

**BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF  
THE REPORT OF EXAMINATION OF  
AVIATION TITLE  
INSURANCE COMPANY**

**AID NO. 2007- 065**

**ADOPTION ORDER**

Now on this day the matter of the Report of Examination as of December 31, 2006, of Aviation Title Insurance Company ("Company"), of Little Rock, Arkansas, NAIC #50031, is taken under consideration by Julie Benafield Bowman, Insurance Commissioner for the State of Arkansas ("Commissioner"), and as presented by Associate Counsel Nina Samuel Carter and the Finance Division of the Arkansas Insurance Department ("Department"). From the facts, matters, and law before her, the Commissioner finds as follows:

**FINDINGS OF FACT**

1. That the Commissioner has jurisdiction over the Company and the subject matter involved herein.
2. That the Company is an Arkansas-domiciled title insurer authorized to transact Title insurance in the State of Arkansas.
3. That pursuant to Ark. Code Ann. § 23-61-201, et seq., the Commissioner authorized and directed the Department to conduct a regular examination of the affairs, transactions, accounts, records and assets of the Company as of December 31, 2006.

4. That said examination was commenced by the Department on March 19, 2007, and completed on July 2, 2007.

5. That the verified Report of Examination was filed with the Department on August 30, 2007; it was then forwarded to the Company via certified mail on August 30, 2007. The Report was received by the Company on September 7, 2007, according to the certified mail return receipt returned to the Department.

6. That the Report of Examination contains the following comments and discrepancies concerning the Company's operations:

That the Company's exposure to large losses is limited by its excess of loss of reinsurance treaty, however, the reinsurer is exposed to potential large losses. In the event that the reinsurer does not have the reserves and surplus to absorb a potential large loss, the liability would revert to the Company. Therefore, there is a significant element of credit risk to the Company and its policyholders in the event that the reinsurer is unable to meet its obligations. In the absence of this reinsurance protection, a single large claim could exhaust all of the Company assets. The Company should consider further reinsurance protection.

7. The Company responded to the Report on September 28, 2007, and made a rebuttal to the Examiner's comments on the draft Report of Examination that the Company had not filed a registration statement, which is a violation of Ark. Code Ann. § 23-63-514(a)(1). The Company further provided a copy of the Form B statements filed on May 4, 2006, and April 11, 2007. Based on the filed holding company registration statements, the Company made a request that any

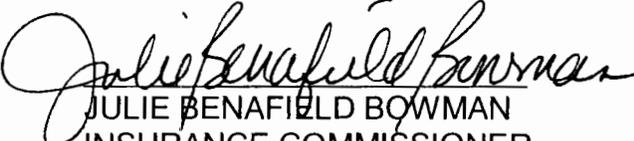
reference to a failure to file such reports be removed from the Report of Examination. The Report has been corrected to remove all references to a failure to file such reports.

THEREFORE, pursuant to the provisions of Ark. Code Ann. § 23-61-205, the Commissioner hereby orders:

1. That the Examination Report, as filed with the Department, is hereby adopted;
  2. That the Department shall forward a copy of this Order and the adopted Examination Report to the Company, by certified mail. The mailing to the Company shall include specimen affidavit forms for the Company's Directors to use in acknowledging they have received the adopted Report of Examination and this Order;
  3. That within twenty (20) days of receipt of this Order and the adopted Examination Report, the Company shall file with the Department affidavits executed by each one of its Directors, stating under oath or affirmation that each has received a copy of this Order and the adopted Examination Report, pursuant to Ark. Code Ann. § 23-61-205(b)(1), et seq. and other laws as applicable;
  4. That the adopted Examination Report shall be open for public inspection upon the expiration of thirty (30) days from the Company's receipt of this Order;
- and

5. That the Department, as a matter of course, reserves the right to consider administrative proceedings against Aviation Title Insurance Company at a later date, although none are contemplated at this time.

IT IS SO ORDERED this 19<sup>th</sup> day of October, 2007.

  
JULIE BENAFIELD BOWMAN  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS