sure that there is good reinsurance on the big transactions for Metropolitan.

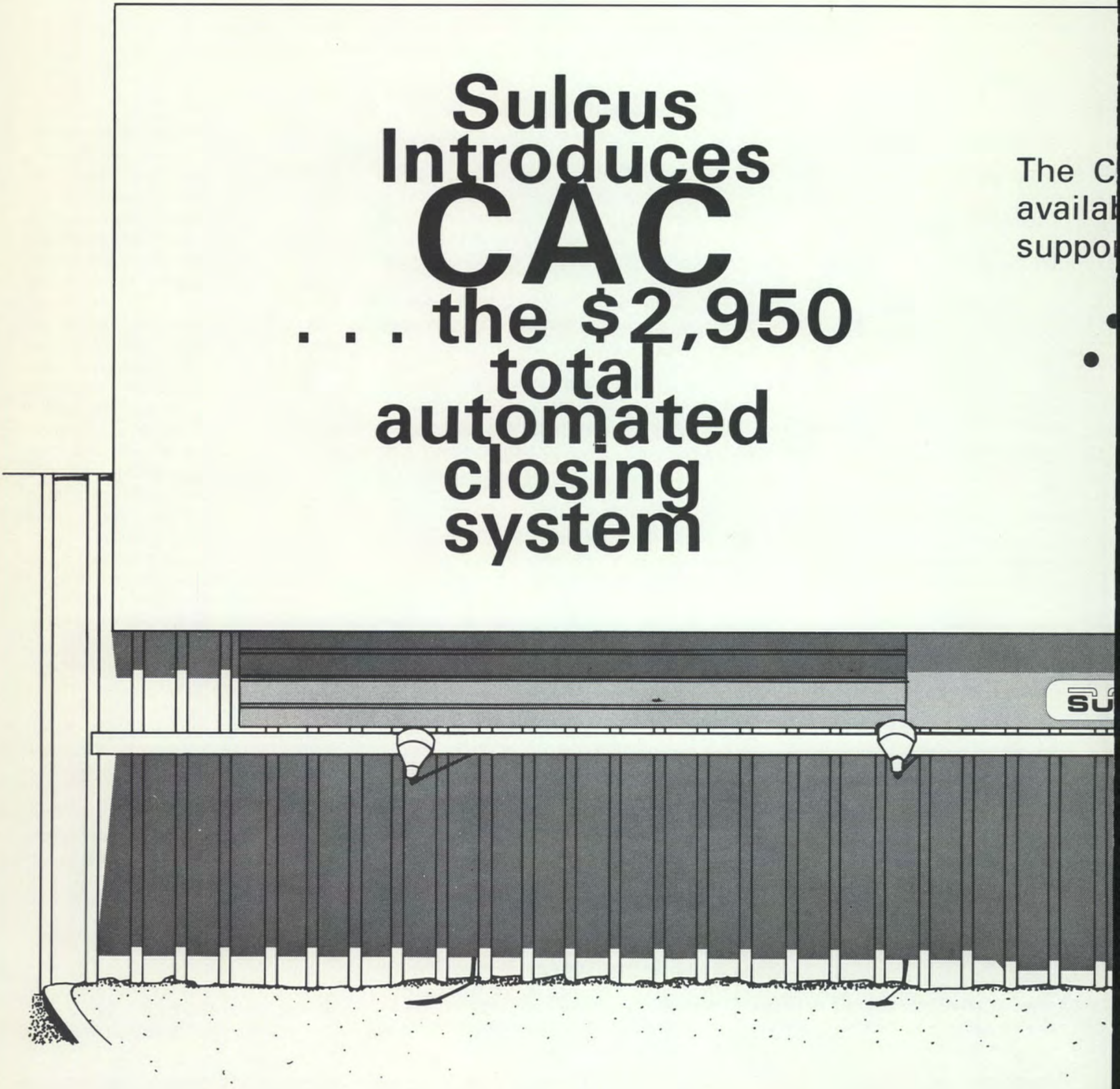
We have an interesting guest with us, Michael Hick, who is president of American Southwest Underwriters Corporation, a Texas-licensed managing general agency. But, of particular interest to us, is that he has been managing director, and a member of brokers at Lloyds, an underwriter at Lloyds, and has been involved in the placing of excess reinsurance for title insurance companies. We are going to hear from him regarding the possibility of obtaining coverage outside of our industry.

Ray will talk about reinsurance generally and Oscar about the new facultative reinsurance agreement. Bob will tell us what the customers want and look for in the area of reinsurance, and then Michael will speak about possible coverage outside.

Ray E. Sweat

I have been in this business forever. I've done just about everything there is to do. But in the main I have been over in the

Bowling is executive vice president-law and corporate affairs, Lawyers Title Insurance Corporation, Richmond, Virginia, and is ALTA Title Insurance and Underwriters Section Chairman and a member of the Association Board of Governors. Sweat is executive vice president, Ticor Title Insurance Company of California, Los Angeles, and presently is chairman of the ALTA Judiciary Committee. Beasley is senior vice president and senior title counsel, First American Title Insurance Company, Santa Ana, California, and serves as chairman of the ALTA Title Insurance Forms Committee and as a member of the Association Committee on Indian Land Claims. Zinman is vice president and investment counsel for Metropolitan Life Insurance Company, New York, New York. Hick is president, American Southwest Intermediaries Corporation, with offices in Houston, Texas.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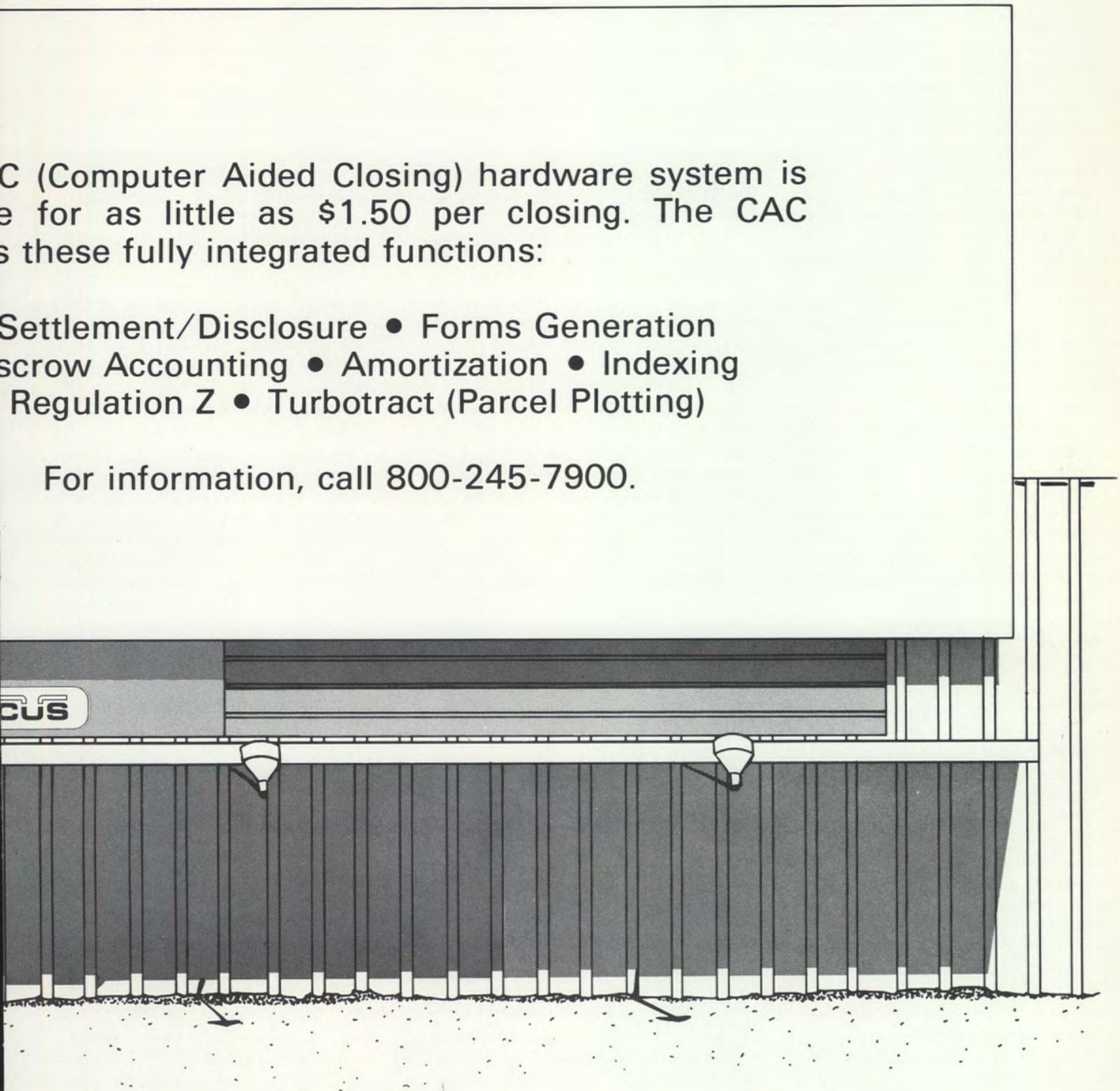
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area the industry calls a technical bastard. I had thought that I could explain to you the 1985 ALTA Reinsurance Agreement. Unfortunately Oscar drew that assignment. Now I am sure that he will do a good job. As a matter of fact, if I know Oscar, he may tell us more than we want to know.

I've never seen a title person that I didn't like. Now some of them I would like in another job. And, Oscar is my favorite in that area.

I noticed in the *Wall Street Journal* this morning that a pimpled golf ball will not carry or travel as far as a dimpled golf ball. I thought how wonderful it would be if all of our competition were pimpled and all of our people and our agents were dimpled. Yesterday, when I came to the Early Bird Session, I noticed some of the competition and I thought, well, they are breaking out. But, later in the day, I saw some of our people and they looked even worse, so no help there.

I have been asked to talk about megabucks. Now if you have salespeople, like we have salespeople, you do a lot of talking about megabucks. You don't write many policies but you do a lot of talking.

I guess I should tell you what my roots are before I start talking about megabucks. I came from Union Title Company in Indianapolis, Indiana. I went to work there in 1949 and the major thing that I did was to write policies on Kessler Park. Kessler Park was being developed by a National Homes dealer and he was selling houses for $6,325 with a $6,000 mortgage. So, if you had $325, you could buy a house. The streets were all in, paved and paid for. The sewers were in and the houses were complete, modern in all respects and were landscaped to FHA standards. Now, some of the fellows that I served with in World War II spilled more than $325 on a weekend, so we had a lot of sales. We were never over a $3 million company and that included our associate company, Calumet Title in the northern part of the state. When I started work, I suspect we were about an $800,000 operation. We did have the good sense to go down the pike and reinsure with Hatch Jones and John Osborne who at that time were with Louisville Title Company. We retained no liability over $20,000. We reinsured all over that with Hatch and John.

Some of our assets were in brass cuspidors. We called them spittoons back in Indianapolis and that's what we used them for. We spit in them. Now if you would have taken a plant and tried to put it in one of those spittoons, it would have wilted just like a tree that had been struck by lightning. Those spittoons now would be worth much more but, unfortunately, they have gone by the wayside.

I guess the major transaction we had while I was at Union Title Company in Indianapolis, Indiana, was the Glendale Shopping Center. It was considerably less than $10 million.

The next major deal that comes to mind was the Renaissance Center in Detroit, Michigan, which Ed Blatey, with Lawyers then in Detroit, now in Los Angeles, put together. That was $250 million and it took some doing to get that policy issued and the reinsurance in place; Ed and the people at Lawyers did that.

The next one that comes to mind is the Pan Am Building, which Bob Zinman purchased. Bob paid in excess of $400 million for the property but he looked at the balance sheets of the title companies and decided that they could not respond for more than $250 million. I had expressed the opinion that I would be willing to underinsure, which is not done in the title industry as you know, and not put in a coinsurance clause if the customer exhausted substantially all the assets of the industry, and that's what was done in the Pan Am Building transaction.

Now, we did write a policy a year or so ago for $1,350,000,000—but it covered four parcels so we were able to cover that.

Marvin has already told you in some detail about the Bank of America transaction which closed last week. That was a coinsurance transaction and each of the participating companies wrote a coinsurers policy for $125 million, for a total of $500 million.

Full Disclosure Basis

On what basis is reinsurance conducted? Well, full disclosure. It has to be all on good faith and full disclosure basis so each company that is writing a policy, and ceding or transferring, to another company liability makes full disclosure of all the problems that are involved in that particular transaction.

The policy for the most part is written for the full amount of the transaction unless we get into a Pan Am or Bank of America situation, where we do write for less and where we do write without a coinsurance provision.

How about writing a policy in a foreign currency? No, we convert the foreign currency to U.S. dollars at the time the policy is written. Otherwise, we would have horrendous problems as far as our reserves and our taxes are concerned.

If we write an owner's policy and a mortgage policy on the same property, we have non-cumulative provisions in the policies, as you know, so that doesn't double the liability or increase the liability, assuming the owners is the maximum amount of exposure and the mortgage is sort of a throw-in, since a payment on the mortgage will reduce the owners.

But, if we write an owners and a mortgage, or an owners and a leasehold, the leasehold does increase the liability unless you put an express non-cumulative provision in the leasehold policy. In the absence of an expressed non-cumulative provision, we are increasing the liability.

Can the losses exceed the face amount of the policy? Yes, they can. There are two ways that the losses can exceed the face amount of the policy. First is the cost of defense; remember that the title policy insures or identifies not only against losses, it also obligates the insurer, the ceder, to defend and the ceder could discharge its complete liability through expenses of defense, so that the reinsurers would have to come in and conceivably the reinsurers might have to come in even on the defense costs. Another way, of course, that the policy can be increased, the face amount of the policy can be increased, is by an inflation endorsement. That is all spelled out in the policy and I am sure that Oscar will get into that.

I would like to pose a question to the panel, which we hopefully will take up after each one of us has made our presentation and that is: Can the insured pay the face amount of the policy and walk away? Would your answer be any different if the insurer had undertaken the defense? Would your answer be any different if you are operating in the California market?

There is really no privity of contract between the reinsurer and the insured unless the insured obtains a cut-through or direct access endorsement, which again I am sure Oscar will be telling us about, and how that is handled under the '85 Reinsurance Agreement.

How about a novation? Bob Zinman tells me to reinsure with Marvin $2 million, 20 per cent, or whatever it might be and he asks me to reinsure with Oscar 20 per cent, $2 million, whatever, and he asks me to get for him a direct access so that he can pursue his rights against Oscar and against Lawyers and we have a loss. Has there been a novation? Have Lawyers and First American been substituted for Ticor? No, I don't think so. I think Ticor is still in and that if First American or Lawyers don't respond, Ticor would have the full responsibility. So the ceder who writes a policy for $100 million despite the fact that he may have 10 reinsurers coming in for, or we will say nine reinsurers, each coming in for $10 million, still has a $100 million liability. And there is no way he can kick that in the reinsurance area. The answer would be different if each of the companies come in as coinsurers and each wrote their own policy, and wrote a coinsurance policy, there would then be separate independent liability of each company, the ceding company, would be on a par with the other companies and would not have the full $100 million potential risk.

Oscar H. Beasley

Ray, I want you to know that I feel the same way about you as you do me. I wish you would retire from that company. Ray is the toughest competitor in the biggest market in the world, and I get very tired of Ray. If I don't insure, he does. Hopefully, Ray, on a few rare occasions, I can steal a deal from you.

Ray and I, as well as most other title insurance companies, do share a lot of insurance. Perhaps before reviewing the new agreement, I should clarify the terminology which applies to reinsurance.

When we use the term primary reinsurance, or the primary retained under a reinsurance agreement, to be accurate, we are discussing the amount which the ceder either desires to retain as its own unreinsured or which the insured is requesting as limiting the ceder to carry on its own. That is either a self-imposed limitation or an insured imposed limitation.

I use that word, "requesting"; in reality, it is a demand. As an example, if First American desired to reinsure, its self-imposed primary limitation might be, for instance, $20 million. Let's just take a figure out of the sky. Let's suppose that I decide, on a $100 million policy, to carry the first $20 million as primary liability. Then, in the event there is a loss of no more than $20 million, First American is totally liable for the loss. There is no coverage from any reinsurer for the primary.

Secondary liability, on the other hand, is that amount of insurance which, in excess of the primary retention, the ceder desires to retain and/or which coverage is purchased from other companies. In essence, as I sell to them, or give to them, or in other words, the companies sell me coverage for certain portions of my policy. Once my primary is exceeded, then the secondary reinsurance comes into effect. If that secondary is split between, let's say, four companies on an equal basis, then each one of those companies would be required to pay 25 per cent of any loss over and above the primary retained by the insurer.

It is possible for me to not take all my liability as primary but to take a smaller primary and the rest as secondary. First American desires to take $20 million of that $100 million policy but only wants to take $5 million as primary and the rest, or $15 million, as a secondary. This would mean five companies are secondary insurers, including First American; and, then, a loss would be shared on the basis of each company's percentage of the secondary reinsurance, that is any loss in excess of primary would be shared one-fifth for each company. Ray mentioned tertiary reinsurance. Let's again suppose a $100 million policy. First American takes $5 million primary and $15 million as secondary, and Ray then takes the remaining $65 million as secondary. Ray then buys reinsurance from Marvin for a portion of his secondary, perhaps $15 million of it. This is the tertiary, or third level of reinsurance.

The Bank of America Building transaction Ray described involved tertiary insurance, and the tertiary insurance was in some instances with the same parties who had both primary or secondary liabilities. When primary, secondary layers are used, primary pays first, the secondary next, and the last is tertiary. Each company pays the percentage of coverage assigned to it for each level.

New Reinsurance Agreement

Turning to the new Reinsurance Agreement, if the amount of liability exceeds the face amount of the policy, as established in Schedule A of the policy, the ceding company would be liable for a percentage of the excess paid over the face amount of the policy that is not attributable to punitive damages or other types of exemplary or bad faith claims. The ceder pays a percentage as established by dividing the amount of coverage (Schedule A) into the total amount of liability—primary, secondary and tertiary assumed by the ceding company. Then the secondary or tertiary reinsurers come in for another share.

You can see that the dictated levels of reinsurance are for the basis of two things. (1) An insured, such as Metropolitan Life, does not want to have all of its eggs in one basket so that, in the event it wants to use the eggs, there are not enough there to cover the various losses. Consequently, Metropolitan restricts the amount of insurance each of the companies may write on any single policy and feels that the amount they have dictated, with which none of us agrees, is the amount that the individual companies can respond with if there is a total loss. (2) The self imposed limits with which the company feels comfortable.

Ray mentioned a couple of other things in his discussion of reinsurance. One was disclosure. The new Reinsurance Agreement has a provision of warranty by the ceding company, that all matters which affect the risk that must be disclosed, have been disclosed. What would the liability be if Ray failed to disclose a material matter and I took the reinsurance? Insofar as the insured is concerned, First American still would have total liability. Insofar as Ray is concerned, First American would have a right of action against his company for fraud in failing to disclose.

Ray also mentioned direct access. Direct access or cut-through as the term is used, is the ability of the insured to go directly to and against the reinsurer.

In the 1961 Facultative Reinsurance agreement, the only time direct access was available was in the event of the insolvency, or bankruptcy of, or failure to pay by the ceding company. In the new agreement there are some criteria and requirements that must be met. First, notice; second, the insured must be proceeding against the ceder; third, the insured must have sustained a loss; and, four, the insured must make a request that the reinsurer pay directly to him rather than the ceding company.

Assuming all of those requirements have been met, then the direct access provision of the agreement permits and requires the reinsurance companies to direct payment directly to the insured.

In the event of insolvency and other similar occurrences, the direct access still applies.

The 1985 Facultative Agreement also provides that punitive and exemplary damages are not payable by the reinsurer, and under the direct access agreement, the insured can sue the reinsurer in any state that the reinsurer does business. That is, basically is admitted to do business. Although, obviously, I think if they are doing business there, the same result would apply. An added question which relates to doing business is: Should an insured always demand that reinsurance be from a company authorized to do business in the jurisdiction where the property is located? That answer is, I think, in part regulated by state law. Is there a requirement that the reinsurer be admitted in the state in order to reinsure property within that jurisdiction? This is the requirement in Texas and one or two other jurisdictions. I personally believe that if you serve me in a state where I am not authorized to do business but I have reinsured property, under the procedural laws of the country today I am subject to service.

The remaining changes in the new Reinsurance Agreement, other than how the form itself is made, are not particularly radical. One or two quick thoughts about the form—

Under the old Reinsurance Agreement, the 1961, if you will recall, those of you who have seen them, there was on the face page of the agreement a place for signature, and then a Schedule A was attached. Under the new agreement, we have first done away with the term, "Schedule A," because we felt that the term, "Schedule A," conflicted with the term, "Schedule A," in the policy. Now it is called Schedule 1. Secondly, we have incorporated Schedule 1 into the Reinsurance Agreement itself and the Reinsurance Agreement into Schedule 1, thereby permitting the signature on Schedule 1. Since the agreement is standard, it is not necessary to send the boiler plate agreement in each instance. Only Schedule 1 is signed and sent.

All in all, I think the new Reinsurance Agreement is a step forward for the ceders, reinsurers and for the insureds. I think it helps to solve many of the problems Ray mentioned.

Robert M. Zinman

Marvin, I am really very honored to have been asked to speak today to give the customers' point of view. I must say that each customer has different problems and certainly has different points of

Continued on page 48

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Convention Attendees Enjoy Variety of Activity

ALTA members and others attending the Association's 1985 Annual Convention heard discussion on a wide variety of topics and issues, as these photographs exemplify.

At top, from left, 1984-85 ALTA President Jack Rattikin, Jr., presents an update on activity of the Association; Association Title Insurance and Underwriters Section Chairman Marvin Bowling moderates a panel on reinsurance coverage; Tandy Corporation/Radio Shack Chairman, President and Chief Executive Officer John Roach discusses the use of small computers in real estate transactions; Attorney John Christie reviews the Federal Trade Commission complaint facing the title industry (see November-December, 1985, Title News for text based upon this commentary); and TIME's Hugh Sidey presents his view of the Presidency and Congress during a Title Industry Political Action Committee luncheon.

At middle, left, Columnist Sidey listens during a conversation with 1985-86 ALTA President Jerry Ippel, second from right, at the TIPAC luncheon head table. TIPAC trustees shown at the table from left are Billy Vaughn, Don Kennedy, Bob Bates and Mac McConville.

Members of the ALTA Board of Governors work on a full agenda during their Convention meeting (middle, right).

ALTA President-Elect John Cathey, left, talks with Association Title Insurance Forms Committee Chairman Oscar Beasley at bottom, right.

In another Convention event, 1984-85 President Rattikin (standing, center) and 1984-85 ALTA Board Member and Membership and Organization Committee Chairman Jim Mills (to his right) sit down with new members at a special breakfast (bottom, left); Association Executive Vice President Mike Goodin is standing at President Rattikin's left.







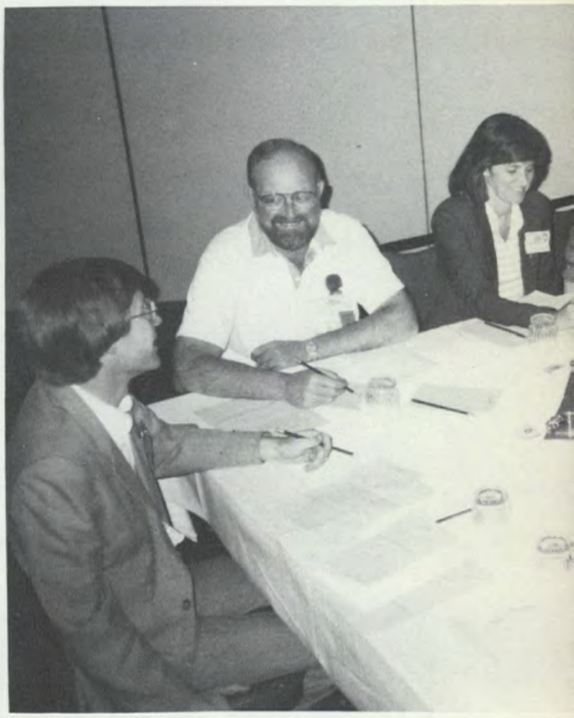


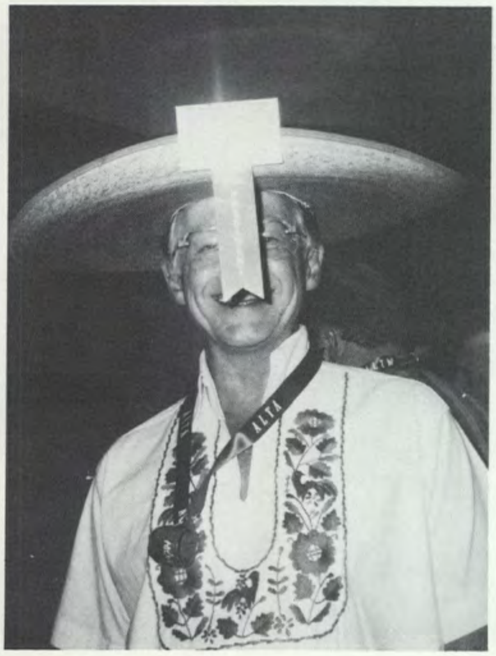
Fiesta, Affiliate Seminar Among Many Events

Views from the 1985 ALTA Annual Convention include, on this page at top, left, attendees watching as 1984-85 Association President Jack Rattikin, Jr., and Convention Chairman Alex Halff officially open the AUTOMATION SYMBIOSIS-2 exposition and Bienvenido Fiesta by activating a laser beam that "cuts" the ribbon. At top, right, 1985-86 ALTA President Jerry Ippel, right, is interviewed by E. J. Slayman, business writer for the San Antonio Light. *At bottom, left, President Rattikin talks with those on hand at the exposition and Bienvenido Fiesta; Chairman Halff stands behind him and nearest camera. At bottom, right, Convention Speaker Malcolm Toon, center, former U. S. ambassador to the Soviet Union and other nations, is interviewed by Robert Salinas of KRNN, ABC and CNN affiliate in San Antonio, as ALTA Vice President-Public Affairs Gary Garrity stands by at right.*

On the opposite page are photographs from the ALTA Affiliated Title Association Officer-Executive Seminar. These include, top, left, New Mexico Land Title Association Secretary Dave Lanier (standing), as he participates in open discussion, and South Dakota Land Title Association Secretary Mike Reisetter (right), moderating a round table discussion on educational activity. Secretary Lanier, left, leads a round table on conventions, middle, right, and Pennsylvania Land Title Association Executive Vice President Al Pentecost, fourth from left, serves as moderator for the "name your topic" round table (middle, left). At bottom is a fourth round table moderator—Arkansas Land Title Association Executive Secretary Gay Cameron, second from right—leading a discussion under the heading of administration (left photograph). On the right, Florida Land Title Association Executive Secretary-Treasurer Peter Guarisco, standing, shares an association management experience during open discussion, which was emphasized throughout the seminar.




ALTA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HOLLON RANCH Welcomes The A.L.T.A.


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CONSTITUTIONALITY—continued from page 7

fought more than 50 years ago when President Roosevelt attempted to remove a commissioner of the FTC because the FTC's agenda was different from the President's. In 1935, the Supreme Court rejected President Roosevelt's effort to seize the reins of the FTC, but in its decision the court did not focus clearly on the most awesome of the government's domestic powers, the power to hail a citizen into court to defend against charges that he has violated the law. It is the power to prosecute which was exercised against the six title insurance companies last January, and it is that exercise of power, unchecked by the President or officers of the Executive Branch such as the Attorney General, which the six title insurance companies argue to be unconstitutional.

Since that Supreme Court decision in 1935, several important Supreme Court decisions have recognized the essentially executive nature of the prosecutional power and, in doing so, have created substantial doubt that this power can be placed outside the Executive Branch. The 1983 Supreme Court decision declaring legislative veto devices to be unconstitutional is particularly relevant because, in that case, the Supreme Court reaffirmed the proposition that our federal government has three—not four—branches.

The argument of the six title insurance companies is as simple as it is appealing. The Constitution states plainly that the executive power shall be vested in a "President" who "shall take care that the laws be faithfully executed." The Supreme Court has said that the "Executive Branch has exclusive authority and absolute discretion to decide whether to prosecute a case." Simply put, the argument of the title insurance companies relies on the proposition that, when the framers of the Constitution departed Philadelphia in September of 1787, they believed they had proposed the establishment of a federal government having three—not four—branches. As stated in the *Wall Street Journal* editorial, "if the President can't remove law-enforcement officers, where is political accountability? The founders were especially worried about federal law enforcers prosecuting individuals without being accountable to the voters through the executive."

The idea of "independent" agencies is attractive to many people because the notion connotes freedom from "political" control. However, our delicate, yet rugged, system of checks and balances is a government of "politics"—the politics of accountability to the people. The potential for abuse of power is not removed by stripping away law enforcement power from the person elected by the people to enforce the law. Just the opposite occurs. Unaccountability leads to the accretion of greater and greater unchecked power.

The six title insurance companies believe that it is time to bring this process to a stop, and they have undertaken the role of defending our constitutional system and the separation of powers that system entails. Whether their challenge will lead to a restoration of the constitutional scheme envisioned by the framers of the Constitution will take time to determine. In the meantime, many unrelated, politically unaccountable federal officials will bring the power of the prosecutor to bear against individual and corporate citizens, who will have no choice but to play the game that has been forced upon them. Ticor, First American, Chicago, SAFECO, Lawyers and Stewart are seeking to change the rules of the game, to make the game fairer, and to impose accountability on law enforcement activities of "independent" federal agencies.

Federal Court Dismisses Title Insurers Complaint

On January 3, 1986, after this article had been written, the United States District Court issued a decision in this case, dismissing the complaint of the six title insurance companies as being premature—in legal jargon, unripe for adjudication.

In his opinion, the judge stated that "there is no doubt that the [six title insurance companies] raise a serious and substantial issue of considerable public importance" and that he was "convinced of the gravity" of the constitutional challenge.

Despite these statements, the judge believed himself to be bound by higher court decisions on the technical defenses raised by the FTC and therefore he "reluctantly" dismissed the complaint.

