

STAFF REPORT

“Problems and Concerns Regarding the Marketing and Sales of Title Insurance and LandAmerica Financial Group, Inc.’s Conduct Regarding Federal and State Examinations of Title Insurance”

This Staff Report was written by the Majority Committee Staff of the House Committee on Financial Services at the direction of Chairman Michael G. Oxley. This Report has not been officially adopted by the Committee on Financial Services and may not necessarily reflect the views of its Members.

Executive Summary

According to documents made available to the Committee on Financial Services, LandAmerica Financial Group, Inc.¹ allegedly engaged in a deliberate effort to negatively influence state and federal examinations into the company’s captive title reinsurance agreements. Senior company management, including CEO Ted Chandler and General Counsel Michelle Gluck, in internal correspondence, authorized LandAmerica Senior Vice President Peter Kolbe to use personal background information obtained on Colorado Deputy Commissioner Erin Toll to raise conflict of interest charges in an effort to limit her investigation into LandAmerica’s Colorado operations, undermine her efforts to lead a multi-state settlement on captive reinsurance, and, in the opinion of Ms. Toll, to discourage her from testifying at a hearing before a subcommittee of the Committee. The company had personal information regarding Ms. Toll’s family background and relationships and raised it with several other state insurance regulators, threatening to “go public” and get “real stinky real quick” if Ms. Toll continued her efforts. The company’s officials also used their contacts in state insurance departments and at the National Association of Insurance Commissioners (NAIC) to obtain information about, and reduce support for, Ms. Toll’s negotiations towards a multi-state settlement, and to remove her from the process.

Background

In a real estate transaction, the buyer and the lender who is providing money for the purchase of the property may require a guarantee that the title to the property is free from any defects. Title insurance is designed to provide that guarantee by agreeing to indemnify the lender or the buyer, depending on the type of policy purchased, up to the amount of the loan or the purchase price of the secured property.² Losses paid by title insurers are extremely low relative to any other insurance industry sector, with only five percent of the \$16 billion in title insurance premiums collected for 2004 returned to consumers in claims payments.³ A recent review of data from a national title insurance company revealed that the average

¹ Hereinafter “LandAmerica.”

² Government Accountability Report, “Title Insurance: Preliminary Views and Issues for Further Study,” GAO-06-568.

³ Loss data provided by National Association of Insurance Commissioners (NAIC) for year 2004.

title insurance premium collected from a consumer in 2004 was \$1,472, though the title insurer only set aside seventy-four dollars of the premium amount to pay claims.⁴ Additional costs are incurred for marketing and title searches, although computerization of property records in county offices has greatly reduced the time needed to research titles, with many title searches costing as little as twenty-five dollars.⁵ Title agents typically keep anywhere from 75 to 90 percent of the premiums paid by consumers, although little is known about how agents' actual costs compare to the amount of money they receive.⁶ Title insurance companies have consolidated operations over the last several years, with the five largest title insurance firms underwriting 90 percent of the title insurance policies sold in the United States.⁷

Captive Title Reinsurance

In early 2005, state insurance regulators, led by Colorado Deputy Commissioner of Insurance Erin Toll, uncovered "captive reinsurance arrangements" involving title insurers, real estate brokers and agents, lenders, and home builders. The regulators found that many of these parties had formed wholly owned subsidiaries, known as captive reinsurance companies, to write questionable reinsurance policies for their real estate transactions. Reinsurance is commonly purchased by non-title insurance companies to diversify their losses and spread risk. However, the captive reinsurance companies formed by title insurers, real estate brokers and agents, lenders, and home builders have not been subject to any apparent risk of loss. According to Colorado officials on captive reinsurance arrangements within the state: "It's been *eight years* since the inception of these arrangements and not a single claim has been made"⁸ (emphasis added). In fact, Gary Cunningham, Deputy Assistant Secretary of the Department of Housing and Urban Development (HUD) testified at a Financial Services Subcommittee on Housing and Community Opportunity hearing that captive reinsurance schemes had "no legitimate purpose" and that HUD viewed them merely as "a way to get fees to a referring entity--the builder, or the lender, or the real estate agent."⁹

Several insurance regulators found that the captive reinsurance arrangements were nothing more than kickback agreements and that they are believed to have become commonplace in the title insurance industry. For example, a recent Washington State Office of the Insurance Commissioner study concluded that title insurance companies routinely used illegal incentives and inducements to steer business.¹⁰ In Washington State, title insurers spent thousands of dollars, in

⁴ "Inside America's Richest Insurance Racket." Scott Woolley, *Forbes*, November 13, 2006.

⁵ Id., "Inside America's Richest Insurance Racket," *Forbes*.

⁶ GAO Report on Title Insurance.

⁷ American Land Title Association (ALTA), "Preliminary 2005 Market Share-Family Company Summary."

⁸ Colorado Deputy Insurance Commissioner Erin Toll, March 9, 2006, speech at ALTA spring meeting.

⁹ April 26, 2006 Hearing Transcript, "Title Insurance: Cost and Competition," pg. 40.

¹⁰ Washington Office of the Insurance Commissioner Report on Title Insurance Investigation, October 16, 2006. "The real shocker was the scope and extent of the abuse...the insurers

violation of state law, on tickets to sporting events, shopping trips, cocktail parties, and boat trips in exchange for referrals from real estate brokers and agents, bankers, and builders.¹¹ According to state insurance regulators, the captive reinsurance arrangements are merely a sophisticated form of kickback. Real estate brokers and agents, lenders, and home builders formed the captive reinsurance companies and referred all of their title insurance business to a specific title insurance company if that firm agreed to reinsure the title policy to the captive reinsurance company owned by the real estate broker or agent, lender, or home builder.

Several large title insurance companies have now been implicated in the captive reinsurance arrangements. Most title insurers, including LandAmerica, have agreed to immediately terminate their captive reinsurance programs, and several companies settled with state regulators, resulting in millions of dollars in fines.¹² In fact, after investigations shed light on the frequency of these arrangements, it was revealed that many title insurance companies felt it was necessary to offer improper inducements in order to stay afloat in the marketplace. At the Committee's April 26, 2006 hearing on title insurance, Douglas Miller, President and CEO of Title One, Inc., a title insurer located in Minneapolis, Minnesota, testified that his company lost a huge amount of market share because he refused to participate in referral incentive schemes. According to Mr. Miller:

"I've had many real estate professionals who are involved in these schemes tell me that they miss my company because our service was better and our fees were lower, but that they are now locked into the partnership and feel that they have no choice but to continue to refer 'their' business to these shams."¹³

Colorado Deputy Commissioner Toll continued to pursue captive reinsurance settlements with other title companies, and worked with the Market Analysis Working Group of the NAIC to create a framework for a multi-state settlement agreement.

Committee on Financial Services Examination of Title Insurance Practices

On January 24, 2006, Committee on Financial Services Chairman Michael G. Oxley sent a letter to the Government Accountability Office (GAO) requesting a report on cost and competition in the title insurance marketplace.¹⁴ In February

spend too much money on inducements to get business and focus too little on real market competition." Mike Kriedler, Washington Insurance Commissioner.

¹¹ "Title Insurers Paid Thousands for Lavish Gifts for Referrals," Joseph B. Treaster, *The New York Times*, October 17, 2006.

¹² "Title Companies Pay Millions to Settle Claims in Colorado," Colorado Department of Insurance Press Release, February 2005; See also, "Insurance Commissioner John Garamendi Announces Major Settlement with Title Insurers-More Than \$37 million to be Paid For Illegal Kickback Schemes," California Department of Insurance press release, July 20, 2005.

¹³ Written Testimony of Douglas Miller, President and CEO, Title One, Inc., prepared for Committee hearing entitled "Title Insurance: Cost and Competition", April 26, 2006.

¹⁴ January 24, 2006 letter from Chairman Michael G. Oxley to the GAO.

2006, at the direction of Chairman Oxley, Committee staff began preparations for a hearing on title insurance generally, and to specifically discuss the ongoing state investigations into captive title reinsurance. In early March 2006, Committee staff contacted Ms. Toll about participating at the upcoming hearing. Ms. Toll agreed to testify on behalf of the NAIC at the hearing, which was tentatively scheduled for April 26, 2006.

On March 10, 2006, Ms. Toll contacted Committee staff and informed them that she felt uncomfortable about testifying at the hearing. She told staff that another state regulator, later identified as Paul Hanson of the Minnesota Department of Commerce, had contacted her and told her that LandAmerica had personal information about her family background that they intended to use against her if she continued to pursue her investigation. Ms. Toll was concerned about how LandAmerica obtained her family information and expressed a desire not to testify at the hearing. Staff asked her to reconsider her decision, and several days later, Ms. Toll agreed to go forward with her testimony as planned.

The Subcommittee on Housing and Community Opportunity held its hearing on Wednesday, April 26, 2006, entitled "Title Insurance: Cost and Competition." Ms. Toll testified at the hearing on behalf of the NAIC and, in response to questions, indicated that she felt "threatened" by an unnamed title insurance company during her investigation.¹⁵ Ms. Toll later publicly identified LandAmerica as the company that was the subject of her remarks during the hearing. Following the hearing, LandAmerica sent a letter to Colorado Insurance Commissioner David Rivera requesting Ms. Toll's removal from the ongoing investigation because of several alleged family conflicts.¹⁶ Commissioner Rivera rejected LandAmerica's claims as "groundless."¹⁷ On May 24, 2006, due to the personal nature of LandAmerica's claims regarding Ms. Toll, Chairman Oxley and Ranking Member Frank requested the company's records regarding its contacts with Erin Toll, in an effort to discern how LandAmerica came into possession of this personal information.¹⁸

LandAmerica's Documents and Records Regarding Erin Toll

In September 2005, LandAmerica Senior Vice President Peter Kolbe assumed responsibility for the coordination of LandAmerica's response to captive reinsurance investigations. LandAmerica decided not to settle the captive reinsurance allegations with Colorado and refused to enter into a multi-state settlement with Ms. Toll.¹⁹ LandAmerica claimed that it was being treated differently and thus unfairly from the other two companies that had agreed to settle with Colorado. According to Mr. Kolbe in internal company correspondence, Ms.

¹⁵ April 26, 2006 Hearing Transcript, pg. 28.

¹⁶ LandAmerica letter to David Rivera, May 10, 2006.

¹⁷ Colorado Insurance Commissioner David Rivera letter to LandAmerica, May 15, 2006. Commissioner Rivera states that Erin Toll has no conflicts of interest, has the full support of the Commissioner and the department, and that LandAmerica is making personal attacks to cover for the company's conduct in Colorado.

¹⁸ Committee on Financial Services Letter to LandAmerica, May 24, 2006.

¹⁹ April 18, 2005 letter from LandAmerica's outside counsel to Erin Toll.

Toll's settlement stance was hampering the company's ability to settle with Nevada and he suggested that the company should work to get her out of the way.²⁰

In November 2005, Mr. Kolbe informed LandAmerica General Counsel Michelle Gluck that Ms. Toll's "sisters" were currently business partners of LandAmerica in Virginia.²¹ Mr. Kolbe believed that Ms. Toll was lying to LandAmerica and that he was sure that "he can derail her" with the NAIC.²² Mr. Kolbe also stated that Ms. Toll had "conflicts of interests" but that his "bosses won't let me bring them up."²³

Following Chairman Oxley's January 24, 2005 letter to the GAO requesting an investigation into the title insurance industry, Mr. Kolbe advised LandAmerica management that "Erin Toll has engineered this (referring to the GAO report) to increase focus on industry in order further place her in spotlight," and that he was getting information from a confidential source at the NAIC.²⁴ Ms. Gluck informed LandAmerica's legal team that Mr. Kolbe had been lobbying the NAIC to "kill Erin Toll's captive insurance investigation."²⁵ LandAmerica was also contacted by its outside counsel, Caroline Scott, who informed the company that Ms. Toll was married to "Joel Glover, counsel to NOLHGA"²⁶ and was "difficult to deal with."²⁷

On March 8, 2006, LandAmerica's outside counsel Jay Varon discussed the status of the investigation with Mr. Kolbe and Ms. Gluck. According to Mr. Varon, "Peter Kolbe is on the war path against Erin Toll" and "wants to raise conflicts in a number of possible ways," and that Mr. Kolbe had been authorized by LandAmerica CEO Ted Chandler and general counsel Michelle Gluck to "do what is necessary" on the conflicts issue.²⁸

On March 9, 2006, Mr. Kolbe contacted Paul Hanson of the Minnesota Department of Commerce by phone regarding Ms. Toll. During the phone conversation, Mr. Kolbe falsely alleged to the state regulator that Ms. Toll had convinced Chairman Oxley to investigate the title insurance industry. Mr. Kolbe further stated that Ms. Toll had various family conflicts of interest with LandAmerica, that she had personal animus toward the company, that she took action to benefit a competing company in Colorado at LandAmerica's expense, that her ex-husband did legal work for LandAmerica in Colorado, and that her sister worked for a LandAmerica agent in Virginia.²⁹ Mr. Kolbe told Mr. Hanson that

²⁰ October 28, 2005 email from Peter Kolbe to general counsel Michelle Gluck and LandAmerica's outside legal counsel.

²¹ November 2, 2005 email from Peter Kolbe to Michelle Gluck.

²² November 16, 2005 email from Peter Kolbe.

²³ December 19, 2005 email from Peter Kolbe to Jay Varon, LandAmerica's outside legal counsel.

²⁴ February 7, 2006 email from Peter Kolbe to Michelle Gluck.

²⁵ March 2, 2006 email from Michelle Gluck.

²⁶ "NOLHGA" stands for the National Organization of Life and Health Insurance Guaranty Associations.

²⁷ March 7, 2006 email.

²⁸ March 8, 2006 email from Jay Varon to LandAmerica's outside counsel.

