



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

REPORT ON EXAMINATION
OF
THE TITLE GUARANTY AND TRUST COMPANY OF
CHATTANOOGA
CHATTANOOGA, TENNESSEE

AS OF
DECEMBER 31, 2021

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Chattanooga, Tennessee
February 27, 2023

Honorable Carter Lawrence
Commissioner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, Tennessee 37243

Dear Commissioner:

In accordance with your instructions and pursuant to Tennessee Code Annotated (“Tenn. Code Ann.”) § 56-22-115, a full-scope financial examination and market conduct review, as of December 31, 2021, has been made of the condition and affairs of:

THE TITLE GUARANTY AND TRUST COMPANY OF CHATTANOOGA
NAIC # 50261
617 Walnut Street
Chattanooga, Tennessee 37402

hereinafter referred to as the “Company” and a report thereon is submitted as follows:

INTRODUCTION

This examination was arranged by the Tennessee Department of Commerce and Insurance (TDCI or “Department”). The examination was conducted by duly authorized representatives of the Department.

SCOPE OF EXAMINATION

The last examination of the Company was made as of December 31, 2016. This examination covers the period from January 1, 2017, through December 31, 2021, and includes any material transactions and/or events occurring subsequent to the examination date and noted during the course of the examination.

The examination was conducted in accordance with rules and procedures as prescribed by the statutes of the State of Tennessee, and in accordance with practices and procedures promulgated by the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook* (“Handbook”), as deemed appropriate. The examination was planned and performed to evaluate the financial condition of the

Company as of December 31, 2021. The examination sought to identify prospective risks by obtaining information about the Company, including its corporate governance, by identifying and assessing inherent risks within the Company, and by evaluating system controls and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with statutory accounting principles and annual statement instructions.

During planning, all accounts and balances were considered to determine which key activities and accounts would be examined. The key activities included: Investments; Title Insurers (Special Considerations); Related Party; and Capital and Surplus.

The Company's 2021 Annual Statement was compared with or reconciled to the corresponding general ledger account balances.

An examination of the Company's information technology general controls (ITGC) was conducted.

A separate market conduct review was also performed concurrently with the financial examination. See "Market Conduct Activities" section of this report.

The Company asked for and received an exemption from the TDCI each year during the examination period from filing an audited financial statement based upon the size of its premiums and reserves. Therefore, no audit was performed. The Company uses a certified public accountant (CPA) to perform a compilation report each year. Workpapers from the CPA's compilation services were reviewed for 2021 and copies were incorporated into the examination, as deemed appropriate.

The Company provided a letter of representation certifying that management has disclosed all significant matters and records.

COMPLIANCE WITH PREVIOUS EXAMINATION FINDINGS

The examination included a review to determine the current status of the comments and recommendations noted in the previous report on examination, as of December 31, 2016. A summary of the Commissioner's directives and the corrective actions taken by the Company are discussed below:

Comments

1. It was advised that the Company provide proper dividend notice as required by Tenn. Code Ann. § 56-11-105(e).

Corrective Action

The Company complied with this comment by providing proper dividend notice as required by Tenn. Code Ann. § 56-11-105(e).

2. The Company stated it could not locate their Bylaws. The Company should either locate its Bylaws or create new Adopted and Restated Bylaws.

Corrective Action

The Company complied with this comment by restating and adopting new Bylaws.

3. It was noted that as a "best practice" and to evidence compliance with Tenn. Code Ann. § 56-3-103, the Company should implement a Conflict of Interest Policy and require annual disclosures of conflicts or potential conflicts of interest.

Corrective Action

The Company has started requiring annual disclosures of conflicts or potential conflicts of interest.

4. It was advised that the Company comply with Statement of Statutory Accounting Principles (SSAP) 40R by obtaining an appraisal of its real estate held for the production of income every five (5) years, or non-admit the asset.

Corrective Action

The Company complied with this comment by obtaining an appraisal of its real estate held for the production of income during the examination period.

Recommendations

1. It was recommended that the Company comply with the NAIC Annual Statement Instructions by answering the general interrogatory questions correctly and file its Bylaws with the TDCI when amended, as required by Tenn. Code Ann. § 56-1-501.

Corrective Action

The Company has not complied with this recommendation regarding the answering of the general interrogatory questions. The Company filed its Bylaws with the TDCI after they were restated. See “Accounts and Records” and the “Comments and Recommendations” sections of this report.

2. It was recommended that the Company come into compliance with Tenn. Code Ann. § 56-3-408 by having its Board of Directors (“Board”) approve all investment transactions.

