REPORT OF EXAMINATION
OF THE

TRANSUNION TITLE
INSURANCE COMPANY

AS OF
DECEMBER 31, 2008

Filed October 22, 2009

TABLE OF CONTENTS

PAGE

SCOPE OF EXAMINATION 1

SUMMARY OF SIGNIFICANT FINDINGS 2

COMPANY HISTORY 2

MANAGEMENT AND CONTROL: 3
Management Agreements 5

CORPORATE RECORDS 6

TERRITORY AND PLAN OF OPERATION 6

LOSS EXPERIENCE 7

REINSURANCE 8

FINANCIAL STATEMENTS: 8
Statement of Financial Condition as of December 31, 2008 9
Underwriting and Investment Exhibit for the Year Ended December 31, 2008 10
Reconciliation of Surplus as Regards Policyholders
from December 31, 2005 through December 31, 2008 11

COMMENTS ON FINANCIAL STATEMENT ITEMS: 12
Known Claims Reserve 12

SUMMARY OF COMMENTS AND RECOMMENDATIONS: 12
Current Report of Examination 12
Previous Report of Examination 12

ACKNOWLEDGEMENT 16

Los Angeles, California
June 12, 2009

Honorable Steve Poizner
Insurance Commissioner
California Department of Insurance
Sacramento, California

Dear Commissioner:

Pursuant to your instructions, an examination was made of the

TRANSUNION TITLE INSURANCE COMPANY

(hereinafter also referred to as the Company) at the Company's statutory home office and main administrative office located at 16700 Valley View Avenue, Suite 275, La Mirada, California 90638. The primary location of the Company's books and records is at the office of the Company's affiliate, TransUnion National Title Insurance Company located at 7401 Carmel Executive Park Dr, Suite 105, Charlotte, NC 28226-8403.

SCOPE OF EXAMINATION

The previous examination of the Company was made as of December 31, 2005. This examination covers the period from January 1, 2006 through December 31, 2008. The examination included a review of the Company's practices and procedures, an examination of management records, tests and analyses of detailed transactions within the examination period, and an evaluation of the assets and a determination of liabilities as of December 31, 2008, as deemed necessary under the circumstances.

In addition to those items specifically commented upon in this report, other phases of the Company's operations were reviewed including the following areas that require no further comment: fidelity

bonds and other insurance; officers', employees' and agents' welfare and pension plans; growth of company; business in force by states; accounts and records; and sales and advertising.

SUMMARY OF SIGNIFICANT FINDINGS

In October 2008 the California Department of Insurance (CDI) received a Form A filing from TUTIC-CA Acquisition Corporation (TUTIC-CA), a California corporation, offering to acquire the Company. This offer has been and remains under review by the Financial Analysis and Legal Divisions of the CDI. The purchase agreement included a deadline of June 30, 2009 for TUTIC-CA to obtain CDI approval for the purchase. TUTIC-CA did not obtain CDI approval by the deadline.

COMPANY HISTORY

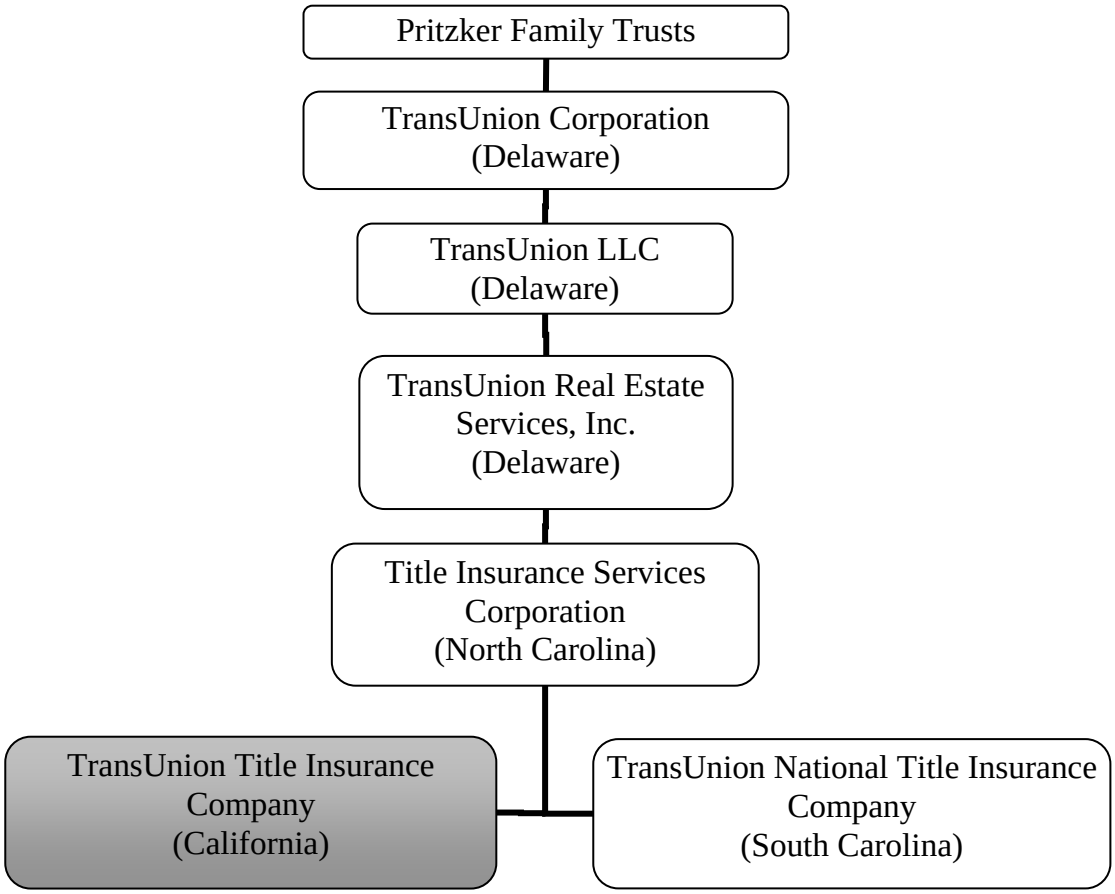
The Company was previously a wholly-owned subsidiary of Diversified Holding Corporation (DHC), with the ultimate controlling shareholders consisting of various local banks and individuals. On July 15, 2005, 100% of the common stock of the Company was acquired by TransUnion Real Estate Services, Inc. (TURES), with the ultimate controlling entity being the Pritzker Family Trust. Pursuant to the Stock Purchase Agreement, Title Insurance Services Corporation, a wholly-owned subsidiary of TURES acquired all outstanding shares of the Company. In addition, the Company sold its wholly-owned subsidiary, Diversified Title & Escrow Services Company, to TransUnion Settlement Solutions, Inc., a wholly-owned subsidiary of TURES.

In November 2005, the Company changed its name from Diversified Title Insurance Company to TransUnion Title Insurance Company.

In 2006, Title Insurance Services Corporation, the Company's parent, made a capital contribution of $2.5 million in cash.

MANAGEMENT AND CONTROL

The Company is a member of an insurance holding company system and is wholly-owned by Title Insurance Services Corporation. The following abridged organizational chart depicts the Company's relationship within the holding company system:



(*) all ownership is 100%

Management of the Company is vested in a four-member board of directors elected annually. A listing of the members of the board and principal officers serving on December 31, 2008 follows:

Directors

Name and Residence	Principal Business Affiliation
John Walter Blenke Chicago, Illinois	Executive Vice President and General Counsel TransUnion LLC
David Mark Emery (*) Chicago, Illinois	Executive Vice President TransUnion LLC
Joseph Vincent McCabe La Mirada, California	President TransUnion Title Insurance Company
Siddharth N (Bobby) Mehta Chicago, Illinois	President and Chief Executive Officer TransUnion LLC

(*)Resigned January 16, 2009, replaced by S. Allen Hamood effective February 27, 2009.

Principal Officers

Name	Title
Joseph Vincent McCabe	President
Robert Martin Hinson	Secretary
John Randolph Wooldridge Jr.	Treasurer
David Mark Emery (*)	Executive Vice President
John Walter Blenke	Vice President

(*)S. Allen Hamood was appointed to replace David Mark Emery on February 27, 2009.