²⁹ Transcript of March 9, 2006 phone call between Peter Kolbe and Paul Hanson, pg. 3.

LandAmerica would be willing to “go public” with the personal information it held on Ms. Toll if her investigation and cooperation with the Committee did not cease.³⁰ In the course of two phone conversations between the two men, Mr. Kolbe was unsuccessful in convincing the Minnesota regulator of the validity of these alleged conflicts. In fact, Mr. Hanson appeared very troubled by the allegations made by LandAmerica, some of which dated back to alleged family relationships in the 1980s.³¹ Following his March 9, 2006 phone conversation with Mr. Kolbe, Mr. Hanson informed Ms. Toll that LandAmerica was threatening to reveal personal information about her and her family if she persisted in her efforts.

On March 10, 2006, Lloyd Osgood, LandAmerica’s Corporate Communications Director, indicated that “Ted has given Michelle permission to do whatever it takes regarding Erin Toll’s conflicts.”³² LandAmerica’s communications team worried that a draft letter to Commissioner Rivera regarding Ms. Toll “lacks specifics,” but they “will dig for facts” regarding Ms. Toll’s stepfather, mother, and sisters.³³

In the wake of the Committee’s title insurance hearing on April 26, 2006, Mr. Kolbe drafted a memo to LandAmerica senior management on the status of Federal and state probes into title insurance practices. Mr. Kolbe stated that “prohibiting affiliated business arrangements and joint ventures may be attractive to us” as they are “revenue drains.” He also stated that there “are inherent conflicts involved for the settlement producers” (apparently referring to real estate brokers and agents, lenders, mortgage brokers, and home builders). According to Mr. Kolbe, LandAmerica title agents are “overcompensated.” Finally, Mr. Kolbe asserted that Department of Housing and Urban Development (HUD) action could potentially help title insurers if they “crack down on affiliated business arrangements.”³⁴

LandAmerica continued to work to limit Ms. Toll’s authority after the April 26 hearing and Commissioner Rivera’s letter of May 15, 2006 rejecting LandAmerica’s conflicts claim. On May 22, 2006, LandAmerica was urged by outside counsel to hire “lobbyists close to the Colorado Governor” so that “Erin Toll’s conflicts can be raised” and she could be “taken out of the loop.”³⁵ Mr. Kolbe rejected the idea of approaching Colorado’s governor and decided to “work through the California Department of Insurance.” LandAmerica subsequently requested a meeting with the California Department of Insurance to discuss the conflict of interest issue. However, on May 24, 2006, in response to LandAmerica’s request for a meeting, California Department of Insurance General Counsel Gary Cohen informed the company that “this is not an appropriate request for a meeting” and the company was directed to put any further requests in writing.³⁶ General Counsel

³⁰ Transcript of March 9, 2006 phone call, pg. 8.

³¹ Transcript of March 22, 2006 phone call between Peter Kolbe and Paul Hanson, pgs. 15-19.

³² March 10, 2006 email from Lloyd Osgood.

³³ March 10, 2006 email from LandAmerica’s communications team.

³⁴ May 5, 2006 email from Peter Kolbe to LandAmerica senior management.

³⁵ May 22, 2006 email from Caroline Scott to Peter Kolbe.

³⁶ May 24, 2006 email from Gary Cohen, California Department of Insurance.

Cohen informed Committee staff that LandAmerica never submitted written concerns to the Department.

On June 19, 2006, LandAmerica provided documents in response to the Committee's request for information related to the company's knowledge of Ms. Toll's family relationships. Upon review of the documents provided, the Committee requested a statement from Peter Kolbe as to how he came into possession of the documents related to Erin Toll's family. LandAmerica refused to provide a letter or statement from Mr. Kolbe, but did provide a general statement, dated October 25, 2006, indicating that Ms. Toll's family relationships were "institutional knowledge" within the company.

Conclusion

Based upon the Committee's examination of the title insurance market, as well as the review of several state investigations into the business of title insurance, it is clear that several serious problems exist. There is a lack of real competition among title insurers, title agents, real estate agents, brokers, and home builders. Marketing of title insurance is directed at steering business to affiliated partnerships, rather than consumers. The GAO is currently studying these problems and will report their findings to Congress early next year. From the records reviewed by the Committee, LandAmerica appeared more interested in discrediting a state regulator than in addressing legitimate concerns within their own business practices. The Committee encourages the state insurance regulators and the NAIC to develop standard conflict of interest procedures, where companies can openly report their concerns, to avoid these problems in the future.

APPENDIX

- i. April 26, 2006 Hearing Transcript, "Title Insurance: Cost and Competition," pg. 40.
- ii. January 24, 2006 letter from Chairman Michael G. Oxley to the GAO.
- iii. April 26, 2006 Hearing Transcript, pg. 28.
- iv. October 28, 2005 email from Peter Kolbe to general counsel Michelle Gluck and LandAmerica's outside legal counsel.
- v. November 2, 2005 email from Peter Kolbe to Michelle Gluck.
- vi. November 16, 2005 email from Peter Kolbe.
- vii. December 19, 2005 email from Peter Kolbe to Jay Varon, LandAmerica's outside legal counsel.
- viii. February 7, 2006 email from Peter Kolbe to Michelle Gluck.
- ix. March 2, 2006 email from Michelle Gluck.
- x. March 8, 2006 email from Jay Varon to LandAmerica's outside counsel.
- xi. Transcript of March 9, 2006 phone call between Peter Kolbe and Paul Hanson, pg. 3.
- xii. Transcript of March 9, 2006 phone call between Peter Kolbe and Paul Hanson, pg. 8.
- xiii. Transcript of March 22, 2006 phone call between Peter Kolbe and Paul Hanson, pgs. 15-19.
- xiv. March 10, 2006 email from Lloyd Osgood.
- xv. March 10, 2006 email from LandAmerica's communications team.
- xvi. May 5, 2006 email from Peter Kolbe to LandAmerica senior management.
- xvii. May 22, 2006 email from Caroline Scott to Peter Kolbe.

886 | without you having to say that.

887 | To the gentleman from HUD, Mr. Cunningham, why was HUD
888 | so unclear on its guidance on captive reinsurance
889 | arrangements?

890 | Mr. CUNNINGHAM. I don't know that HUD was so unclear. I
891 | think the issue with respect to captive reinsurance, the
892 | whole scheme, if you will, or the whole set-up, we viewed in
893 | the analysis as an arrangement which had no legitimate
894 | purpose, and it was a way to get fees to a referring entity
895 | --the builder, or the lender, or the real estate agent that
896 | had a captive insurance company.

897 | We did put some--a letter out referring to captive
898 | mortgage insurance as guidance, but we felt that there was,
899 | because of our affiliated business sham-control business
900 | entity policy guidance that was out there, that people were
901 | warned, and should have known that, essentially, in a
902 | transaction that had no real substance, that HUD and other
903 | regulators would be looking at it.

