

Fitch Affirms Connecticut Attorneys Title's 'A-' Rating; Outlook Negative [Ratings](#)

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Fitch Ratings-Chicago-14 September 2009: Fitch Ratings has affirmed the 'A-' Insurer Financial Strength (IFS) rating of Connecticut Attorneys Title Insurance Company (CATIC). The Rating Outlook is Negative.

The rating action follows CATIC's ability to maintain its balance sheet strength during the current severe downturn. Capitalization, measured in the change in statutory surplus, operating leverage and from a risk-adjusted perspective was better than industry peers. Given CATIC's modest size, limited financial flexibility and lack of geographic diversification, the company's balance sheet needed to be more conservatively structured than peers to maintain its ratings.

The Negative Rating Outlook is consistent with Fitch's view of the challenges faced by the title insurance industry as a whole as well as CATIC's efforts to improve profitability in a difficult operating environment. Increased mortgage originations during 2009 have allowed some industry peers to report modest profits. CATIC's combined ratio for the six months ended June 30, 2009 was 104.1%, which is considered high. The current financial strength rating assumes improvement in CATIC's profitability consistent with industry peers.

The company's strong balance sheet fundamentals include an above average Fitch risk adjusted capital (RAC) ratio in excess of 300% at year-end 2008. CATIC's RAC ratio is the highest in Fitch's rating universe and a key consideration behind its financial strength rating. Operating leverage, measured by the ratio between net written premium and policyholders' surplus was 1.1 times (x), which is considerably better than the greater than 6x average for Fitch's title insurance rating universe. Deterioration in capitalization would place downward pressure on ratings.

As an attorney-owned title insurance company CATIC's primary purpose is to preserve and promote the use of independent legal counsel in real estate transactions. CATIC has a long history of success in the Connecticut title insurance market with the state's third largest market share at approximately 25%.

Connecticut Attorneys Title Insurance Company
--Insurer financial strength Affirmed 'A-/Negative.

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