Management Agreements

Cost Allocation and Expense Agreement: In response to a recommendation in the prior examination report, the Company prepared a complete and comprehensive written agreement outlining the allocation of costs, along with the duties and responsibilities of all parties to the agreement. The agreement was submitted to the California Department of Insurance (CDI) for approval on April 30, 2008 pursuant to California Insurance Code (CIC) Section 1215.5(b)(4). Due to a pending Form A application seeking approval for the sale of the Company, and after consultation with the CDI, the Cost Allocation and Expense Agreement was subsequently withdrawn on January 29, 2009. However, in connection with the Form A application filed in October 2008 the related purchase agreement required TUTIC-CA Acquisition Corporation (TUTIC-CA) to obtain approval from the CDI by June 30, 2009. TUTIC-CA did not obtain CDI approval by the deadline. Therefore, the purchase agreement is no longer valid, and it is recommended that the Company resubmit the Cost Allocation and Expense Agreement to the CDI for approval.

Since the purchase of the Company by Title Insurance Services Corporation, the Company's entire payroll and various direct expenses have been paid by TransUnion Corporation, its ultimate parent. These expenses would have been covered by the Cost Allocation and Expense Agreement that was submitted on April 30, 2008. The Company accrues these expenses as a payable to its ultimate parent. Since the purchase of the Company, the Company has accrued the following expenses:

Year	Accrued Expenses
2005	$ 842,765
2006	1,211,064
2007	924,320
2008	668,252
Total	**$3,646,401**

The Company and its ultimate parent have not settled the accrued expenses since the Company was purchased in 2005 and the balance continues to grow. The balance at December 31, 2008 of

$3,646,401 has no terms of repayment and bears no interest charge. This is the largest liability on the Company's balance sheet, and exceeds the Surplus as Regards to Policyholders. It is recommended that the Company settle this liability with the ultimate parent.

Tax Allocation Agreement: The Company is included in the consolidated federal income tax return of its ultimate parent, TransUnion Corporation. The tax arrangement was formalized through a written agreement entered into on February 24, 2006 for tax years commencing on or after the Company's acquisition date of July 15, 2005. Under the terms of the agreement, allocation of taxes is based upon separate return calculations, with compensation for net losses or credits. Settlement is made no later than 30 days after the filing of the consolidated federal tax return with current income tax payables settled monthly through the inter-company account. The agreement was approved by CDI on February 24, 2006.

CORPORATE RECORDS

California Insurance Code (CIC) Section 735 requires that the Company inform its board of directors of the receipt of the examination report. The board should be informed of the report both in the form first formally prepared by the examiners and in the form as finally settled and officially filed by the commissioner. The board must also enter that fact in the board minutes. A review of the board minutes disclosed that no mention was made of the prior report. It is recommended that the Company implement procedures to ensure future compliance with CIC Section 735.

TERRITORY AND PLAN OF OPERATION

Pursuant to an agency agreement, the title insurance business of the Company was produced by former subsidiary, TransUnion Title & Escrow Company of California (TTEC), an underwritten title company, which was appointed to act as the Company's agent in Los Angeles, San Diego, Orange, Riverside, San Bernardino, and Ventura counties. In July 2006, TTEC withdrew from the realtor based resale business in the six counties in which it was licensed and in August 2006 closed all of its

offices. In October 2006, TTEC's parent, TransUnion Settlement Solutions, Inc., entered into a Letter of Intent for the sale of TTEC which was submitted to the California Department of Insurance (CDI) in April 2007. The CDI approved the sale on January 14, 2008. TTEC was sold to Title Source but remains a policy-issuing agent for the Company. The Company is licensed to transact title insurance business only in the State of California. The Company is engaged in the business of issuing title insurance policies and performing other real estate related services in Southern California through independent agents. In 2008, the Company had direct written premiums of approximately $2,863,000.

LOSS EXPERIENCE

The Company reported operating and net losses in the last five years as follows as follows:

Year	Total Premiums Written	Net Operating Gain or (Loss)	Net Income or (Loss)
2004	$15,073,942	$ (201,079)	$ (155,639)
2005	$ 9,375,214	$ (376,045)	$ (444,263)
2006	$ 5,227,050	$ (223,696)	$ (302,004)
2007	$ 882,460	$ (78,552)	$ 299,380
2008	$ 2,863,201	$ (836,044)	$ (171,421)