904 | Mr. SCOTT. In your opinion--

905 | Mr. MILLER OF CALIFORNIA. [Presiding] The gentleman's
906 | time has expired about 35, 56 seconds ago.

907 | Mr. SCOTT. Very fine, sir.

908 | Mr. MILLER OF CALIFORNIA. I think it's very appropriate
909 | we talk about cost and competition and the title insurance
910 | company, and Ms. Toll and Mr. Cunningham, I thank you for

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U.S. House of Representatives
Committee on Financial Services
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January 24, 2006

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ROBERT U. FOSTER III
STAFF DIRECTOR

The Honorable David M. Walker
Comptroller General
United States Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Walker:

As housing prices have soared in various parts of the country, the cost of title insurance has become an increasing burden on many consumers. Questions about the need and price of title insurance are of particular concern to those consumers who are required to buy a new policy every time they refinance their mortgage loans, a common practice in this time of historically low interest rates.

The Financial Services Committee is concerned about recent investigations by state regulators revealing that title companies have made payments for referrals to developers, mortgage lenders, and real estate agents in violation of the Real Estate Settlement Procedures Act (RESPRO). Other investigations have revealed abuses of reinsurance agreements that have forced title companies to pay millions of dollars in settlements, and have uncovered anti-competitive practices within the title industry.

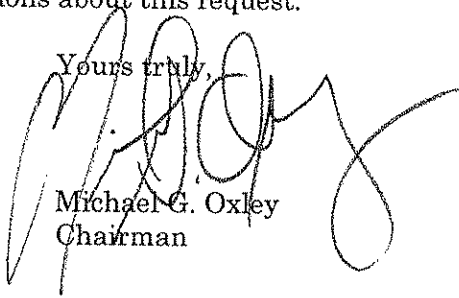
Accordingly, the Committee requests that the Government Accountability Office (GAO) examine and address the following questions:

- Analyze the title insurance market to determine what factors impact the price of the product, including the associated claims, title search, overhead, and marketing costs;
- Determine the number of title insurers, their market share, how the product is marketed and sold, the extent to which title insurance is a nationwide business, and to what extent consumers benefit from a competitive title insurance marketplace;
- Examine the relationship between title insurers, realtors, lenders, and home builders for anti-competitive practices and investigate potential barriers to entry in the market.

The Honorable David M. Walker
Page 2

Please contact Glenn Westrick, Counsel of the House Committee on Financial Services, if you have any questions about this request.

Yours truly,



Michael G. Oxley
Chairman

MGO/gew

cc: Barney Frank, Ranking Member

586 | well, their loss ratio would be at or near zero, because the
587 | risk exists on the day of the closing, which gets to your
588 | second question about why would you ever reinsure.

589 | There is no financial necessity to reinsure in a
590 | residential single family dwelling. There is absolutely
591 | none. And that's why we in Colorado and other states who
592 | joined on to the multi-settlement said that these are nothing
593 | more than vehicles to provide kick-backs.

594 | If you want to know more exact details about how it
595 | works, I could also get into agent splits, and why that
596 | indicates that this isn't real.

597 | Mr. OXLEY. When you did your investigation, did you have
598 | cooperation from the title insurance companies?

599 | Ms. TOLL. Oh, I would like to say that I had a lot of
600 | cooperation. And I did, from two of the largest insurers.
601 | And in fact, one of the title insurers afterward told me that
602 | they really didn't want to be in the practice, but they had
603 | to, because they were losing market share.

604 | Unfortunately, the third company has refused to settle
605 | with Colorado on a multi-state basis, and was saying some--I
606 | was informed by another regulator--was saying some very
607 | personal things to try and discredit me in front of other
608 | state regulators and I don't know who else. And that was
609 | very disconcerting and alarming, and I felt very nervous and
610 | threatened by that.

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From: Kolbe, Peter [PKolbe@LANDAM.com]
Sent: Friday, October 28, 2005 8:45 AM
To: Gluck, Michelle; Varon, Jay N.; Oberdeck, Andrew A.; Fitzgerald, Kevin G.; Bozarth, Robert
Cc: Kolbe, Peter
Subject: Colorado DOI captive reinsurance - communications with Erin Toll

Importance: High

I have been trading e-mails with Erin Toll last night and this morning. She is in Hawaii at an NAIC Commissioner's retreat. Here is the upshot of that discourse, along with my recommendations:

- 1) Erin is adamant that Colorado DOI will settle for nothing less than a refund of the full cession premium. She will not discuss alternate settlement models. She will not grant an extension on her request for additional information.
- 2) She claims that 19 other states have asked her to negotiate with LandAmerica on their behalf, and that they all want the full cession premium refunded. I believe this statement to be hyperbole.
- 3) She claims that Nevada, in which LandAmerica ceded over \$3 million in premium, has asked her to negotiate for them. Based on five different conversations I have had with Stephen Wright of Nevada DOI over the last few weeks, I believe this statement also to be hyperbole.
- 4) In my opinion, it will not serve our interests having Erin involved in any settlements other than with Colorado.
- 5) I recommend that we cut our losses in Colorado and agree to refund the full cession premium. Litigation costs of the matter would likely far exceed the cession premium. Further, if we won the litigation, we'd be back in the captive reinsurance business again, which I think we want to avoid.
- 6) I recommend that I tell Erin that if any other states want to resolve this with us, we would be happy to discuss resolution with them independently. Please understand that as soon as we say that, Erin will spin it to the other states by telling them that LA doesn't want to settle with them at all. That is the modus operandi she employed under exactly the same set of circumstances with Fidelity. Not much we can do about that other than a preemptive call to Nevada.
- 7) The sooner we get Colorado resolved, the less likely it is that Erin will screw up our settlement with Nevada, which I am sure she is attempting to do. Nevada is the last big state with which we have to deal. Our focus should be there, and getting Erin out of the way will help.

So, to recap, I'd like authority to agree to resolve Colorado for full cession premium and to tell Erin that we will discuss with other states independently. Michelle, please advise as to how you would like to proceed.

Many thanks

Peter

Peter A. Kolbe
Senior Vice President for Government Affairs Legal Resources LandAmerica Financial Group,
Inc.
101 Gateway Centre Parkway

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From: Kolbe, Peter
Sent: Wednesday, November 02, 2005 7:30 PM
To: Gluck, Michelle
Subject: RE: NAIC website

information is a useful thing, and life is sometimes filled with delicious little ironies, n'estce pas?

Peter A. Kolbe
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From: Gluck, Michelle
Sent: Wednesday, November 02, 2005 7:28 PM
To: Kolbe, Peter
Subject: Re: NAIC website

No conflict there.

Sent from my BlackBerry Wireless Handheld

-----Original Message-----

From: Kolbe, Peter <PKolbe@LANDAM.com>
To: Gluck, Michelle <MGluck@Landam.com>
Sent: Wed Nov 02 19:22:56 2005
Subject: RE: NAIC website

no problem whatsoever - it will be a good product, and a bit of a rebuff to Erin. Want to know the latest INSANITY??? LFG just entered into a J.V. in Virginia, and Erin's two sisters are our J.V. partners. No kidding. Truth is stranger than fiction!!!