Corrective Action

The Company has not complied with this recommendation, as the Board did not approve investment decisions every year of the examination period. See the “Corporate Records” and “Comments and Recommendations” sections of this report.

3. It was recommended that when holding securities with a custodian, the Company maintain its investments under an agreement that complies with Tenn. Comp. R. & Regs. 0780-01-46.

Corrective Action

The Company has complied with this recommendation. The Company did not hold any securities with a custodian as of the examination date.

COMPANY HISTORY

The Company is a stock for-profit title insurance company licensed to transact business in the State of Tennessee. The Company was incorporated under Tenn. Code Ann. § 56-35-105 on June 16, 1891, and commenced business on the same day.

MANAGEMENT AND CONTROL

MANAGEMENT

Directors

Management of the Company is vested in a Board, elected at the annual shareholders meeting. In accordance with the Bylaws, the Board shall not be less than three (3) members nor more than seven (7) members. Each director holds office until the next annual meeting of shareholders and until his successor is elected and qualified or until his/her earlier resignation or removal.

The following persons were duly elected and serving as directors on the Company's Board, as of December 31, 2021:

<u>Director</u>	<u>Principal Occupation</u>
Brian F. Kopet	President and Treasurer
Arthur Poynton	Title Insurance Executive
William E. Snodgrass III	Retired Teacher
Elizabeth Hon Folsom	CPA
John Douglas Snodgrass	Retired Business Executive
Jenny Hon Bacon	School Administrator at a Church

Officers

The Bylaws of the Company state that at the first meeting of the Board following the annual meeting of shareholders, the directors shall elect a President, a Secretary, and such other officers as the Board may determine, including a Treasurer. Each officer shall serve until his successor is elected and qualified, or until his earlier resignation or removal. Any number of offices may be held by the same person.

The following individuals were duly elected by the Board and were serving as officers of the Company, as of December 31, 2021:

<u>Name</u>	<u>Title</u>
Brian F. Kopet	President and Treasurer
Alex Hon Huffaker	Secretary

Day-to-day operations are managed by the President.

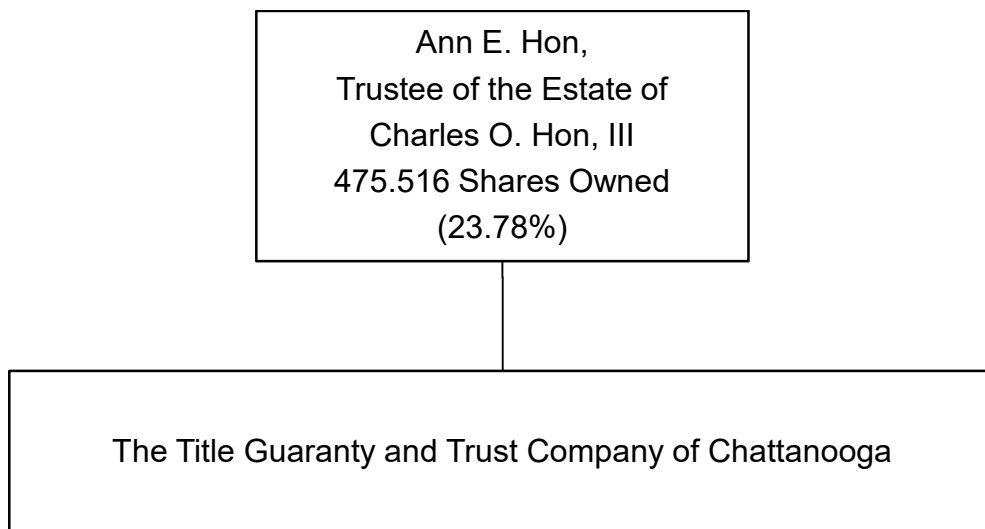
CONTROL

As of December 31, 2021, the Company had authorized, issued, and outstanding, two thousand (2,000) shares of common capital stock, with a par value of \$100 per share, for a capital paid up of \$200,000.