By the time this article is published, the six title insurance companies will have decided upon the response to the judge's action, which will be reported in the next issue of *Title News.*

WORKSHOP—continued from page 9

tionwide competition for this two-year staff position in the agency's Chief Accountant's office. During his stint at SEC, he served as the agency representative on the Financial Accounting Standards Board Task Force on Interim Financial Reporting, and was a participant in the Presidential Interchange Executive Program. Currently, he is Price Waterhouse partner-in-charge of the firm's Comprehensive Professional Services—a department of four partners and some 40 other members specializing in services to entrepreneurs.

Michael A. DeGiorgi holds a master's degree in human resources development from Marymount College of Virginia, where he is a member of the business faculty and teaches courses in organizational behavior and interpersonal skills for human resources managers. He recently has redesigned Arthur Young's Management Development II course—emphasizing skill practice in the areas of conflict resolution, active listening, coaching and counselling, team building, creative thinking, and assertiveness. Currently, he is at work on development of management seminars to train technical specialists in making the transition to mid-level management. His earlier background includes a period in the Fairfax County (Virginia) government as a managing therapist for emotionally disturbed adolescents and their families, and as director of foster care for the County Juvenile Court.

ROACH—continued from page 15

est retailer of electronics. You're most familiar with Radio Shack, with over 9,000 stores and dealers worldwide. In just 22 years, from 1963 to today, the chain stretches from Ayres Rock in the Australian desert to the Yukon territory in Canada to virtually every town in the United States to the shadows of a windmill in Holland.

What you probably don't know, though, is that we have built over 20 manufacturing plants in the United States in the last 15 years in an industry dominated by the Orient. We recently acquired over 230 name-brand electronics and appliance stores operating under the names of Video Concepts, Scott, and McDuff, and I guess, for a point of trivia, we're the nation's largest third-class mailer.

You love third-class mail, don't you?

Most of our employees are share-holders and, while we are proud of what we've accomplished, let me assure you we would love to serve your business in consumer electronics needs, because we know more about electronics and we'll be there if and when you need us.

TOFT—continued from page 16

Automation Product-Related

But, more important, in my view, are the *possibilities* that further automation presents . . . particularly in the area of direct automation relationships as underwriters, agents and customers become electronically linked. Data processing will become a part of our product . . . from a marketing standpoint and a product standpoint.

Each of the three groups—customers, agents, underwriters—will have common interests, but distinct needs, as they look to their automation providers:

• customers will, of course, demand accuracy, timeliness, product quality and security.

• agents will look for efficiency, in addition to product quality, accuracy, timeliness and security.

• underwriters will add management information to all of the elements required by customers and agents.

The potential for direct linkups between customers, agents and underwriters is indeed exciting . . . but not without its pitfalls. It is my belief that the one issue of paramount importance to all three groups will be that of security of the funds entrusted to us. The flow of funds within the title industry may well be one of the least understood elements in the real estate economy and, as we become more heavily automated, will be an area to which we must give greater attention.

The lessons are before us. Most of the banks and other financial institutions which have totally automated their flow of funds have individual horror stories of fraud and misappropriation. Sometimes these have been realized simply by the wrong person punching the right keys at a terminal.

It is my sincere hope that the integrity-fidelity challenge is met by the title insurance industry and that we take the opportunity to take to heart the lessons which others in the financial services industry have had to learn the hard way. I urge that, as we address all of the automation challenges and possibilities which face us, we make the accuracy and security of the transfer of funds one of our chief priorities.

If we do not make sure we have our own house in order, it is my fear that others will do so . . . and with a much heavier hand. As we progress, we must make sure that our priorities are in order and that safeguarding funds entrusted to us is at the top of the list.

Looking Ahead

I will now indulge in some dangerous prognosticating—I see these opportunities as near term:

1. The automation and simplification of the policy reporting process between agent and underwriter;
2. Printers in the agent's office, activated by the underwriter to produce commitments, policies, and endorsements outside of the agent's authority;
3. Very widespread inquiry capability in the hands of realtors, lenders, and others heavily involved in real estate transactions;
4. Control mechanisms for the transfer of funds electronically;
5. Much more sophisticated audit capability of both branch offices and agencies;
6. *Master* accounting systems packaged by the underwriter and made available to the agent;
7. Closing and escrow systems that work;

And, somewhat longer term:

1. The application of "artificial intelligence" or "expert" systems to the underwriting and production process. Citibank, American Express, Bank of America, Metropolitan Life and others are all developing prototype systems;
2. Truly efficient national service capability—*and* referral capability;
3. Automated plant systems will be available on super micros—or midget minis—and the break point for automated plants will come down significantly, as Scott Stovall pointed out in the September-October *Title News.*

Also, the future *will bring*:

• Technology that will continue to move forward at a blinding pace, as previously discussed.

• More people will be able to manipulate more data, in more convoluted ways than we can conceivably imagine.

• Individual work stations will tend to become integrated into networks, requiring greater sophistication to manage and control.

• With networking, there will be a burgeoning need for data security.

• The temptation to create applications, just because we can, will be even greater. (A favorite example is the computing of compound interest on a daily basis. I can remember when it was quarterly. I'm not sure what we have accomplished, either as a financial services industry or as a nation, by compounding interest daily).

• The need for user training will continue to expand.

• Management will become even more overloaded with data and data inconsistency.

• While the price per unit will drop, we will see an ever increasing share of our budget go toward microcomputing.

• The economic production of software is the greatest remaining challenge.

And—as a constant—we'll find:

• Frustration, confusion, wasted energy and dollars.

• But, some remarkable *success stories*, and progress over time for those who stay at it.

Challenge for Management

All this is management's challenge.

We cannot and should not attempt to stop the flow of technology in our own organizations.

We should not attempt to "control" microcomputers in the traditional sense.

We should incorporate the use of microcomputers as a fundamental part of our corporate planning process.

As a part of the plan, we should provide guidelines and standards (as opposed to traditional controls).

We should attempt to help our agents and employees use micros better (this will cost money, but I assure you we are going to spend it anyway). This includes:

• Training in the management of data resources

• Technical training

• Software evaluation and selection (more "hidden" time is spent on this by individuals than most people know)

• Technical support groups (a few companies have done this already. It can be overdone and bureaucratic but, when done well, it saves a lot of time, trouble, and money)

Most importantly, we should step up to our management responsibility and decide what information we need and want, and communicate those requirements. In other words, you must think through and plan for your future.

Kim, Wheat Recent ALTA Staff Additions

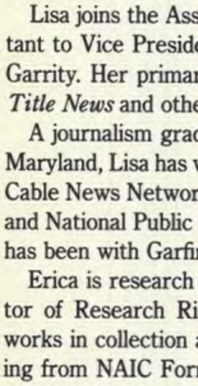
Lisa S. Kim and Erica K. Wheat are recent additions to ALTA staff.

Lisa joins the Association as editorial assistant to Vice President-Public Affairs Gary L. Garrity. Her primary duties include work on *Title News* and other ALTA publications.

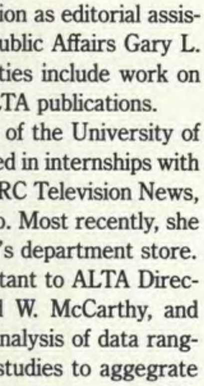
A journalism graduate of the University of Maryland, Lisa has worked in internships with Cable News Network, WRC Television News, and National Public Radio. Most recently, she has been with Garfinckel's department store.

Erica is research assistant to ALTA Director of Research Richard W. McCarthy, and works in collection and analysis of data ranging from NAIC Form 9 studies to aggegrate and individual corporation data and ALTA Convention surveys. She also assists with the underwriter claims study, loss study, and the ALTA title insurance industry statistical report.

Prior to joining ALTA, Erica worked as a legal assistant in a District of Columbia law firm. She is a graduate of George Washington University in the District.



Kim



Wheat

GETTING STARTED—continued from page 21

for about eight years now, and I have not heard of a single escrow closing program that was developed at a cost of less than about $100,000 of programming costs plus hardware, plus about a year and a half or two years of your time involved with it. So if you have any inclination to do your own custom program, you might give that some consideration.

Betty was talking about developing your own program. She's not talking about writing a program from scratch and creating a program code. She's talking about using a database type of program as a tool and then, with D-Base II, or something of that sort, you can use that as a basic tool to set up and have the computer do what you want it to. Betty, how much does it cost to have somebody do that for you or how complicated and how long did that take?

MS. QUISENBERRY: Well, I really can't answer that question because we haven't gotten into that yet.

The question was, why we had not gone ahead and put our plant on the computers. The reason that we haven't is we're taking this one step at time.

We're taking this more or less one step at a time and learning as we go. Recently, when I felt that it was time to do it, we've been too busy to stop and do it and I think it's every time-consuming, so it has to be done at a time, maybe in the winter, when our business slows down somewhat.

MR. JOHNSON: That is a very good point, Betty. I have made some installations myself and I've heard of others where people buy their computer system in order to get efficient and do things faster and save time and increase productivity, but they're so busy that they don't take the time to set up the computer to save them the time. It's just been a vicious circle.

If they had the computer and had a lot of time, it would be OK, but they just don't take the time or don't have the time to do it. So try to plan the installation of any kind of a system as well as you can do that when you're starting up the use of a system for any application that you're putting on there, you want to be able to do that at a time when you expect to be at non-peak business, or non-peak of the business cycle in your office, because you are going to have to devote some time to getting this thing up and going, and keeping an eye on it for the first few weeks to be sure that it's working correctly and that there aren't any hidden problems in it that can come back and haunt you later on.

Systems also will bring out some problems that you might already have by doing things manually that you don't know about. I did an installation up in New Hampshire and he had the system going for about a month or two and, all of a sudden, he discovered, in going back over and redoing some old files and double checking, that he was having some problems with one of his closing people. When you net a deposit held by a Realtor against the commission for purposes of issuing them a check for the difference, they weren't doing that. They were giving them the whole check.

And they ended up with about an 80 or 90,000-dollar shortage in their escrow account, of being less than what it should have been, and the system uncovered that, that one particular person in the escrow department had been doing that and the system uncovered that error that was going on.

So that's just another little example of some of the things it can do.