Peter A. Kolbe
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From: Gluck, Michelle
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Subject: Re: NAIC website

Thank you, thank you, thank you.

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-----Original Message-----

From: Kolbe, Peter <PKolbe@LANDAM.com>
To: Gluck, Michelle <MGluck@Landam.com>
Sent: Wed Nov 02 19:15:31 2005
Subject: RE: NAIC website

thanks - I'm grinding out a response to Colorado - I proposed responding with massive objections to jurisdiction, and Jay concurs. I'm typing the near final version now, and Andrew O is sending many of the docs from Foley. I've gathered other docs from here, so we should be able to provide a almost complete response re Colorado specific items by the due date. We are objecting to producing anything not relating to Colorado specific risks. I'm sure that Erin will be thrilled. Also, Erin's # 2 told me today that none of them have any authority to grant an extension, and they haven't heard from Erin in several days themselves. What fun!! :)

Peter A. Kolbe
Senior Vice President for Government Affairs
Legal Resources
LandAmerica Financial Group, Inc.
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Phone: (804) 267-8128
Fax: (804) 267-8827
E-mail: PKolbe@landam.com

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-----Original Message-----

From: Gluck, Michelle
Sent: Wednesday, November 02, 2005 6:49 PM
To: Kolbe, Peter
Subject: Fw: NAIC website

Fyi.

Sent from my BlackBerry Wireless Handheld

-----Original Message-----

From: Gluck, Michelle <MGluck@Landam.com>
To: Kersey, Betsy <bkersey@landam.com>
Sent: Wed Nov 02 18:48:11 2005
Subject: Re: NAIC website

Thanks.

Sent from my BlackBerry Wireless Handheld

-----Original Message-----

From: Kersey, Betsy <bkersey@landam.com>
To: Gluck, Michelle <MGluck@Landam.com>
Sent: Wed Nov 02 16:34:43 2005
Subject: NAIC website

Michelle,

I wanted to follow up to your voicemail, I researched the NAIC website today and it doesn't appear they have a place for posting career opportunities. I called and talked with their customer service and no one seemed to know of a way to post openings, but they are going to call me back to confirm. I'll let you know if anything changes.

Thanks,

Betsy

Betsy Kersey

Recruiter, Employment Resources

LandAmerica Financial Group, Inc.

101 Gateway Centre Parkway

Gateway One

Richmond, VA 23235

phone: 804-267-8903

fax: 804-267-8006

www.landam.com

Tell Us How We're Doing! <<http://www.surveymonkey.com/s.asp?u=16579531508>>

From: Kolbe, Peter [PKolbe@LANDAM.com]
Sent: Wednesday, November 16, 2005 1:45 PM
To: Varon, Jay N.; Oberdeck, Andrew A.; Fitzgerald, Kevin G.
Subject: FW: Colorado and Nevada captive reinsurance matters

Just FYI:

I spoke with Erin Toll last week. She refused to settle with us unless we also settled with "20 states which had given her written proxies to settle on their behalf, including Nevada." I told her no thanks, but that L.A. would be happy to discuss settlement with any state on an individual basis. She said she would refer the matter to the NAIC Market Analysis Working Group ("MAWG"). I told her fine. As an aside, I personally know about a third of MAWG's 21 members, and I think we can derail Erin there. I called Nevada, because I was very surprised that they would give Erin power to cut a deal in light of my ongoing negotiations with Nevada. I spoke with Steve Wright of Nevada DOI yesterday - he was emphatic that Nevada had not ever given Erin permission to negotiate for Nevada, much less a written proxy. He seemed greatly annoyed that she had told us this. Below is my confirmatory e-mail to Mr. Wright. The Bottom Line: Erin Lies.

Best regards,

Peter

Peter A. Kolbe
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-----Original Message-----

From: Kolbe, Peter
Sent: Wednesday, November 16, 2005 12:04 PM
To: 'SLWright@doi.state.nv.us'
Subject: NAIC meeting and captive reinsurance settlement

Dear Mr. Wright:

Thanks very much for your call yesterday confirming that Erin Toll of Colorado is not empowered to negotiate on behalf of the Nevada DOI regarding captive reinsurance. I look forward to continuing my discussions with you as we work towards a resolution of this matter. You mentioned that your outside consultants should finish their review of the submitted materials by November 21, 2005, and I and other representatives of LandAmerica would be happy to come to Nevada as soon as convenient to continue the dialogue. In the interim, I'm glad that it looks like we will be able to break bread at the NAIC meeting in December. It would be my pleasure if you could join me for dinner on Monday evening, lunch on Saturday or Monday, or breakfast on Saturday or Sunday. Also, please feel free to invite other members of Nevada DOI including the Director. Please let me know which of these suit you and I'll take care of arrangements.

CONFIDENTIAL LAHC-001-0745

Many thanks and best regards!

Peter Kolbe

Peter A. Kolbe
Senior Vice President for Government Affairs Legal Resources LandAmerica Financial Group,
Inc.
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Gateway One
Richmond, VA 23235
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E-mail: PKolbe@landam.com

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mail, so that our address record can be corrected.

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From: Kolbe, Peter [PKolbe@LANDAM.com]
Sent: Monday, December 19, 2005 9:01 AM
To: Varon, Jay N.; Fitzgerald, Kevin G.; Oberdeck, Andrew A.
Subject: RE: letter to Mrs. Voss

Thanks - sadly my bosses here decided not to let me raise Erin's conflicts of interest prior to NAIC committee assignments next week.

Peter A. Kolbe

SVP, Government Affairs Counsel

LandAmerica Financial Group, Inc.

101 Gateway Centre Parkway

Richmon, Virginia 23235

phone: 804-267-8128

fax: 804-267-8830

pkolbe@landam.com

From: Varon, Jay N. [mailto:JVaron@foley.com]
Sent: Saturday, December 17, 2005 3:28 PM
To: Kolbe, Peter; Fitzgerald, Kevin G.; Oberdeck, Andrew A.
Subject: RE: letter to Mrs. Voss

Thanks and a very good letter.--jay

-----Original Message-----

From: Kolbe, Peter [mailto:PKolbe@LANDAM.com]
Sent: Thursday, December 15, 2005 2:50 PM
To: Varon, Jay N.; Fitzgerald, Kevin G.; Oberdeck, Andrew A.
Subject: FW: letter to Mrs. Voss

Hi and Fyi is my letter to Commissioner Voss of NAIC Market Analysis Working Group.