Due to individuals owning more than ten percent (10%) of the outstanding shares of the Company's common stock, the Company meets the definition of an insurance holding company system as defined by Tenn. Code Ann. §§ 56-11-101, *et seq.* [Insurance Holding Company System Act of 1986]. Charles O. Hon, III, held thirty-five and eighty-eight hundredths percent (35.88%) of the Company's stock prior to his death on September 28, 2017. Ann E. Hon is the Trustee of the Estate of Charles O. Hon, III, which owns twenty-three and seventy-eight hundredths percent (23.78%) of the shares of the Company's stock. In addition, Mary Kathleen Hon owns ten and twenty-eight hundredths percent (10.28%) of the shares. The Company did not file annual holding company registration statements, as required by Tenn. Code Ann. § 56-11-105, during the examination period. However, it is noted that the Company has been actively working with the Department to address this matter and come into compliance. See "Comments and Recommendations" section of this report.

The following organizational chart shows the ownership of the Company:

Organizational Chart



DIVIDENDS

During the period of examination, the Company routinely declared and paid ordinary dividends to its shareholders. There were no extraordinary dividends paid during the examination period.

The following table lists each dividend amount and the date the Company notified the TDCI of the dividend:

<u>Year</u>	<u>Notification Date</u>	<u>Dividend Amount</u>
2021	06/23/2021	\$500,000
2020	09/10/2020	500,000
2019	03/13/2019	390,000
2018	06/01/2018	50,000
2017	07/31/2017	40,000
Total Paid		<u>\$1,480,000</u>

CORPORATE RECORDS

Minutes of meetings of the Company’s shareholders and Board held during the period under examination were requested for review. However, the Company was unable to provide the Company’s 2021 Shareholder meeting minutes or the 2022 Board and Shareholder meeting minutes. This is not in compliance with Tenn. Code Ann. § 56-35-130, which requires that the Company keep books of accounts and records pertaining to the business of title insurance in such a manner that the Commissioner or the Commissioner’s authorized representative may readily ascertain whether the Company has complied with any and all applicable laws and regulations. See “Comments and Recommendation” section later in this report.

The review of the minutes provided indicates that the Board did not approve investment decisions every year, which is in violation of Tenn. Code Ann. § 56-3-408(b)(1). See “Comments and Recommendation” section later in this report.

Charter

The original Charter of the Company was filed with the Tennessee Secretary of State on August 27, 1890. No amendments or restatements were made to the Company’s Charter during the period of examination.

Bylaws

The Bylaws were reviewed and found to contain key provisions noted within insurance companies. During the examination period, the Company restated its Bylaws, due to being unable to find its Bylaws during the last examination period.

AGREEMENTS WITH PARENT AND AFFILIATES

As discussed previously in the “Control” section of this report, the holding company consists only of the Company and the Trust. The Company does not have any administrative agreements with related parties or affiliates.

TERRITORY AND PLAN OF OPERATION

TERRITORY

The Company is a stock for-profit title insurance company domiciled in Tennessee. The Company is only licensed to write business in the State of Tennessee. The Company has no plans to expand to any other states. The Certificate of Authority from the TDCI was reviewed and found to be in force on December 31, 2021.

PLAN OF OPERATION

The Company writes only title insurance. During the period of examination, the Company did not write any new business. This is due to a shift from writing the title business itself, to now exclusively acting as an agent for the production of title business for three (3) other title insurers. This change in operations has had a positive effect on the Company’s financial results.

The insurers for which the Company produces business are:

Old Republic National Title Insurance Company
First American Title Insurance Company
Stewart Title Guaranty Company

The Company also collects fees from Investors Title Insurance Company by performing title searches.

GROWTH OF COMPANY

The following exhibit depicts certain aspects of the growth and financial history of the Company for the period subject to this examination, according to its annual statements filed with the TDCI:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital and Surplus</u>	<u>Net Income</u>
2021	\$8,621,599	\$1,620,378	\$7,001,221	\$1,528,130
2020	\$7,287,572	\$1,296,487	\$5,991,085	\$1,536,363
2019	\$5,405,918	\$934,258	\$4,471,660	\$1,017,200
2018	\$5,283,798	\$962,680	\$4,321,118	\$1,065,490
2017	\$4,151,217	\$855,533	\$3,295,684	\$435,337

LOSS EXPERIENCE

The following comparative data reflects the loss experience of the Company for the period under review, as reported by the Company in its annual statements filed with the TDCI:

<u>Year</u>	<u>Premiums Earned</u>	<u>Losses & LAE</u>	<u>Loss Ratio</u>
2021	\$11,508	\$0	0.00%
2020	\$12,282	\$0	0.00%
2019	\$13,212	\$0	0.00%
2018	\$14,701	\$9,842	66.95%
2017	\$17,351	\$11,285	65.04%

REINSURANCE

The Company does not have any reinsurance agreements.

