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Russell G. Golden
Technical Director
File Reference No. 1840-100
FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

RE: Exposure Draft: *Disclosure of Certain Loss Contingencies*

Dear Mr. Golden,

I am writing on behalf of Stewart Information Services Corporation (STC) in order to address its concerns relating to the Exposure Draft: *Disclosure of Certain Loss Contingencies* (the ED). While STC is committed to providing adequate and timely information to assist investors and other users of financial reports, we believe certain elements of the ED go beyond the purported benefits and will actually be harmful to investors by interfering with STC's ability to minimize damages caused by legal and regulatory issues brought against it. Therefore, we do not support the implementation of the provisions contained in the ED and urge the Financial Accounting Standards Board to reconsider its tentative conclusions.

The ED states that its objectives for the qualitative and quantitative information about loss contingencies are to enable financial statement users to understand all of the following:

- a. The nature of the loss contingencies
- b. Their potential magnitude
- c. Their potential timing (if known).

The second objective, potential magnitude, is especially problematic since it may require a company to disclose an inflammatory claim along with any amount presented in the tabular reconciliation. This objective could interfere with STC's objective to defend itself through the settlement process, where the substantial majority of lawsuits are resolved, with minimal negative economic impact. As such, STC believes the second objective fails to consider, and in fact is counter-productive to, other objectives that would protect its investors.

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The following are STC's responses to relevant questions contained in the ED.

Question 1: Are the proposed disclosures operational? If not, please explain why.

Response: STC does not believe the proposed disclosures are operational on an interim reporting basis given the current 40 day filing requirement with the Securities Exchange Commission. Extensive communication will be required with outside counsel and independent auditors to assess and provide relevant information to comply with requirements of the ED. Also, this additional time with outside counsel will add unnecessary legal costs and audit fees, negatively impacting STC's financial performance.

More time will be needed by outside counsel to meet the demands of the disclosure threshold as proposed in FAS ASC 450-20-50-1D. By changing the threshold to disclose the "potential severe impact" plus the new quantitative disclosure requirements, STC will be in a weakened position to negotiate with plaintiffs and regulators and to defend itself in the most advantageous manner available.

Question 2: Are the proposed disclosures auditable? If not, please explain why.

Response: STC believes it will difficult for its auditors to objectively audit legal matters that we believe to be "prejudicial." In order to determine if a loss contingency is "prejudicial," auditors would be put in the position of making decisions ordinarily made by legal counsel, decisions they are trained or qualified to make.

Question 3: The June 2008 FASB Exposure Draft, *Disclosure of Certain Loss Contingencies*, had proposed certain disclosures based on management's predictions about a contingency's resolution. The amendments in this proposed Update would eliminate those disclosure requirements such as estimating when a loss contingency would be resolved and the entity's maximum exposure to loss. Do you agree that an explicit exemption from disclosing information that is "prejudicial" to the reporting entity is not necessary because the amendments in this proposed Update would:

- a. Not require any new disclosures based on management's predictions about a contingency's resolution
- b. Generally focus on information that is publicly available
- c. Relate to amounts already accrued in the financial statements
- d. Permit information to be presented on an aggregated basis with other similar loss contingencies?

If not, please explain why.

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Response: STC believes an explicit exemption is necessary to prevent disclosing information that is “prejudicial” since most information that is publicly presented by plaintiffs is “prejudicial” and “inflammatory” and is intended principally to induce negotiators rather than be representative of what they believe the actual value of any alleged damages suffered by their client. This “prejudicial” exemption should be determinable by STC and its legal counsel, who are the only ones in a position to make these determinations with respect to such a sensitive area as litigation. STC proposes that the ED exclude loss contingencies from the tabular reconciliation that are categorized as “prejudicial” until loss contingencies are no longer consider “prejudicial” by an entity and its legal counsel.

Question 5: Do you believe that the proposed disclosures will enhance and improve the information provided to financial statement users about the nature, potential magnitude, and potential timing (if known) of loss contingencies?

Response: STC believes its current loss contingencies disclosure, which is in accordance with long-existing standards, is transparent and informative with respect to matters that are material to STC. In addition, STC believes that its current disclosures (and underlying processes for developing said disclosures) protect its investors from prejudicial and inflammatory claims that are often settled for immaterial amounts or dismissed as the legal process unfolds. As such, STC believes that, while the disclosures proposed in the ED will provide more information to financial statement users, such additional disclosures do not provide the financial statement users with any value-added information, and will, in fact, harm STC’s position with respect to resolution of such matters. As well, we expect the disclosures proposed in the ED will strongly encourage plaintiffs’ lawyers to file inflammatory lawsuits, but also to use an issuer’s disclosures required under the ED to set minimum amounts on settlement discussions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Allen Berryman". The signature is written in a cursive, flowing style.

J. Allen Berryman