As a result of interest rate and real estate market conditions, the Company's premium volume has declined significantly since 2004. This resulted in operating and net losses in 2004 and the first half of 2005. Subsequent to its acquisition in July 2005, the Company spun-off its subsidiary underwritten title company, TransUnion Title & Escrow Company of California (TTEC) to TransUnion Settlement Solutions, Inc, which resulted in a realized loss of approximately $3 million and is the major component of the net loss in 2005. The majority of the Company's business was derived from TTEC. This plus a general decline in the real estate market resulted in a drop in the Company's premiums of 44.2% from 2005 to 2006. In 2006, the Company relied solely on business generated from its affiliated title agent, TransUnion Title & Escrow Services. TransUnion Title & Escrow Services was sold in January 2008. Starting in 2007 the Company added various independent

agents to produce business. The continued general decline in the real estate market has resulted in a continued decline in 2007 and 2008 of the premiums written and the continued operating and net losses. To maintain its capital position the Company's parent, Title Insurance Services Corporation, made a capital contribution of $2.5 million in cash in 2006.

REINSURANCE

The Company does not assume or cede reinsurance.

FINANCIAL STATEMENTS

The financial statements prepared for this examination report include:

Statement of Financial Condition as of December 31, 2008

Underwriting and Investment Exhibit for the Year Ended December 31, 2008

Reconciliation of Surplus as Regards Policyholders
from December 31, 2005 through December 31, 2008

Statement of Financial Condition
as of December 31, 2008

Assets	Ledger and Nonledger Assets	Assets Not Admitted	Net Admitted Assets	Notes
Bonds	$ 7,779,826	$	$ 7,779,826	
Cash and short-term investments	2,932,566		2,932,566	
Title plants	696,040	593,078	102,962	
Investment income due and accrued	125,283		125,283	
Net deferred tax asset	287,156	201,292	85,864	
Furniture and equipment	1,885	1,885	0	
Aggregate write-ins for other than invested assets	4,792		4,792	
Total assets	$ 11,827,548	$ 796,255	$ 11,031,293	
Liabilities, Surplus and Other Funds				
Known claims reserve			$ 578,682	(1)
Statutory premium reserve			2,720,579	
Other expenses			480,099	
Taxes, licenses and fees			(1,697)	
Payable to parent, subsidiaries and affiliates			3,646,401	
Total liabilities			7,424,064	
Common capital stock		$ 1,000,000		
Gross paid-in and contributed surplus		10,025,495		
Unassigned funds (surplus)		(7,418,266)		
Surplus as regards policyholders			3,607,229	
Total liabilities, surplus and other funds			$ 11,031,293	

Underwriting and Investment Exhibit
for the Year Ended December 31, 2008

Statement of Income

Operating Income		
Title insurance premiums earned		$ 3,363,589
Other title fees and service charges		957
Total operating income		3,364,546
Deductions:		
Losses and loss adjustment expenses incurred	$ 819,466	
Operating expenses incurred	3,381,124	
Total operating deductions		4,200,590
Net operating loss		(836,044)
Investment Income		
Net investment income earned	$ 418,261	
Net realized capital gains	47,762	
Net investment gain		466,023
Net loss after capital gains tax and before federal income taxes		(370,021)
Federal income taxes incurred		(198,600)
Net loss		$ (171,421)

Capital and Surplus Account

Surplus as regards policyholders, December 31, 2007		$ 3,880,842
Net loss	$ (171,421)	
Change in net deferred income taxes	(80,852)	
Change in nonadmitted assets	63,899	
Aggregate write-ins for losses in surplus	(85,239)	
Change in surplus as regards policyholders		(273,613)
Surplus as regards policyholders, December 31, 2008		$ 3,607,229

Reconciliation of Surplus as Regards Policyholders
from December 31, 2005 through December 31, 2008

	Gain in Surplus	Loss in Surplus	
Surplus as regards policyholders, December 31, 2005, per Examination			$1,409,926
Net loss	$	$ 174,045	
Change in net unrealized capital gains	3,890		
Change in net deferred income taxes	439		
Change in nonadmitted assets		47,742	
Surplus adjustments: Paid-in	2,500,000		
Aggregate write-ins for losses in surplus		85,239	
Totals	$ 2,504,329	$ 307,026	
Net increase in surplus as regards policyholders			2,197,303
Surplus as regards policyholders, December 31, 2008, per Examination			$ 3,607,229

COMMENTS ON FINANCIAL STATEMENT ITEMS

(1) Known Claims Reserve

Based on a review of the Company's known claim reserves by a casualty actuary from the California Department of Insurance, the reserves appear reasonable and have been accepted for the purposes of this examination.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

Current Report of Examination

Management Agreements (Page 5): The Company and its ultimate parent, TransUnion Corporation have not settled the accrued expenses since the Company was purchased in 2005 and the balance continues to grow. It is recommended that the Company settle this liability with the ultimate parent.