LITIGATION AND CONTINGENT LIABILITIES

As of December 31, 2021, the Company was not party to any pending legal proceeding arising in the ordinary course of business.

During the period of examination and as of December 31, 2021, the Company had not entered into any contingent commitments and guarantees.

STATUTORY DEPOSITS

In compliance with statutory and other requirements, the Company maintained deposits with the TDCI, as of December 31, 2021.

The deposits were verified by direct correspondence with the custodians of such deposits.

ACCOUNTS AND RECORDS

During the examination, certain balances were tested, and amounts were traced from the Company's trial balance to the annual statement.

All of the Company's investment securities were confirmed with the custodian of such securities as of the date of this examination.

All annual statements for the period under examination were reviewed for completeness and adequacy of disclosure.

During the review of the Company's 2021 Annual Statement, it was noted that the Company was not in compliance with the NAIC *Annual Statement Instructions* ("Instructions") for several items. The Company's reporting of the statutory premium reserve; investments on Schedule D – Part 1; Schedule E – Part 3; the reporting of escrow funds on page 27, line 9.2; and the answering of general interrogatory questions incorrectly were not in accordance with the Instructions and Tenn. Code Ann. § 56-1-501. See "Comments and Recommendation" section later in this report.

Pursuant to Tenn. Comp. R. & Regs. 0780-01-65-.16, the Company requested from the TDCI, and was approved, to be exempt from filing financial reports audited by a CPA for each year during the period of examination.

Pursuant to Tenn. Comp. R. & Regs. 0780-.01-65-.16, the Company requested from the TDCI, and was approved, to be exempt from filing an actuarial opinion by a qualified actuary for each year during the period of examination.

In accordance with Tenn. Code Ann. § 56-46-102(8), the Company was exempted from filing a Risk-Based Capital Report.

The Company's books and records are located in Chattanooga, Tennessee.

MARKET CONDUCT ACTIVITIES

In conjunction with this examination, a market conduct review was made of the Company, as of December 31, 2021. The following items were addressed:

Operations and Management Standards

Company anti-fraud initiatives were examined to determine if they are reasonably designed to prevent, detect, or mitigate fraudulent insurance acts. Company procedures and policies relating to privacy were reviewed to determine compliance with Tenn. Code Ann. § 56-8-104(19). No issues were noted.

Additionally, Company procedures and policies relating to privacy were reviewed to determine compliance with Tenn. Code Ann § 56-8-104(19). No issues were noted.

Underwriting and Rating Standards

In the examination of the Company's underwriting procedures and policy administration, policy files for open and closed policies were reviewed in accordance with established Company guidelines. During the examination of these contracts, there were no instances of unfair methods of competition, or unfair or deceptive acts found. Underwriting procedures and policy administration conducted by the Company appear to be in compliance with established Company guidelines.

The examiners reviewed a sample of the policy forms that were used by the Company during the period of examination. All forms and rates were noted, without exception, as having been filed with the TDCI prior to their use, in accordance with Tenn. Code Ann. § 56-35-111. The filings are consistent in form and included appropriate documents.

Marketing and Sales Standards

The Company does not distribute any advertising material. Instead, the Company's reputation and products are communicated to potential members by the Board and the Company's agents via word of mouth.

Policyholder Services Standards

The Company's timeliness of response to policyholder requests, provision of adequate disclosures, and compliance with applicable statutes and rules were examined. The Company was found to be in compliance with the relevant market conduct standards.

Complaint Handling Standards

The Company maintains a complaint register, as required by various state Unfair Trade Practices Acts, and the register and the accompanying files are maintained for a minimum of five (5) years in accordance with statutory requirements. The Company's complaint procedures and complaint register were examined in accordance with requirements of Tenn. Code Ann. § 56-8-104(11) and the NAIC *Market Regulation Handbook*, and were found to be in full compliance.

SUBSEQUENT EVENTS

During the examination, a review of subsequent events was performed. No events were noted that required additional disclosure in this examination report. Management stated in the Letter of Representation that they were not aware of any events subsequent to December 31, 2021, that could have a material effect on the Company's financial condition.