Peter A. Kolbe

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fax: 804-267-8830

pkolbe@landam.com

From: Fallen, Cynthia
Sent: Tuesday, December 13, 2005 4:04 PM
To: Kolbe, Peter
Subject: letter to Mrs. Voss

Here you go. Cyndee

Cyndee Fallen
ExecutiveAdministrative Assistant
LandAmerica Financial Group Inc.
101 Gateway Centre Pkwy
Richmond, Virginia 23235-8234
phone: 804-267-8234
fax: 804-267-8830
cfallen@landam.com

"It's a Great Day to Be at LandAmerica"

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From: Kolbe, Peter
Sent: Tuesday, February 07, 2006 5:35 PM
To: Gluck, Michelle; SCOTT, CAROLINE; BEAIRD, NAN
Cc: Kolbe, Peter
Subject: GAO Inquiry

Importance: High

The NAIC has received a letter from GAO regarding its inquiry into the title industry. The GAO is seeking information on three areas from the NAIC, as follows:

1. the characteristics of the title insurance market, including how it is regulated;
2. how title premiums are determined;
3. what concerns exist on the part of regulators regarding current market practices in the title industry and what is being done to address them.

GAO says in the letter that it will be contacting the NAIC presently to set up meetings. We should anticipate that this request from GAO will spark further inquiry of our industry from the NAIC. Frankly, I suspect that Erin Toll has engineered this to increase the focus on the industry in order further place her in the spotlight.

We need to consider to whom to relay this info - such as Rich Carlston - in a way that does not bust my source. Thoughts?

Thanks

Peter

Peter A. Kolbe

SVP, Government Affairs Counsel

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.

From: Osgood, Lloyd
Sent: Thursday, March 02, 2006 5:51 PM
To: 'gary_koops@nyc.bm.com'; Habenicht, Peter
Subject: Fw: Bloomberg Spitzer story.

lloyd osgood
804.267.8133

-----Original Message-----

From: Gluck, Michelle <MGluck@Landam.com>
To: Osgood, Lloyd <Losgood@LandAm.com>; Chandler, Ted <TChandler@LANDAM.com>; Evans, Bill <BEvans@LANDAM.com>; Sullivan, Bob <BSullivan@Landam.com>
Sent: Thu Mar 02 17:29:56 2006
Subject: RE: Bloomberg Spitzer story.

It is not coincidental that the NAIC and the National Association of Attorneys General both have their quarterly meetings next week. The Washington DOI sent us a letter today about "lavish entertainment expenses" they found in their review of our December 2004 information and want 2005 information. Erin Toll placed her quarterly request for a 20 state settlement. That being said, it may also be the start of Spitzer playing this in the press. We have one of the AlixPartner's associates who helped on the restatement arriving Monday to help rapidly collect the information for the most recent information request focused on referral fees, blended rate transactions and entertainment expenses for a five year period while we prepare talking points. The joint defense group is considering whether they want to approach Spitzer. Once we have our talking points ready and back up information to support, we will schedule a meeting with Gary Koops, Skadden and our New York lobbyist to prepare an action plan. A lot will depend on where the joint defense group ends up, what happens in the press over the next week or two and whether Spitzer narrows his aim. I would prefer to prepare for this being the start of the end game. On the bright side, the Nebraska Insurance Commissioner was just named Chairman of the NAIC Market Activity Working Group ("MAWG") which Erin Toll has lobbied to take up captive reinsurance. Peter has been lobbying the officers of MAWG all week on our behalf and feels pretty comfortable her efforts will die.

Michelle H. Gluck
Executive Vice President and General Counsel Legal Resources LandAmerica Financial Group, Inc.
101 Gateway Centre Parkway
Richmond, VA 23235
Phone: 804-267-8383
Fax: 804-267-8830
Email: mgluck@landam.com

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-----Original Message-----

From: Osgood, Lloyd
Sent: Thursday, March 02, 2006 4:21 PM
To: Chandler, Ted; Gluck, Michelle; Evans, Bill; Sullivan, Bob; Pastor, Pamela; Thornton, Bill
Subject: Bloomberg Spitzer story.

We are quoted - accurately - which is our whole goal in responding to these press inquiries.

From: Varon, Jay N.
Sent: Wednesday, March 08, 2006 2:52 PM
To: Fitzgerald, Kevin G.; Oberdeck, Andrew A.
Cc: Varon, Jay N.
Subject: Captive Re

Just got off a fairly lengthy call with Michelle and Peter Kolbe. I am really under water so I will hold most of the details and nuances for later but we need a few things right away and I can tell you a drop of what is going on quickly.

Basically Erin Toll is stirring things up, purporting to be negotiating on behalf of multiple STATE DOI's who later disclaim her authority etc. She is demanding a settlement in Colorado (and possibly three other states whom Peter continues to think she does not speak for) and if not threatening to suspend licenses, trump up charges as per Garmendi etc.

Hence, first we need some type of penalty analysis for Colorado. I know we looked at the complaint she filed in support of the cease and desist and we should dust off that analysis and see what the max of all those charges would amount to, but we should also try to look at other things and see what else she might be able to trump up as per her threats.

We also need a sense of how the complaint process might get litigated. I said I thought there would be a hearing officer and then a review by the Department. Peter thought the Department might actually sit as hearing officer. We need to find out the procedure, the internal admin appeal process, and how this would get reviewed in court etc.

Second, because LandAm is gong to be talking to some of the states--e.g Nevada, Minn, and MD, it is asking if we have something that shows what we told each regulator was the amount of captive business and premiums ceded in each state-- I guess each of the three plus Colorado and perhaps each state that we ever had contact with. They say they have a spread sheet that they got from accounting and which they think was provided to the SEC, but they are concerned that it does not have the figures for the smaller states and that it might be inconsistent with what we told the states initially was our ceded business.

Can you all help with these two/three tasks.

Finally, Peter is on the war path vis a vis Erin and wants to raise the conflict of interest issue in a number of possible ways. I am still urging restraint but Michelle got Ted to authorize doing it if we thought it was necessary and/or advantageous. I don' t think she is ready to pull the trigger yet, but she is close. I would like to revisit that issue with you all as well when I have time, some Sunday during the middle of the week. Kidding aside, I will try to call over the course of the next day or so, so give this some thought. Thanks--jay

1 as far the captive reinsurance, let me just tell you
2 what our problem is with Erin. All right? If I may.

3 Erin has extremely serious ethical conflicts
4 with the entire title insurance industry, as well as
5 Land America. And we had not said anything about that,
6 figuring that, hey, if she wants to beat up on the
7 industry through the state regulatory system, that's
8 fine. We'll suck it up. But when she went to Mike
9 Oxley, you know, Representative Oxley of the U.S.
10 Financial Services Committee --

11 MR. HANSEN: Yeah.

12 MR. KOLBE: -- and got him to turn GAO loose,
13 we view that as going well beyond her regulatory role.
14 We think that is an ego-driven thing. We think it is
15 hostile to the concept of state regulation of insurance
16 by telling Congress, essentially, you guys need to look
17 into this because we as state regulators can't seem to
18 handle it.

19 MR. HANSEN: Yeah.

20 MR. KOLBE: And we believe that by her going
21 to Oxley and Oxley going to GAO, that is just a hostile
22 approach and shows animus on her part, and is also

1 We think she has offered Land America different
2 settlement terms than some of the other companies.

3 But we think not only is she biased against
4 us, but she's got some sort of axe to grind against
5 this industry. I mean, why else would you be going to
6 Congress as a state regulator and saying, you,
7 Congress, need to step in and put the hammer down on
8 these guys?