Corporate Records (Page 6): It is recommended that the Company implement procedures in its board meetings to ensure compliance with California Insurance Code (CIC) Section 735.

Previous Report of Examination

Management and Control – Management Agreements (Page 6): It was recommended that the Company do the following:

(1) Prepare complete and comprehensive written agreements outlining the allocation of costs along with the duties and responsibilities of all parties to the agreements. The Company has complied with this recommendation.

(2) Include in the agreement a provision with settlement terms. The Company has complied with this recommendation.

(3) Submit the agreement and any subsequent amendments to the California Department of Insurance (CDI) for approval pursuant to CIC Section 1215.5(b). The Company has complied with this recommendation. However, the CDI received a Form A regarding the sale of the Company and after consultation with the CDI, the Company withdrew the agreement in January, 2009.

Management and Control – Conflict of Interest (Page 7): It was recommended that the Company implement procedures to annually obtain and review completed conflict of interest statements from all of its officers, directors and key employees. The Company has complied with this recommendation.

Corporate Records (Page 7): It was recommended that the Company implement procedures to ensure that the authorization and approval of investments is documented in its board minutes to comply with CIC Sections 1200 and 1201. The Company has complied with this recommendation.

Accounts and Records (Page 9): It was recommended that Company senior executives recognize the importance of communicating with the CDI and be more timely when responding to inquiries and requests. The Company has complied with this recommendation.

Accounts and Records – Information System Controls (Page 9): It was recommended that the Company evaluate the weaknesses noted and make appropriate changes to strengthen its information system controls. The Company has complied with this recommendation.

Comments on Financial Statement Items – Common Stocks and Short-Term Investments (Page 15): It was recommended the Company do the following:

(1) Transfer its assets to a qualified custodian pursuant to CIC Section 1104.9. Additionally, the Company should enter into a custodial agreement with a qualified custodian and submit it to

the California Department of Insurance (CDI) for approval. The Company has complied with this recommendation.

(2) Change its procedures to properly report the correct carrying values. The Company has complied with this recommendation.

Comments on Financial Statement Items – Title Plants (Page 15): It was recommended the Company comply with CIC Section 12372.5 and reduce the asset value to $139,966. Additionally, the Company should continue to reduce the asset value for each year it is not maintained. The Company has complied with this recommendation.

Comments on Financial Statement Items – Premiums and Considerations: Uncollected Premiums and Agents' Balances (Page 16): It was recommended that the Company comply with SSAP 6, paragraph 9(a) and non-admit all receivable balances over 90 days past due. The Company has complied with this recommendation.

Comments on Financial Statement Items – Electronic Data Processing Equipment and Software (Page 17): It was recommended that the Company strengthen its controls and procedures to detect accounting errors in order to comply with CIC Section 1194.95. The Company has complied with this recommendation.

Comments on Financial Statement Items – Statutory Premium Reserve (Page 17): It was recommended that the Company comply with CIC Sections 12382.2 and 12382.5 and include the LCLG and TSG premiums in the computation of its statutory premium reserve. The Company no longer has LCLG and TSG premiums.

Comments on Financial Statement Items – Payable to Parent, Subsidiaries and Affiliates (Page 18): It was recommended that the Company comply with the Annual Statement Instructions and report

transactions related to tax sharing agreements in its current federal and foreign income tax account. The Company has complied with this recommendation.

Comments on Financial Statement Items – Common Capital Stock (Page 18): It was recommended that the Company notify the Commissioner, in writing, of the increase in its common stock par value pursuant to CIC Section 827.3(c). The Company has complied with this recommendation.

ACKNOWLEDGEMENT

The courtesy and cooperation extended by the Company's officers and employees during the course of this examination are hereby acknowledged.

Respectfully submitted,

/S/

Samuel J. Salzman, CFE
Examiner-In-Charge
Senior Insurance Examiner
Department of Insurance
State of California