FINANCIAL STATEMENTS

There follows a statement of assets, liabilities, and an operations and investment exhibit, as of December 31, 2021, together with a reconciliation of capital and surplus for the period under review, as reported by the Company in its 2021 Annual Statement:

	<u>ASSETS</u>		
	<u>Assets</u>	<u>Non-Admitted Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$117,511		\$117,511
Mortgage loans on real estate	129,518	\$40,268	89,250
Real estate:			
Properties occupied by company	584,723		584,723
Properties held for sale	5,000		5,000
Cash and short-term investments	7,766,342		7,766,342
Investment income due or accrued	644		644
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	28,598	13,696	14,902
Electronic data processing equipment	43,227		43,227
Furniture and equipment	29,063	29,063	0
Aggregate write-ins for other assets	<u>74,055</u>	<u>74,055</u>	<u>0</u>
Total Admitted Assets	<u>\$8,778,681</u>	<u>\$157,082</u>	<u>\$8,621,599</u>

LIABILITIES, SURPLUS, AND OTHER FUNDS

Statutory premium reserve		\$99,668
Aggregate of other reserves required by law		100,000
Commissions, brokerage, and other charges due or accrued to attorneys, agents, and real estate brokers		24,909
Other expenses		626,126
Current federal and foreign income taxes		199,258
Net deferred tax liability		17,604
Aggregate write-ins for other liabilities		<u>552,813</u>
 Total Liabilities		 1,620,378
 Common capital stock	\$200,000	
Gross paid in and contributed surplus	17,733	
Unassigned funds (surplus)	<u>6,783,488</u>	
 Surplus as regards policyholders		 <u>7,001,221</u>
 Totals		 <u>\$8,621,599</u>

OPERATIONS AND INVESTMENT EXHIBIT

OPERATING INCOME

Title insurance and related income:	
Title insurance premiums earned	\$11,508
Other title fees and service charges	<u>6,407,432</u>
Total Operating Income	<u>6,418,940</u>

EXPENSES

Operating expenses incurred	<u>4,501,534</u>
Total Operating expenses	<u>4,501,534</u>
Net operating gain (loss)	<u>1,917,406</u>

INVESTMENT INCOME

Net investment income earned	<u>21,062</u>
Net investment gain (loss)	<u>21,062</u>

OTHER INCOME

Net income, after capital gains tax and before all other federal income taxes	1,938,468
Federal and foreign income taxes incurred	<u>410,338</u>

Net Income	<u>\$1,528,130</u>
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CAPITAL AND SURPLUS ACCOUNT

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Surplus as regards policyholders December 31, prior year	<u>\$5,991,085</u>	<u>\$4,471,660</u>	<u>\$4,321,118</u>	<u>\$3,295,684</u>	<u>\$2,787,324</u>
Net income or (loss)	1,528,130	1,536,363	1,017,200	1,065,490	435,337
Change in net unrealized capital gains or (losses) less capital gains tax of \$0	0	(6,764)	10,820	(2,837)	3,005
Change in net deferred income tax	5,706	(10,103)	(4,876)	(6,084)	6,372
Change in non-admitted assets	(23,700)	499,929	(482,602)	18,865	103,646
Dividends to stockholders	<u>(500,000)</u>	<u>(500,000)</u>	<u>(390,000)</u>	<u>(50,000)</u>	<u>(40,000)</u>
Change in surplus as regards policyholders for the year	<u>1,010,136</u>	<u>1,519,425</u>	<u>150,542</u>	<u>1,025,434</u>	<u>508,360</u>
Surplus as regards policyholders December 31, current year	<u>\$7,001,221</u>	<u>\$5,991,085</u>	<u>\$4,471,660</u>	<u>\$4,321,118</u>	<u>\$3,295,684</u>

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

Total Surplus as Regards Policyholders

\$7,001,221

Total surplus as regards policyholders' surplus, as established by this examination, is the same as what was reported by the Company in its 2021 Annual Statement. There were no changes made to any asset or liability item as a result of the examination performed as of December 31, 2021.

COMMENTS AND RECOMMENDATIONS

Comments

There were no comments noted during the completion of this examination.

Recommendations

1. As noted in the "Control" section of this report, the Company did not file any holding company forms subsequent to the death in 2017 of the majority shareholder, Mr. Charles O. Hon, III. This is not in compliance with Tenn. Comp. R. & Regs. 0780-01-67.

It is recommended that the Company comply with Tenn. Comp. R. & Regs. 0780-01-67. It is noted that the Company is actively working with the Department to resolve this matter and come into compliance.

2. As noted in the "Corporate Records" section of this report, the Company was unable to provide its 2021 Shareholder meeting minutes or its 2022 Board and Shareholder meeting minutes. This is not in compliance with Tenn. Code Ann. § 56-35-130, which requires that the Company keep books of accounts and records pertaining to the business of title insurance in such a manner that the Commissioner or the Commissioner's authorized representative may readily ascertain whether the Company has complied with any and all applicable laws and regulations.