9 MR. HANSEN: Yeah.

10 MR. KOLBE: And so, Paul, I'll just be real
11 frank with you. If she doesn't back off, we're going
12 public. And we're also going to make allegations that
13 the refund of premiums to consumers who are not
14 upcharged is solely a political maneuver by this woman
15 with all these conflicts. And this is going to get
16 real stinky real quick.

17 MR. HANSEN: Uh-huh.

18 MR. KOLBE: And that's why we don't want to
19 deal with her.

20 MR. HANSEN: Yeah. Now, who besides the
21 sister? You mentioned somebody else also. Was her --

22 MR. KOLBE: Ex-husband.

1 mean, I can't dedicate a big block of time --

2 MR. KOLBE: No. Sure.

3 MR. HANSEN: -- going back down Erin's
4 background myself.

5 MR. KOLBE: And certainly nobody's asking
6 that.

7 MR. HANSEN: But, I mean, what I could find
8 out is -- I mean, I don't know. Quite frankly, I would
9 think more regulators would suspect she's biased in
10 favor of you guys because her sister is connected to
11 you and her ex-husband was connected to you, and, you
12 know, if maybe they could have some repercussion if,
13 you know, she takes the wrong action or whatever.
14 But --

15 MR. KOLBE: Absolutely not. Absolutely not.

16 MR. HANSEN: I mean, so like, you know,
17 somebody might ask me, well, you know, is she going
18 easy on them because of this or is she going tough on
19 them? And I -- you know, I just can't -- I mean, I
20 don't know. I mean, I'm not trying to -- the people I
21 talk to, I can't get -- I'm not getting real detailed
22 with them. I'm just asking them conceptually, you

1 know, what they --

2 MR. KOLBE: Yeah.

3 MR. HANSEN: -- how would they perceive this
4 or whatever.

5 MR. KOLBE: Well, I mean, all --

6 MR. HANSEN: And I'm not getting -- I'm not
7 finding anybody really getting too interested in going
8 down that path and -- in fact, some people got fairly
9 adamant about you guys. And so I don't know what to do
10 about that, either, but --

11 MR. KOLBE: Well, you know, I'm sorry they
12 did.

13 MR. HANSEN: In fact, I think how somebody
14 here in my office phrased it was they considered it
15 a -- what they thought to be a strategic or tactical
16 blunder by you guys. And so I'm not --

17 MR. KOLBE: Well --

18 MR. HANSEN: Because I'll tell you, it's
19 like -- our commissioner here has got pretty extensive
20 corporate connections in terms of the mortgage business
21 as well. And, you know, you follow me?

22 MR. KOLBE: Yeah, I do. And, you know, it may

1 simply be --

2 MR. HANSEN: And I don't know if anybody's
3 going to come around here and ask that he recuse
4 himself from anything. We keep him partitioned off
5 from --

6 MR. KOLBE: Right.

7 MR. HANSEN: -- stuff where he's going to make
8 a decision.

9 MR. KOLBE: Well, that's the same -- that's
10 the same concept, Paul.

11 MR. HANSEN: But, I mean, I don't think Erin
12 would actually be the hearing officer for something in
13 Colorado if you requested a hearing, either. So --

14 MR. KOLBE: Well, you know, I guess it's just
15 a matter of different states having different views and
16 different policies. And all I can say is that, you
17 know, regardless of what people think, we're just happy
18 you're involved. We want to move the ball with you.

19 MR. HANSEN: All right.

20 MR. KOLBE: And so if you could take the lead
21 on this, I think we're -- we're perfectly happy to come
22 to the dance. So --

1 MR. HANSEN: All right. Well, we'll -- like I
2 said, I'm -- I mean, they just wanted to have a -- now
3 we're going to have a quick telephone call tomorrow as
4 a group of states. And then we're going to have one in
5 the first -- I'm going on vacation next week or --

6 MR. KOLBE: Oh, good. Hopefully someplace
7 warm.

8 MR. HANSEN: Yeah, yeah. Actually, I'm going
9 to probably go down to the Southwestern desert and hang
10 out with --

11 MR. KOLBE: Drink a little tequila, maybe?

12 MR. HANSEN: Hey, don't go there, man.

13 MR. KOLBE: Okay.

14 MR. HANSEN: But yeah. I don't know if -- you
15 know, if you guys got something more specific about
16 these connections. But I -- without trying to use some
17 other law enforcement resources, which I wouldn't care
18 to get into at this point unless you guys got something
19 more specific, what I could find out just generically
20 from different sources, I just -- you know, I couldn't
21 find anything that anybody felt that was a lot of
22 traction on.

1 MR. KOLBE: Well, that's fine.

2 MR. HANSEN: As a matter of fact, some of them
3 actually thought it was kind of, you know, I don't
4 know -- like I say, several different people were not
5 real happy that this was a topic of discussion. So I
6 didn't win any friends bringing this stuff up. Okay?

7 MR. KOLBE: Well, you know, again, I'm sorry.
8 I'm sorry they feel that way. I guess my response to
9 them would be a number of regulators do feel it's a
10 problem, and that we've tried to raise it in a discreet
11 way. If we were trying to do anything to hurt anybody,
12 which we absolutely are not, we would have picked up
13 the phone to the newspapers. And we're not going to do
14 that. We're not trying to embarrass anybody. But --

15 MR. HANSEN: Yeah. I think that can be a
16 treacherous slope.

17 MR. KOLBE: He. We're absolutely not going to
18 do that. I want to emphasize that. And I guess I'm
19 disappointed that regulators would feel that if we
20 think we've got a legitimate gripe, whether they agree
21 with us or disagree with us, that by raising it in a
22 discreet way within the insurance regulatory

From: Habenicht, Peter
Sent: Friday, March 10, 2006 2:24 PM
To: GARY KOOPS
Subject: RE: I need to leave....can I confirm a 4 pm call with

Roger. I'll be in Michelle's office at 4p: 804-267-8383.

Peter A. Habenicht
Vice President, Corporate Communications
LandAmerica Financial Group, Inc.
101 Gateway Centre Parkway, Richmond, Va. 23235
804-267-8723 direct
804-267-8466 fax
phabenicht@landam.com

From: GARY KOOPS [mailto:GARY.KOOPS@nyc.bm.com]
Sent: Friday, March 10, 2006 2:13 PM
To: Osgood, Lloyd; GARY KOOPS
Cc: Habenicht, Peter
Subject: Re: I need to leave....can I confirm a 4 pm call with

Just talked to lloyd. Will dial in at 4 pm.
Gk

Sent from my BlackBerry Wireless Handheld

----- Original Message -----

From: "Osgood, Lloyd" [Losgood@LandAm.com]
Sent: 03/10/2006 02:02 PM
To: Gary Koops
Cc: Habenicht, Peter" <PHabenicht@LandAm.com>
Subject: I need to leave....can I confirm a 4 pm call with

Michelle and Peter? pls advise so I can lock it down with Michelle - You can call Michelle at 267.8383 and Peter will join her in her office.