MR. MORGAN: I just want to make one general remark and I know that I don't have to tell you that even word processing is a degree of automation and all of you know that even word processing can increase your efficiency to some degree. I can assure you that, somewhere on that ramp up there, there is something that will meet the needs of probably 90 per cent of the title companies in this country. The basic needs. I would encourage you to explore it if you haven't done it already.

The expense of doing it individually is too great, not to start there.

MR. JOHNSON: Very definitely.

WHAT NEXT?—continued from page 25

business about a month ago. At the time I opened up, there were quite a number of independent escrow companies in the counties in which they operate. Over the past 4½ years since I've been open, a substantial number of those have closed down and so, just as a matter of self-preservation, I got in the escrow business. Once it gets to the point where I can justify the cost of the additional software then, yes, I will automate it.

MR. EDGER: Is that what you meant by the integration, that you plug in the dollar figures of the premium dollar that you're collecting in the escrow and the escrow fees and then it's integrated in the general ledger as accounts receivable? No. The answer to that question is no.

MR. STOVALL: I have Alpha Micro. I really don't want to get in a position of supporting any particular computer system or a computer company.

MR. EDGER: It's difficult to justify at some level there that you have to choose and determine. Now, we happened to automate every single office, but I'm not certain that it's totally efficient in each individual profit center, but, company-wide, it is very efficient.

MR. EDGER: We don't have a report that says how many they should be able to handle. We do look at certain factors and we make our own guesses at what they should be able to handle but, again, because business is done in different ways in different areas, those figures vary.

I believe that, to give you a thumbnail sketch, I believe that one employee should be able to handle 30 orders a month, with half of those being closings. That's a thumbnail sketch. And that varies. Again, if you're talking commercial, it's a totally different story. If you're talking pure escrow situation, if a different location, different numbers, that's what is very difficult to tell you—an exact figure that would apply everywhere.

You know, one of the things we haven't talked about in this session is marketing and sales. We keep a wide range of figures on marketing and sales figures also. Those things are important to us and we've been able to develop some formulas. You know, it's a very difficult question. What do you pay a sales person? We've all dealt with that. It's a tough question and, without the historical performance and without some indicators, it's a tough one.

MR. EDGER: I referred to 30 orders, with half of those being closings and half pure title policies.

MR. EDGER: I may not understand the question but I'm saying, if you have one person who's doing nothing but order processing, either title policies or closings, I'm not saying that they also should be doing the research.

MR. STOVALL: I don't think I'm following how your employees work.

MR. EDGER: Well, let me say, we cross train. We have what we call a title escrow processor. We cross train every single employee. They can handle a title policy, the production of a title policy, as well as handle the production of closing documents and a closing package. Every single employee is cross-trained in those areas and they get a title called escrow processor. That is somewhat unique because a lot of people have two separate departments. You have a title department and an escrow department.

We changed in 1981 and started a program where we cross-trained them, and one person handles an order from start to finish. There's an advantage from client contact. There's an advantage with that one person—you're not handling files by three different people.

And it may be that we're able to do that. That is the way business is done in our area, but we do have title examiners, we do have, of course, underwriting people, we do have other support people also. But if the person is just doing order processing, that's the figures that I gave you.

MR. NIXON: So just the processing, Larry? They can close about 1¼ a day. Am I reading your figures properly there?

Winter Resigns to Take Stewart Title Position

After serving 10 years as a member of the ALTA staff, Mark E. Winter has resigned as Association vice president-government relations to accept a position as vice president and director, national operations, for Stewart Title Guaranty Company.

His offices continue to be located in Washington, D.C. The new address is 1818 N Street, N.W., Washington, DC 20036 (telephone 202-857-0213).

MR. EDGER: Yes.

MR. NIXON: We were very automated and that's why I say I'm not opposed to automation. I'm opposed to people automating where it serves no advantage. And we see this happening in the rural areas of my state too often.

They somehow want them to agree that, if you don't do certain things, you're going to wind up way behind and you're not going to be in the business next year. I don't mean to imply this is scare tactics used by our vendor sales staff, because it's not.

But I do think that each of us has to look at what our needs are. And everybody in the United States who is in the title business does not need a computer. I can give you several cases where they've gotten into it, and in my opinion were oversold by the vendor based on their needs, and wound up going through three or four systems before they finally decided that they really didn't need a system. The way they were doing it was fine.

This is based on a limited volume of business and certainly does not apply to everyone. We're quite computerized in our office and I feel that it has been just a tremendous asset to us, has improved service and has brought a little improvement in our profit bottom line figure in that we've not had to replace employees who have left due to attrition. We've had to employ no new people. But I do think we have to look at it very closely and don't overbuy in respect to what our needs are. Your needs may be a TRS-80 Model 3, and nothing further than that. If they are, you don't need any more than that TRS-80 Model 3, and I think to buy a system that gives you more than you can use is wasting your money.

MR. NIXON: Of course, we have built several companies in the state of Arkansas, and we use the automated system to get from the ground, where nothing exists, to the final product. Now, what we do to accomplish that, is we put everything into the computer at one time and then we bring it all out at one time and we bind it into tract books.

Now, the difference in that is, in the normal computerized situation, you only take out what you need when you need it. We just use the computer as a vehicle to get to a set of books. What we do by doing that is eliminate the ongoing hardware costs that would be necessitated for a company to maintain this system on a computerized basis. Now it is computer-capable.

But they have a choice to go again to hand-posted tract books, which in most rural counties can be done by one employee and one or two man-hours a day just bringing the information into your tract book records and maintaining them. If you've got the equipment necessary to put this stuff into your system, you're talking about a pretty good hardware expense for a company that maybe only grosses $25,000 a year.

MR. NIXON: Each county is almost a sovereign area in itself and when we're dealing with the production of the research to develop a title insurance commitment fund, each county is just like a different country. I have been able to, myself, conceive of a computer network system that would serve that need cost effectively, so I think this is why that in Arkansas, as far as I'm concerned, trying to computerize your abstract plant from the sovereign to current date is just completely cost unjustifiable.

I do think that, from a closing standpoint, creating a closing network and using one computer system, and mailing out your printed finished closing packages, where all we have to do is get signatures and disburse checks from the package created in your central office, I think it is very feasible.

MR. STOVALL: And plant sharing is kind of an interesting phenomenon that's taking hold a little bit now in the smaller counties. It's been going on for a number of years in Los Angeles and New York, where the major players could afford the very expensive hardware that was necessary.

For example, in my county now, subsequent to the time that I installed a computer system, two other people have installed identical systems and what I have done with these other two people is contracted to do data services. The title plant law states outside of the Portland metropolitan area, that you cannot time-share, and that each individual title company has to own and maintain its own plant.

But, what I did with these other people, I contracted on an ongoing basis to data share with them. Now I do all the locating and the posting of the information and, daily, I give them the tape of what has been entered. So, we essentially get around conflict with the law that way. What I did was take something that is nothing but a direct expense to me, which is maintenance of the title plant, and turn that into a profit center. It may or may not work in other places, but another problem that you solve any time you get into a time-sharing basis, where one title company owns the computer system, and essentially the information, and you're leasing or buying time or whatever you're doing, is what happens if they pull the plug on you? Your title plant is gone. Or, what happens if that particular title plant burns down? Everybody's out of business. So, there are a lot of things to take a pretty hard look at before you get into any kind of a time-sharing arrangement.

The ideal thing is to be the one who owns the computer system and leases it to everybody else and you eliminate the worst.

MR. STOVALL: The charges are, they pay half of what it costs me to do it. There's two of them doing it and so essentially I'm getting it done for free.

I can turn mine on, but after you get past that, no, I simply rely on the software people to do it. It's easy enough to run, and, yes, to answer part of your question, I can program a little bit, but I wouldn't even think of trying to get into the software that runs it. I wouldn't even consider it.

MR. EDGER: I think one of the things that we all face is the development of software, development of programs and again, while you're talking about sharing costs with regard to the title plants and that type of thing, many times you can share the cost of developing a software program also, with another agent in your area, another company in your area, or share the cost of production. That can be economically of great benefit for you because sometimes you can get into systems that are very expensive to modify, enhance, and to share those costs is sometimes very helpful.

I should also mention, too, that we've had our experiences with people who really weren't solid enough to do what we wanted and make sure that they were going to be in business two years from now, three years from now. That's very important. There's so much fluctuation right now in the computer industry as a whole. There are people who are very successful. There are some who are less than successful. Some of them won't be around and that's important. That's very important in both software and hardware.

MR. EDGER: Our system was originally integrated. It is no longer. We had a choice to make. With our newest system, we will have separate systems for accounting management reports and that type of thing, and then a separate system for processing. The choice that we had to make is whether we go from one of the "super micros" or go into the mini. We decided not to go. We have to go into the mini category for the demand on the system to do what we want to do if we continue to be integrated, and we've made the decision not to do that at this point in time.

MR. EDGER: Not just because of hardware, but because of our growth rate and the things that we are doing, I'm not certain that step, the cost difference in that step, is significant. And my biggest fear, as I mentioned to you, this is our third change. My biggest fear is that it may be only a stop-gap situation and maybe I need to go beyond the mini . . . so I'm making an economic choice right now and part of it is because we're not able to foresee our particular company. We're moving into other states, we're doing other things, and we're not able to accurately project exactly what our needs will be two years from now.

We're looking at some acquisitions. We're doing some other things. So, for those reasons, we've decided to keep two separate systems at this point in time, anyway.

One system is totally for processing and one for accounting, management reports, marketing, and those types of things.

We do have word processing capabilities on both systems.

Our agents are not on our system. Our branch offices are, through modem capabilities.

MR. EDGER: This question was on security of the system. I believe that our current security, as far as funds and the transfer of funds, is very weak right now. It's based on people and our faith in people.

I don't think we lose anything by the automation process and I don't think we're any less prone or less capable or having loss as a result of that. I guess I had to satisfy myself on that position before going in on that type of system.

This is a people business and I don't care what type of security procedures you implement. I may have an office where, in a particular month, there may be, I know one we ran a total on, one of our offices, 9 or 10 million dollars that flow through as escrow account. Now, I don't care whether you're automated or you're not, you're in jeopardy with regard to those funds flowing through. Again, it boils down to faith in people and has nothing to do with automation, in my particular estimation.