It is recommended that the Company comply with Tenn. Code Ann. § 56-35-130, by maintaining its accounts and records in such a manner that the Commissioner or the Commissioner's authorized representative may readily ascertain whether the Company has complied with any and all applicable laws and regulations.

3. As noted in the “Compliance with Previous Examination Findings” and the “Corporate Records” sections of this report, the Company’s Board did not approve investments at least yearly during the period under examination. This is in violation of Tenn. Code Ann. § 56-3-408.

It is recommended that the Company come into compliance with Tenn. Code Ann. § 56-3-408 by having its Board approve investments at least yearly.

4. As noted in the “Compliance with Previous Examination Findings” and the “Accounts and Records” sections of this report, during the review of the Company’s 2021 Annual Statement, it was noted that the Company was not in compliance with the NAIC Instructions for several items. The Company’s reporting of the statutory premium reserve; investments on Schedule D – Part 1; Schedule E – Part 3; the reporting of escrow funds on page 27, line 9.2; and the answering of general interrogatory questions incorrectly were not in accordance with the Instructions and Tenn. Code Ann. § 56-1-501.

It is recommended that the Company come into compliance with Tenn. Code Ann. § 56-1-501 by complying with the NAIC Instructions.

CONCLUSION

Rules and procedures as prescribed by the statutes of the State of Tennessee and guidance from the NAIC Handbook, as deemed appropriate, have been followed in connection with the verification and valuation of assets and the determination of liabilities of The Title Guaranty and Trust Company of Chattanooga.

In such manner, it was found that as of December 31, 2021, the Company had admitted assets of \$8,621,599, and liabilities, exclusive of policyholders' surplus, of \$1,620,378. Thus, there existed for the additional protection of the policyholders, the amount of \$7,001,221 in the form of policyholders' surplus. Tenn. Code Ann. § 56-35-112(a) requires an insurer of this Company's type to have a paid-up capital stock of not less than one hundred thousand dollars (\$100,000) and deposit with the Commissioner the sum of one hundred thousand dollars (\$100,000) in cash or securities, out of capital or surplus. For this examination, as of December 31, 2021, the Company maintains paid-up capital stock and a deposit of securities sufficient to satisfy both requirements.

In addition to the above, Tenn. Code Ann. § 56-35-112(a) also requires the corporation to establish and maintain a surplus account to the extent that the capital stock and surplus account is in the aggregate amount of not less than five hundred thousand dollars (\$500,000); provided, that the surplus shall not be required of those corporations chartered by the secretary of state on or before January 1, 1980. However, as the Company was chartered by the Secretary of State before January 1, 1980, this is not a requirement for the Company.

The courteous cooperation of the officers and employees of the Company, extended during the course of the examination, is hereby acknowledged.

In addition to the undersigned, James Pearce, Insurance Examiner, and Jay Uselton, Supervising Examiner, from the State of Tennessee, participated in the work of this examination.

Respectfully submitted,



Dustin Rice
Examiner-in-Charge
Tennessee Department of Commerce and Insurance

AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached examination report of The Title Guaranty and Trust Company of Chattanooga located in Chattanooga, Tennessee, dated February 27, 2023, and made as of December 31, 2021, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says he is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of his knowledge, information, and belief.

Dustin Rice

Dustin Rice
Examiner-in-Charge
State of Tennessee

State of Tennessee

County of Davidson

Subscribed to and sworn before me

this 1st day of June, 2023

Mandy Johnson

(NOTARY)

My Commission Expires: 7-7-2025



EXHIBIT B

THE TITLE GUARANTY & TRUST COMPANY OF CHATTANOOGA

617 WALNUT STREET
CHATTANOOGA, TN 37402
Phone (423) 266-5751 Fax (423) 266-3525

June 5, 2023

E. Joy Little
Director of Financial Examinations/Chief Examiner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, TN 37243-1135


RE: Report of Examination – The Title Guaranty and Trust Company of Chattanooga

Dear Ms. Little:

We hereby acknowledge receipt of the final Report of Examination for The Title Guaranty and Trust Company of Chattanooga, made as of December 31, 2021.

By signing below, we indicate acceptance of the report, as transmitted, and without rebuttal with the understanding that the forthcoming Order regarding the issue of the Company's status as an insurance company holding system will be reflective of the agreement reached in kind and serve and a full and final resolution of all issues relative to T.C. A. § 56-11-101 et seq.

Sincerely,


Brian F. Kopet