These are the general topics of discussion

- * Message points for media interest in our ENORMOUS entertainment expenses in our NY office that we are sending to NYAG today. Referral fee amounts pale in comparison.
- * Ted has given Michelle permission to do whatever it takes with respect to ET (Erin

Toll) and she wants your counsel on how to handle surfacing ET's conflict of interest and subsequent attention that will result

* She wants to talk through what she is contemplating with respect to the NAIC around all of this

* ALTA approached their very credible and knowledgeable outside counsel about serving as spokesperson since the exec director is ill with cancer. He said he'd consider it but only if we came up with a different message because what we have now isn't working. (duh). Michelle is tossing around the idea of the GE model for the defense industry - Defense Industry Initiative - where all the players signed a code of conduct and agreed to play by the rules. Wants your pov on that.

whew. Thanks for your help with all of this. Ya'll have fun next week! I'm taking my voodoo doll to CO and will work on ET myself.

lloyd

lloyd osgood

SVP - What Can I Do for YOU?

804.267.8133

.

From: Habenicht, Peter
Sent: Friday, March 10, 2006 5:49 PM
To: GARY KOOPS
Cc: Osgood, Lloyd
Subject: FW: Letter to Erin Toll

Attachments: ETOLL31906.doc; was2-618591-1.doc



ETOLL31906.doc was2-618591-1.doc

Gary,

We can talk Monday.

Attached is a draft of the letter that Peter Kolbe wrote (and Michelle edited) to Erin Toll, Deputy Commissioner in Co. Note that it does not get specific about her alleged conflicts, which was my expectation. Rather, it merely identifies them broadly. That changes the media game a bit, to me. Now one of the logical questions becomes, "What conflicts are you referring to, LandAm? Explain what you mean." And then it gets gritty. Let's talk about that.

The letter will probably not go out until later next week, or the week after. So we have a little time to prep. But I wholeheartedly think and agree that our responses need to be "disciplined" (good word) and always circle back to the content of the letter. Our objective is to support the company's regulatory needs, and avoid the salacious interests of the media. We also need to put the clamps on local leader in Colorado and the region - no non-official or un-named sources' comments.

I've told Michelle that I'll dig into, and try to create, a fact base re: the stepfather, mother, sister, etc. Not Mickey Spillane'esque work by me, but just a timeline so we can speak with certainty if specifics are presented to us.

As for NY, that'll be tougher. I've got some numbers I'll fax to you on Monday as a backdrop for our prepared statements. They ain't pretty. Expense figures approaching 12% + of gross rev.

I'm also attaching a draft of a letter from our outside counsel to Spitzer, in response to his request. He'll get some of the info next week, but this is the entertainment stuff.

We'll talk Monday. Thanks for this afternoon.

P.

Peter A. Habenicht
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804-267-8723 direct
804-267-8466 fax
phabenicht@landam.com

From: Patterson, Marjorie
Sent: Friday, March 10, 2006 4:01 PM
To: Habenicht, Peter; Kolbe, Peter; 'Gary R. Koops (gary_koops@nyc.bm.com)'
Cc: Gluck, Michelle
Subject: Letter to Erin Toll

Attached is the letter to Erin Toll from Peter Kolbe. If you need anything further, please let me know.

Thank you,

Marjie Patterson

Executive Assistant

Legal Resources

LandAmerica Financial Group, Inc.

101 Gateway Centre Parkway

Richmond, VA 23235

Phone: 804-267-8092

Fax: 804-267-8830

Email: mpatterson@landam.com

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.olbe, Peter

From: Kolbe, Peter
Sent: Friday, May 05, 2006 6:24 PM
To: Gluck, Michelle; Perrine, Chad
Cc: Kolbe, Peter
Subject: FW: Title Insurance Hearing Transcript

Importance: High

Attachments: Title Insurance Hearing Transcript April 26, 2006.doc



Title Insurance
Hearing Transc...

Attached is the transcript from the House Financial Services Committee Housing Subcommittee hearing on title insurance.

Despite the beating given to the title insurers, reading between the lines, I think that the House is trying to push HUD to regulate the marketplace. I see that happening in two ways that potentially could benefit the title insurers. First, based on GAO's testimony, I anticipate that GAO is going to find that ALL AFBAs and JVs create inherent conflicts of interest on the part of the settlement producer, and thus reduce competition. HUD may be forced to re-address or eliminate its current safe harbor for certain AFBAs. In a perfect world, prohibition on all AFBAs and JVs might be very attractive to us, as many people feel that these are merely revenue drains on the insurers. Second, it is clear from the testimony, and preliminary GAO report, that the focus is shifting to whether agents are being over-compensated for the work that they perform. This is the discreet message that LandAmerica has been quietly putting to insurance regulators, such as Florida DOI. There is a potential benefit here for insurers too - think of it if HUD could promulgate some sort of Commission split. In any event, that is where I see the thrust of this going, and we are merely the whipping boy to get there. Future interaction with HUD behind the scenes could be useful for us.

You will also note from the transcript that MS. Toll says, without naming us directly, that we have not cooperated, that we investigated her, and that she felt threatened and intimidated by us. (All Lies). She also says that we were the ones who started captive reinsurance. These are distractions, but show what she will do to punish us.

Further, I thought Rande Yeager's testimony was less than helpful, although ALTA's written submission was quite good.

At this time, I do not plan on submitting a statement from LandAmerica into the record, even though Ms. Toll's testimony is replete with errors.

Please let me know if you would like more info.

Thanks

Peter

Peter A. Kolbe
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-----Original Message-----

From: SCOTT, CAROLINE [cscott@gardere.com]
Sent: Monday, May 22, 2006 10:18 AM
To: Kolbe, Peter
Subject: RE: Colorado Sisneros 5-19-06.pdf

Peter, I have half a dozen recommendations for Colorado counsel with contacts with the Colorado Governor's office. To narrow these down to real options, I will need to make follow up calls to assess the quality of the relationship. The purpose of this, of course, would be to retain outside counsel to raise the conflicts of interest to the Governor's counsel, so that potentially the Governor's office would advise the Commissioner that this is a real problem and at a minimum take Erin Toll out of the loop on your negotiations. Do you want me to proceed with this?

Caroline Scott
512.542.7015

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From: Kolbe, Peter [mailto:PKolbe@LANDAM.com]
Sent: Monday, May 22, 2006 8:26 AM
To: SCOTT, CAROLINE; lharr@ldmlaw.com
Subject: FW: Colorado Sisneros 5-19-06.pdf

Latest letter to Colorado DOI. Jay Varon of Foley will call Paula Sisneros to set up a settlement discussion meeting.

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From: Mitton, Necima
Sent: Monday, May 22, 2006 9:22 AM
To: Kolbe, Peter

Subject: Colorado Sisneros 5-19-06.pdf