

STEWART INFORMATION SERVICES CORP  
Form 10-Q  
May 03, 2018  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q  
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-02658

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STEWART INFORMATION SERVICES CORPORATION

(Exact name of registrant as specified in its charter)

Delaware 74-1677330

(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

1980 Post Oak Blvd., Houston TX 77056  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (713) 625-8100

(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Emerging growth company  (Do not check if smaller reporting  
company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

On April 30, 2018, there were 23,731,548 outstanding shares of the issuer's Common Stock, \$1 par value per share.

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FORM 10-Q QUARTERLY REPORT  
QUARTER ENDED MARCH 31, 2018  
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As used in this report, “we,” “us,” “our,” “Registrant,” the “Company” and “Stewart” mean Stewart Information Services Corporation and our subsidiaries, unless the context indicates otherwise.



## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME  
(UNAUDITED)

	Three Months Ended March 31,	
	2018	2017
	(\$000 omitted, except per share)	
Revenues		
Title revenues:		
Direct operations	185,512	187,428
Agency operations	236,854	233,349
Ancillary services	11,831	17,304
Operating revenues	434,197	438,081
Investment income	4,704	4,671
Investment and other (losses) gains – net	(1,671)	) 287
	437,230	443,039
Expenses		
Amounts retained by agencies	195,207	191,175
Employee costs	138,822	139,785
Other operating expenses	80,267	78,318
Title losses and related claims	18,981	20,701
Depreciation and amortization	6,234	6,378
Interest	974	817
	440,485	437,174
(Loss) income before taxes and noncontrolling interests	(3,255)	) 5,865
Income tax benefit	(1,294)	) (144)
Net (loss) income	(1,961)	) 6,009
Less net income attributable to noncontrolling interests	1,819	1,922
Net (loss) income attributable to Stewart	(3,780)	) 4,087
Net (loss) income	(1,961)	) 6,009
Other comprehensive (loss) income, net of taxes:		
Foreign currency translation adjustments	(1,592)	) 1,325
Change in net unrealized gains and losses on investments	(8,006)	) 2,467
Reclassification adjustment for net gains included in net (loss) income	(249)	) (367)
Other comprehensive (loss) income, net of taxes:	(9,847)	) 3,425
Comprehensive (loss) income	(11,808)	) 9,434
Less net income attributable to noncontrolling interests	1,819	1,922
Comprehensive (loss) income attributable to Stewart	(13,627)	) 7,512
Basic average shares outstanding (000)	23,508	23,433
Basic earnings per share attributable to Stewart	(0.16)	) 0.17
Diluted average shares outstanding (000)	23,508	23,569
Diluted earnings per share attributable to Stewart	(0.16)	) 0.17
See notes to condensed consolidated financial statements.		



## CONDENSED CONSOLIDATED BALANCE SHEETS

	As of March 31, 2018 (Unaudited) (\$000 omitted)	As of December 31, 2017
Assets		
Cash and cash equivalents	103,474	150,079
Short-term investments	24,400	24,463
Investments in debt and equity securities, at fair value	679,413	709,355
Receivables:		
Premiums from agencies	28,173	27,903
Trade and other	48,378	51,299
Income taxes	5,836	1,267
Notes	3,154	3,203
Allowance for uncollectible amounts	(4,808 )	(5,156 )
	80,733	78,516
Property and equipment, at cost:		
Land	3,991	3,991
Buildings	22,935	22,849
Furniture and equipment	231,356	226,461
Accumulated depreciation	(189,857 )	(186,279 )
	68,425	67,022
Title plants, at cost	74,237	74,237
Investments on equity method basis	9,013	9,202
Goodwill	242,736	231,428
Intangible assets, net of amortization	12,301	9,734
Deferred tax assets	4,187	4,186
Other assets	52,609	47,664
	1,351,528	