MR. NIXON: I think I can agree with that.

MR. STOVALL: One thing I'd like to remind you of is that the ALTA Systems Committee has put together quite an extensive library on vendors. It's available from the ALTA office in Washington, D.C., and there are four different categories in which you can acquire vendor information.

Another good way is go downstairs to the exposition here and take a hard look and ask a lot of questions. You're going to see three things down there. One, you may not be aware of. You're going to see hardware, obviously, and software, and the third thing you're probably going to see is vaporware. A lot of things exist down there in the hardware and software stage, but there's a lot of things they tell you about that they're going to have that don't even exist, and that's our euphemism—we call that vaporware.

So, ask them a lot of questions.

ZINMAN—continued from page 31

view. So really what I am giving is my own personal point of view and it doesn't represent the views of any particular organization or organizations.

New Reinsurance Agreement Form

On the Reinsurance Agreement, I agree with Oscar that it certainly represents a major improvement over the prior form. I do have some problems though, and I think those problems might mean that the old direct access agreement will be still necessary. I could be wrong in my understanding of the way the agreement reads, but my problems revolve primarily around the preconditions to both the direct access and the reinsurers liability to the ceder. In order to get the benefit of direct access, the insured must give notice to the reinsurer of any claim within a reasonable time after it gives notice to the ceder. Now that doesn't seem like a tremendous problem, but when you are talking about 40 or 50 reinsurers, you can see where something can slip through and any failure, I gather no matter how slight, might exonerate the particular reinsurer from liability under the direct access portions of the agreement.

In addition, the form provides that the insured must pursue its remedies against the ceder. I am not too certain what that means. Does it mean that the insured must bring legal action? Does it mean discovery proceedings? Does it mean going to the Supreme Court? Is there some sort or implication that there is an exhaustion of remedies requirement here? It is not too clear. Also, the insured must give a second notice to the reinsurer in the form of a demand for payment under the Reinsurance Agreement and, until that demand is made, apparently the reinsurer may pay the ceder and be relieved of all liability, and so it may be a race to the reinsurer to get that notice and demand in before the payment to the ceder.

In addition to the preconditions to direct access, there are some preconditions to the reinsurers liability to the ceder. One is the disclosure of any extra hazardous risks. Now, I was happy to hear Oscar mention that failure to disclose does not eliminate the liability of the reinsurer to the insured, although I would be happier if some specific language in the agreement said that. Also, I am not certain exactly what an extra hazardous risk is.

Last night, I stopped Jim Pedowitz and said, "Jim, you're an old title man," and I saw his expression on his face and I said, "No. I didn't mean that. I meant you're a ***young*** title man with a lot of title experience."

I asked Jim, "What does extra hazardous risk mean to you?"

He said, "Oh! Bob, that's very simple. An extra hazardous risk is any risk that results in a claim!"

And maybe that is what a court would hold. It is also something outside the control of the insured because the insured has no way of making certain that notice is sent. I think it should be made clear in the language that the reinsurer's liability to the insured remains even after the failure of the ceder to disclose an extra hazardous risk.

There is also a requirement that the ceder give the reinsurer a notice of the claim and there is no liability of the reinsurer to the ceder to the extent that the reinsurer is prejudiced because of the failure to give that notice. If the ceder is insolvent, which is the one time when you ***really*** need the reinsurance, then the ceder's representative is required to give that notice and the failure to give that notice would apparently eliminate the liability of the reinsurer. I don't think there is any requirement in that situation that the failure prejudice the reinsurer.

If you combine both problems—the conditions for direct access and the conditions for the ceder's liability—you can foresee a situation which might not be completely theoretical, where there could be no reinsurance at all. In other words, no direct access and no coverage by the reinsurer to the ceder. I think some additional work is needed in this area.

Also, as Oscar mentioned, sometimes, voluntarily, a title insurance company will lay off some of the risk to a reinsurer without the knowledge of the insured. Now there ought to be some provision to let the insured know about this reinsurance so the insured can take advantage of the provisions in the facultative reinsurance agreement. For, if they don't know there is the reinsurance, they can't give the notice required to trigger it.

Coinsurance vs. Reinsurance

Another item I was asked to talk about is coinsurance versus reinsurance. Let's assume a $100 million transaction, where we would accept Title Company A up to $30 million, and Title Company B up to $20 million. Now, the easiest way of handling that is to go to Title Company A and say, "Title Company A you write the entire policy for $100 million and reinsure everything over your $30 million limit." The alternative is to require coinsurance under which we would go to companies A and B and ask them to divide the insurance between them, let's say 50-50. Company A would take $50 million and reinsure everything over its $30 million limit and Company B would take $50 million and reinsure everything over its $20 million limit.

Now, what advantage do we get going through the more complicated procedure? As I see it, the major advantage is a separate underwriting of the risk. We have found in some areas of the country where there has been a close relationship between a particular title agency and a particular developer, there has been some hesitation about showing in the title report defects in title that might lead to aborting the deal. With the second underwriting, we feel we can get that information. We are making an investment in real estate, not in title insurance and we want to know what the risks are. We want to determine for ourselves what risks we want to take. Since we started to require coinsurance, there have been several situations where after the coinsurer came in, problems were found that weren't in the original title report. In one case a coinsurer actually refused to insure because the risks were so great.

Dollar Limitations

I was also asked to mention the criteria that is used for determining the maximum amount we would take a company for a single risk. There are some people who think we determine the limitations like they say I mark exams at Fordham Law School, by throwing the annual statements on the stairs and the ones that land on the top have a $50 million limit, the next one $30 million and so on. That really isn't the case. Each customer does it differently and it is hard to say what the criteria normally would be. We tend to look to liquidity. In other words, to determine the "net quick assets" of the insurer. We take cash, and assets that can readily be converted into cash, and the subtract current liabilities, get net quick assets and use that as a base in determining the percentages.

Actually, we have not had much difficulty with our limits. They very often are substantially similar to the title companies' own self-imposed limits. In many larger deals, we have run up against the limitations of the title companies in situations where we would have taken the company for more than they were willing to accept. I am not critical of that at all. In fact, I admire the companies that set limitations because it is clear to us that they are aware of the title insurance problems involved in large transactions today and they are protecting their assets.

Continued on page 51

Calendar of Meetings

1986

March 5-7
ALTA Mid-Year Convention
Washington Hilton
Washington, D.C.

April 20-22
Eastern Regional Title
Insurance Executives
Williamsburg Inn
Williamsburg, Virginia

May 1-4
Oklahoma Land Title Association
Sheraton Kensington
Tulsa, Oklahoma

May 4-6
Iowa Land Title Association
Gateway Center
Ames, Iowa

May 8-10
California Land Title Association
Hotel Del Coronado
San Diego, California

May 8-10
Virginia Land Title Association
Kingsmill on the James
Williamsburg, Virginia

May 8-10
New Mexico Land Title Association
Inn of the Mountain Gods
Mescalero, New Mexico

May 15-18
Texas Land Title Association
Hyatt Regency
Austin, Texas

May 16-18
Palmetto Land Title Association
Hyatt Regency
Greenville, South Carolina

May 21-23
Arkansas Land Title Association
Hilton Hotel
Fayetteville, Arkansas

June 1-3
Pennsylvania Land Title Association
Pocono Hershey
White Haven, Pennsylvania

June 5-6
Western Regional Title
Insurance Executives
The Broad Moor
Colorado Springs, Colorado

June 5-7
Tennessee Land Title Association
Holiday Inn Crown Plaza
Memphis, Tennessee

June 8-10
New Jersey Land Title Association
Seaview Country Club
Absecon, New Jersey

June 12-13
South Dakota Land Title Association
Holiday Inn
Brookings, South Dakota

June 19-21
Colorado Land Title Association
Keystone Resort
Keystone, Colorado

June 19-22
Illinois Land Title Association
Sheraton-West Port
St. Louis, Missouri

June 22-24
Oregon Land Title Association
Best Western Riverside Motel
Grants Pass, Oregon

June 26-30
New England Land Title Association
Samoset Resort Inn
Rockport, Maine

July 10-12
Utah Land Title Association

July 13-15
Michigan Land Title Association
Schuss Mountain Lodge
Moncelona, Michigan

July 24-26
Wyoming Land Title Association
King's Inn
Torrington, Wyoming

July 31-August 2
North Carolina Land Title Association

August 7-9
Montana Land Title Association
Colonial Inn
Helena, Montana

August 14-16
Minnesota Land Title Association
Lakeville Lodge
Lakeville, Minnesota

August 14-17
Idaho Land Title Association
North Shore Resort
Coeur d'Alene, Idaho

September 4-7
Missouri Land Title Association
Omni International
St. Louis, Missouri

September 5-7
Kansas Land Title Association
Hilton Inn East
Wichita, Kansas

September 6-9
Indiana Land Title Association
Embassy Suites
Indianapolis, Indiana

September 7-9
Ohio Land Title Association
Deer Creek Lodge
Mt. Sterling, Ohio

September 10-12
Nebraska Land Title Association
Holiday Inn
Columbus, Nebraska

September 11-13
North Dakota Land Title Association
Minot, North Dakota

September 14-17
New York State Land Title Association
The Sagamore
Bolton Landing, New York

September 24-27
ALTA Annual Convention
Century Plaza
Los Angeles, California

September 24-27
Washington Land Title Association
Holiday Inn
Bellingham, Washington

October 16-17
Wisconsin Land Title Association
Inn on the Park
Madison, Wisconsin

November 13-15
Arizona Land Title Association
Doubletree Inn
Tucson, Arizona

December 2
Nevada Land Title Association
Las Vegas, Nevada

December 3
Louisiana Land Title Association
Iberville Hotel
New Orleans, Louisiana

1987

March 25-27
ALTA Mid-Year Convention
Albuquerque Hilton Inn
Albuquerque, New Mexico

October 18-21
ALTA Annual Convention
Westin Hotel
Seattle, Washington

1988

March 11-13
ALTA Mid-Year Convention
Marriott's Desert Springs Resort
Palm Springs, California

October 16-19
ALTA Annual Convention
Toronto Hilton Harbor Castle
Toronto, Canada

ZINMAN—continued from page 49

Title Assets

The major problem in title insurance is the amount of money available—finding enough insurance to cover the major transactions. The risk of a major loss, I suppose, in one of these big deals—a total loss—is extremely remote. But, if it comes, there is no question that there would be a serious depletion in the assets of the entire industry and along with it a drastic reduction in the value of all the title insurance that is then in existence. So it is a very important problem and one that has to be addressed.

I understand that some title companies have obtained catastrophe insurance of one kind or another and maybe there should be a method by which knowledge of the existence of such insurance can be conveyed to the insureds so that they will be aware of it.

The Title Industry

I believe very strongly in the importance of title insurance and the future of the title insurance industry. I hope that all the title companies will look at each new title problem that comes up, not as a problem but as an opportunity. An opportunity to serve the real estate industry and an opportunity to obtain additional and profitable business. Given the resourcefulness of the members of this great organization and the expertise in real estate that is here in this room, I am certain that the title industry will continue to play its very pivotal role in all major real estate transactions in the future.

R. Michael Hick

My brief is to represent the attitude and facilities of the nontitle reinsurance industry to assist the title insurance industry in the provision of capacity and protection. In Lloyds of London, there is a historic yet convenient way to describing anything that is not traditional or normal or even not understood. The prefix, "non," is used, i.e., nonmarine, meaning land-based or aviation business. Nonlife insurance are the words used by the life insurance man to describe the entire world of insurance outside his own sphere. The English have even been heard to describe the rest of the world's population as non British.

The nontitle reinsurance industry in the context of this presentation represents the foreign and overseas insurance and reinsurance market. Due to trade protection, most U.S. domiciled nontitle reinsurance companies are disallowed from providing title reinsurance. Now, the market available to this class of reinsurance is very limited indeed and is restricted, firstly by considerable lack of knowledge of the title industry; secondly, by some historic problems; and, thirdly, by the overall lack of capacity at the current time in the conventional reinsurance market.

The current available knowledge is confined to two or three Leeds Syndicates—Leed underwriters of syndicates working in the Lloyds of London market. The people concerned have been encouraged to learn something of the title industry only within the last two or three years. It has proved, however, that their knowledge and influence is respected because they receive support from a satisfactory following market located in other Lloyds syndicates with U.S. reinsurance companies located in the London and European market and with European companies and captive insurance companies.

A recent placement produced the following participants: Underwriters of Lloyds of London writing 50 per cent of the risk for $10 million, followed by the Turegum Insurance Company of Switzerland, the CNA Reinsurance of London, which of course is a branch of the great CNA Reinsurance Company of the United States; the St. Catherine's Insurance Company, which is a major insurance stock company in London; the Dart and Kraft Insurance Company, the captive of the Dart and Kraft group in the United States; the El Paso Insurance Company, a captive insurance company of El Paso companies; the Fugi Fire and Marine Insurance Company out of Japan; the Nippon Fire and Casualty out of Japan; the Insurance Corporation of Singapore; the Pohjaha Insurance Company, which is a major Finnish insurance company; the Dai Tokyo Insurance Company, the UK branch; the Wassau Insurance Company, UK; the GTE Insurance Company, the captive of GTE Industries; the major Ancienne Mutuel, which is one of the major reinsurance companies of France; the Reinsurance in France; the Hanover-Ruck, a substantial reinsurance company in Germany; the Belvedere Insurance Company in Bermuda, which is a combination captive insurance company of major size in Bermuda; and the Universal Insurance Company in Shannon, Ireland, to name a few.

In the mid-70s, Lloyds issued several aggregate stop loss policies to title companies. Due largely to lack of understanding of the business and to a frankly slack underwriting, Lloyds found itself in a claims spiral where low level aggregate limits were penetrated, and Lloyds found itself in the impossible situation of handling day-to-day title claims on a direct basis. Some underwriters claimed that their intentions of the contract had not materialized and that there were some ill feelings produced on both sides which still exist, somewhat, today.

Thirdly, you may know that the insurance and reinsurance business has run into major capacity problems due largely to 10 years of writing business at less than economic levels. We are in what is called a hard market cycle. One of the hardest we have ever seen on record. When rates double or triple, when insurers pull out of complete classes of business, cancel policies midterm, and claw back underwriting controls to the home office. Policyholders, surplus has diminished to pay claims and make reserves and capacity is reduced because rate increases push the ratio of premium to capital up to dangerous proportions.

Lloyds Limits Offers

Within this framework, therefore, we endeavor to make a market for catastrophe excess of loss reinsurance for title insurance underwriters. As I speak, Lloyds is only prepared to make offers to a handful of companies. What, then, is the cover provided and at what limits and at what price?

The cover currently provided for catastrophe excess of loss is on what is called the occurrence basis, the wording of which reads as follows:

> The word, occurrence, as used in this agreement shall mean a loss or series of losses under one or more policies resulting from a common defect, lien, or encumberance, affecting one site which arises out of the same act or omission. It is understood and agreed that for the purposes of this agreement, one site shall be deemed to mean one contiguous area of land, the subject of one development project, whether completed or not. It is understood, however, that the existence of a right of way through one development

Continued on page 54

Names in the News

Gary J. Pitts has been named president of the Pacific Division of Ticor Title Insurance Company and Ticor Title Insurance Company of California, with offices in Los Angeles. His responsibilities include five western regions: California, Alaska, Oregon, Washington, Hawaii and Guam. **Pitts** joined Ticor Title in 1983 with over 19 years prior experience in the title industry.

Alan N. Prince has been named senior vice president and manager of the Chicago central region of Chicago Title Insurance Company, Chicago, Illinois. He replaces **LeRoy D. Sanders** who retires after more than 30 years with that concern. **Frank J. Riha** has been named vice president and Gulf central region manager and **Benjamin L. Grant** has been appointed manager of CTIC's Dallas, Texas, operations. **James Apvile** has been appointed resident vice president in the Indianapolis, Indiana, office, and **Stanley M. Cahn** is now associate general counsel in the Chicago office.

The following individuals have been promoted in their respective offices of Chicago Title: **Anne E. Robbins**, assistant vice president sales and manager residential sales, Cleveland, Ohio; **Michael Miglino**, associate regional counsel, Manhattan, New York; **Susan Maria**, assistant regional counsel, Stamford, Connecticut; **Susan T. Christiansen**, title operations and title production manager, Fort Meyers, Florida; **Mark Turner**, agency operations officer, Memphis, Tennessee and **John Spirk**, agency representative, Philadelphia, Pennsylvania. **Delores Garner**, DuPage County, Illinois; **Judy Lehman**, Nashville, Tennessee; **Diane Kay Nelson**, Chicago, Illinois and **Kay Nettles**, Dallas, Texas, have been promoted to escrow officer with CTIC.

Also in the Chicago office, **Ann C. Casas** has been appointed trust officer, **Miles E. Cunat, Jr.**, has been named office counsel, **John J. Haiges** has been appointed assistant regional counsel, **Sheldon P. Legator** is now associate general counsel and manager of Illinois claims and litigation unit, and **Susan E. Woods** has been named associate general counsel. **J. Patrick Walsh** has been named title officer in the CTIC Boston, Massachusetts, office.

In the Chicago Title commercial/industrial sales department, **Mary Noble** and **Kim Blazek** have been named commercial/industrial sales representatives, Chicago office, and **Diana Wilcox-Sorich** adds commercial/industrial sales to her responsibilities as residential sales representative. **James Webber** is now commercial/industrial sales representative in the Wheaton, Illinois, office, and **Anne E. Zimmerman** moves to a similar position in the Chicago office. **Kevin Smale** is now commercial/industrial and residential sales account representative in the Waukesha, Wisconsin, office of CTIC.

William T. Margiotta, Jr., has been elected president and chief executive officer of the Ohio Bar Title Insurance Company, Columbus, Ohio. **Margiotta** is a former member of the ALTA Liaison Committee with the National Association of Insurance Commissioners.

Industrial Valley Title Insurance Company announced the appointment of **Anthony J. Petronio** to senior vice president and chief financial officer, Philadelphia, Pennsylvania. Also in the Philadelphia office, **Elnora M. Hartman** has been named senior vice president and retains her position as vice president of Continental Title Insurance Company, a subsidiary of IVT. **Hartman** is a past president of the New Jersey Land Title Association.

Sharon D. Smith has been named marketing director for United General Title Insurance Company, Baton Rouge, Louisiana. The company recently has been licensed to operate in Florida and now is in business in that state, along with Louisiana and Tennessee.

Anthony D. Payne has been named vice

Pitts

Prince

Sanders

Riha

Grant

Noble

Blazek

Wilcox-Sorich

Margiotta

Petronio

Hartman

Pebbles

president and division manager of Fidelity National Title Insurance Company's Lender Insurance Network, Los Angeles County and **Bill Hughes** has been appointed vice president and manager of Fidelity's Riverside County, California, operation.

In the Tucson, Arizona, office, **Pat Baldwin, Cynthia Evans, Sallie Jane Jansen** and **Ronald Migliacci** have been promoted to vice president and **Patricia A. Heilemann** has been promoted to assistant vice president. **Baldwin** is immediate past president of the American Escrow Association. Also with Fidelity in Tucson, Arizona, **Kathryn L. Wettering** has been promoted to account servicing officer and **Mary P. Lancaster** has been named escrow officer.

The following individuals have been promoted in Fidelity's California offices: **Ronald W. Hartt**, chief advisory title officer, Riverside; **Donald E. Ector**, senior title officer, Highland; **Pat Krikac**, branch manager and escrow officer, Santa Rosa; **Tom Anderson**, title officer, Santa Ana; **Gene Snook**, northern district sales manager–Los Angeles County, Tarzana; **Beth Jones**, escrow officer, Daly City; **Angie Espinosa Morris**, escrow officer, San Mateo; **Carrie Stephens**, escrow officer, Walnut Creek; **Rosemary Rodriguez**, escrow technician, San Mateo; **Nancy Codding**, escrow assistant, Santa Rosa; and **Vicki Dawson** and **Tracy Sylvia**, title sales representative and sales service representative, respectively, Riverside.

Barry W. Crelin has been appointed assistant state counsel of Lawyers Title Insurance Corporation, Paterson, New Jersey. **Crelin** is a past president of the New Jersey Land Title Association. Lawyers Title also announced the following appointments: **Darryl E. Pebbles**, assistant state counsel, Indianapolis, Indiana; **Jeffrey D. Tarkington**, branch counsel, Norfolk, Virginia; **Frank T. McCormick**, branch manager, Richmond, Virginia; **Gregory O. Drummond**, central Reading branch manager, Summit, New Jersey; **Philip S. Noce**, branch manager, Bloomfield, New Jersey; **Jeffrey M. Nolen**, manager, Paterson, New Jersey.

The following appointments have been made in the Richmond, Virginia, office of Lawyers Title; **Philip M. Webb**, Virginia state manager; **Steven R. Schefstad**, associate counsel; **W. Riker Purcell**, associate counsel-claims; **Julie L. Witcher**, corporate attorney and **Janice D. Walton**, reinsurance administrator.

R. K. Smith, Jr. has been named president of DataTrace Information Services Company, Inc., a subsidiary of Lawyers Title, with offices in Richmond, Virginia.

Eugene R. McCullough has been appointed executive vice president of Southern Title Insurance Company in Nashville, Tennessee. Southern Title is a subsidiary of Fidelity National Title Insurance Company.

First American Title Insurance Company of New York has announced the promotion of **Andrew S. Knee** to senior vice president and branch manager, Riverhead, New York.

American Realty Title Assurance Company, Columbus, Ohio, has appointed **Charles F. Barber** as Florida state title counsel and **Lawrence S. Press** as assistant vice president–staff counsel.

Title Insurance Company of Minnesota announced the appointment of **Alphonse M. Grasso** to assistant vice president and New England area manager, Stamford, Connecticut.

Subsequent to the merger of SAFECO Title Insurance Company of New York and SAFECO Title Insurance Company of Maryland, **Albert R. Riggs**, former ALTA governor, was named president of the concern with offices in Baltimore, Maryland, and **Peter E. Becker** was named senior vice president with offices in New York City.

Bill Cole has been appointed vice president and Santa Barbara County manager of SAFECO Title Insurance Company, Los Angeles, California.

Underwriters Change Name to Title USA

The name of USLIFE Title Insurance Company of New York has been changed to Title USA Insurance Corporation of New York, according to Samuel J. Giuliano, who remains as president and chief executive officer of the organization.

Also, the name of USLIFE Title Insurance Company of Dallas has been changed to Title USA Insurance Corporation, according to Robert D. Dorociak, who continues as president and chief executive officer of that organization.

Title USA Insurance New York headquarters are at 120 Broadway, New York City (telephone 212-732-9760). Title USA Insurance remains at 1301 Main Street, Dallas, Texas (telephone 214-651-1200). Neither concern is associated any longer with USLIFE Corporation.


Tarkington


McCormick


Noce


Webb


Schefstad


Purcell


Witcher


Walton


Smith


Knee

HICK—continued from page 51

project shall not nullify the contiguity of such development project.

Exclusions to the contract include: infidelity and fraud of employees, attorneys or agents or other representatives of the reinsured; any loss regarding the custody or disbursement of funds; liens filed against the property prior to the date of the issuance of the original title policy; and claims arising in tideland areas and Indian nations. The treaty can be extended to include extra-contractual obligations or legally obligated payment because of the company's alleged negligence or bad faith in rejecting a settlement. It also extends to include 80 per cent of any punitive or compensatory damages.

Turning to capacity—there is in fact about $15 million to $20 million capacity in this class of reinsurance, although this may reduce before it improves. A typical catastrophe excess protection would be structured in layers and placed for example, $4 million in excess of $1 million in the first layer, $5 million in excess of $5 million in the second layer, then $10 million in excess of $10 million in the third, although it is possible to go down to about $500,000 or $250,000 for the smaller title company.

As to current pricing, each title company is different so it is hard to legislate on this matter, but rates probably vary between 10 and 75 per cent of net written premium.

Reinsurance, of course, provides not only protection to the reinsured, but it also provides capacity for the risk. The program is continuous. Reinsurance provides protection and capacity for example to a subdivision development where one occurrence could produce multiple claims.

We discuss this reinsurance at a time when availability is highly limited, but this situation will not last. Recently, I was talking to people involved in London and they expect that capacity would considerably improve upon the signing of new names and new reinsurance agreements from January 1, 1986.

Those people in Lloyds of London who write this business like it. Increasing number of visits by you to meet underwriters in London can only add to their knowledge of the subject. Wordings will improve considerably. Cover will widen. And capacity will increase. The fact is, this is pioneer stuff, but compared with two years ago, we have caught a glimpse of that green valley between the range of mountains, which is satisfying to those of us who have traveled far to reach this stage.

Open Discussion

MR. BOWLING: The coverage that Michael mentioned, although he talked about one occurrence, is not limited to a particular site, and the question is, "Can we on a particular site, say for $600 million, can one get some reinsurance from Lloyds applicable to just that one risk?" Michael?

MR. HICK: What you are talking about, of course, is a facultative market. What I referred to, of course, in my address here was the treaty market. And traditionally in the property casualty reinsurance and retrocession market, a facultative market develops from a treaty market. If we were to take a specific risk into Lloyds now to address a facultative capacity problem, then the market we would inevitably go to would be the treaty market that already understands the business. I think our chances of success in this are less than 50/50, but I see no reason why that shouldn't be the next step and I think it is a very interesting development to do that. Now, one of the problems we are going to have to face with this is pricing. Traditionally, the purchase of capacity in the property casualty reinsurance business has been much higher priced than, I know I am probably off limits on this subject, but it is a good deal higher priced on average for the purchase of capacity in the conventional reinsurance market than what you have been used to. And you may have to find yourselves paying a good deal more money for that. Naturally, a Lloyds underwriter who has X millions of dollars of capacity available to him, would rather sell it at a price that he can make money on.

MR. BEASLEY: Well, Michael, if I might ask you a question, you and I have discussed over the years on many occasions one of the major stumbling blocks for Lloyds. As I recall Lloyds facultative agreements or treaty agreements are written for one, two or, at the very outside, three years. This does not give the same type of coverage that we are used to giving with title insurance, which is more of a continuing or perpetual policy.

MR. HICK: The cover that would be provided, Oscar, would be the same cover that is provided, which is eternal cover for want of a better expression, as provided under the treaty arrangements so I see that that wouldn't be a problem.

MR. BEASLEY: It is not one that goes forever, is what you are saying? Or are you saying now that there is . . .

MR. HICK: I would say that the policies that would be provided under the facultative arrangements would be the same term as are currently provided under the treaty arrangements.

MR. BEASLEY: Which is a short term?

MR. HICK: Yes.

Connecticut Association Formed; Bannon Elected

Robert G. Bannon

Robert G. Bannon, a past president of the New England Land Title Association and a member of the Connecticut Bar Association Real Property Section, has been elected president and director of the newly-formed Connecticut Title Association. He is vice president, state manager and counsel for First American Title Insurance Company with offices in Hartford, Connecticut.

CTA membership consists of title insurers doing business in the state. The purpose of the organization is to work with bar and other trade associations toward improvement of real property law and practices, and to promote education of its members and the public regarding advantages and uses of title insurance.

Other CTA officers and directors are Thomas M. Ferraro, Chicago Title Insurance Company, vice president; Steven H. Winkler, Lawyers Title Insurance Corporation, secretary; Joseph King, American Title Insurance Company, treasurer; and Roger Surprenant, Security Title and Guaranty Company, director.

Gurdon H. Buck of the law firm of Robinson & Cole has been appointed general counsel of CTA.

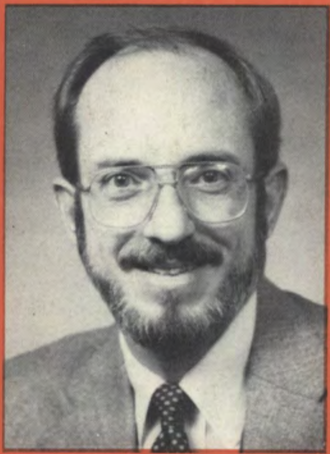
Arizona Title Members Elect Newlon President

Robert H. Newlon, president, Pioneer Title of Cochise County, Sierra Vista, was elected president of the Land Title Association of Arizona during the organization's annual convention held in Scottsdale.

Other new officers are Virginia Carter, First American Title Insurance Company, Casa Grande, vice president, and Robert C. Weiss, Chicago Title Agency of Arizona, Phoenix, secretary-treasurer.

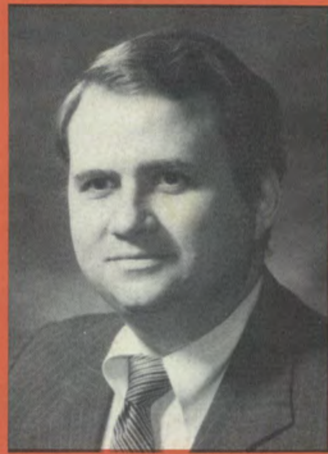
In addition to the aforementioned officers, Russell Riggs, USLIFE Title Company of Arizona, Phoenix, and Immediate Past President Terrence Mitchell, Stewart Title and Trust, Tucson, were named to the association executive committee.

Four Outstanding Professionals To Lead Workshop

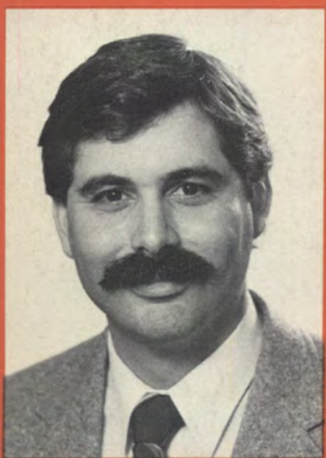


Frank Cronin

Lee Gardenswartz



Edward Cheramy



Michael DeGiorgi

These four outstanding professionals will lead concurrent sessions on different subjects during the 1986 ALTA Mid-Year Convention Title Management Workshop, a participatory event developed in conjunction with the Association Education Committee that will be held on Thursday, March 6, at the Washington (D.C.) Hilton. Session topics include avoiding legal pitfalls in human resources management, stress management, business planning and budgeting, and enhancement of employee performance. Registration deadline is Monday, February 10. For details, please see the article beginning on page 9 of this issue.

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