

**ANNUAL STATEMENT**

OF THE

**Arkansas Title Insurance Company**

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of **Little Rock**

in the state of **Arkansas**

TO THE

**Insurance Department**

OF THE

**STATE OF Arkansas**

**FOR THE YEAR ENDED**

**December 31, 2006**

TITLE

**2006**



50725200620100100

# ANNUAL STATEMENT

For the Year Ended December 31, 2006

OF THE CONDITION AND AFFAIRS OF THE

**Arkansas Title Insurance Company**

**NAIC Group Code** 0340 0340 **NAIC Company Code** 50725 **Employer's ID Number** 71-0560086  
(Current Period) (Prior Period)  
**Organized under the Laws of** ARKANSAS , **State of Domicile or Port of Entry** ARKANSAS  
**Country of Domicile** US  
**Incorporated/Organized:** May 3, 1982 **Commenced Business:** May 3, 1982  
**Statutory Home Office:** 17300 CHENAL PARKWAY LITTLE ROCK, AR 72223  
**Main Administrative Office:** 17300 CHENAL PARKWAY LITTLE ROCK, AR 72223 501-228-8200  
**Mail Address:** Post Office Box 242810 LITTLE ROCK, AR 72223  
**Primary Location of Books and Records:** 17300 CHENAL PARKWAY LITTLE ROCK, AR 72223 501-228-8200  
**Internet Website Address:** www.arkansastitle.com  
**Statutory Statement Contact:** DEBRA L. KAHOUN 847-885-3000 104  
dkahoun@stewart.com (E-Mail Address) 847-885-3636 (Fax Number)  
**Policyowner Relations Contact:** CRAIG D GILL 17300 CHENAL PARKWAY LITTLE ROCK, AR 72223 800-272-2223

## OFFICERS

	Name	Title
1.	<u>DON A. EILBOTT</u>	<u>CHIEF EXECUTIVE OFFICER</u>
2.	<u>CRAIG D. GILL</u>	<u>PRESIDENT</u>
3.	<u>KIMBERLY K MAJORS</u>	<u>VICE PRESIDENT/SECRETARY</u>

## Vice-Presidents

Name	Title	Name	Title
<u>DEBRA L. KAHOUN</u>	<u>VICE PRESIDENT</u>	<u>EILEEN W. VAN ROEYEN</u>	<u>VICE PRESIDENT</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

## DIRECTORS OR TRUSTEES

<u>JERRY D. NIXON</u>	<u>WALTER C WHISLER</u>	<u>DON A EILBOTT</u>	<u>CRAIG D. GILL</u>
<u>SHERRY LEA GOODNER</u>	<u>JIMMY D DILL</u>	<u>THOMAS JOHN SAGEHORN</u>	<u>RICKY DWAYNE DICKENS</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

State of ARKANSAS  
 County of PULASKI ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

_____ (Signature) <u>DON A. EILBOTT</u> (Printed Name) 1. <u>CHIEF EXECUTIVE OFFICER</u> (Title)	_____ (Signature) <u>CRAIG D. GILL</u> (Printed Name) 2. <u>PRESIDENT</u> (Title)	_____ (Signature) <u>KIMBERLY K MAJORS</u> (Printed Name) 3. <u>VICE PRESIDENT/SECRETARY</u> (Title)
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Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2007

a. Is this an original filing? YES [ X ] NO [ ]  
 b. If no: 1. State the amendment number \_\_\_\_\_  
 2. Date filed \_\_\_\_\_  
 3. Number of pages attached \_\_\_\_\_

**ASSETS**

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)				
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 4,354,233, Schedule E-Part 1), cash equivalents (\$ 0, Schedule E-Part 2) and short-term investments (\$ 0, Schedule DA)	4,354,233		4,354,233	3,984,361
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	4,354,233		4,354,233	3,984,361
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued				
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	176,959	4,887	172,072	96,356
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset	197,873	144,532	53,341	23,028
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$ 0 )	13,665	13,665		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	16,339	873	15,466	14,772
22. Health care (\$ 0 ) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	45,401	45,401		
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	4,804,470	209,358	4,595,112	4,118,517
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	4,804,470	209,358	4,595,112	4,118,517

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301. Other Assets	4,023	4,023		
2302. Policy Forms	7,593	7,593		
2303. Note receivable affiliate	33,785	33,785		
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	45,401	45,401		

<b>LIABILITIES, SURPLUS AND OTHER FUNDS</b>	1 Current Year	2 Prior Year
1. Known claims reserve (Part 2B, Line 3, Col. 4)	292,064	169,501
2. Statutory premium reserve (Part 1B, Line 2.5, Col. 1)	1,906,451	1,725,606
3. Aggregate of other reserves required by law		
4. Supplemental reserve (Part 2B, Col. 4, Line 12)		
5. Commissions, brokerage and other charges due or accrued to attorneys, agents and real estate brokers		
6. Other expenses (excluding taxes, licenses and fees)	32,747	36,660
7. Taxes, licenses and fees (excluding federal and foreign income taxes)	47,604	53,009
8.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	39,867	209,033
8.2 Net deferred tax liability		
9. Borrowed money \$ 0 and interest thereon \$ 0		
10. Dividends declared and unpaid		
11. Premiums and other consideration received in advance		
12. Unearned interest and real estate income received in advance		
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others		
15. Provision for unauthorized reinsurance		
16. Net adjustment in assets and liabilities due to foreign exchange rates		
17. Drafts outstanding		
18. Payable to parent, subsidiaries and affiliates	6,484	14,355
19. Payable for securities		
20. Aggregate write-ins for other liabilities	11,317	1,184
21. Total liabilities (Lines 1 through 20)	2,336,534	2,209,348
22. Aggregate write-ins for special surplus funds		
23. Common capital stock	100,000	100,000
24. Preferred capital stock		
25. Aggregate write-ins for other than special surplus funds		
26. Surplus notes		
27. Gross paid in and contributed surplus	145,000	145,000
28. Unassigned funds (surplus)	2,013,577	1,664,169
29. Less treasury stock, at cost:		
29.1 0 shares common (value included in Line 23 \$ 0 )		
29.2 0 shares preferred (value included in Line 24 \$ 0 )		
30. Surplus as regards policyholders (Lines 22 to 28 less 29)(Page 4, Line 32)	2,258,577	1,909,169
31. Totals (Page 2, Line 26, Col. 3)	4,595,111	4,118,517

<b>DETAILS OF WRITE-INS</b>		
0301.		
0302.		
0303.		
0398. Summary of remaining write-ins for Line 3 from overflow page		
0399. Totals (Lines 0301 through 0303 plus 0398) (Line 3 above)		
2001. Reinsurance payable to Affiliated Company	11,317	1,184
2002.		
2003.		
2098. Summary of remaining write-ins for Line 20 from overflow page		
2099. Totals (Lines 2001 through 2003 plus 2098) (Line 20 above)	11,317	1,184
2201.		
2202.		
2203.		
2298. Summary of remaining write-ins for Line 22 from overflow page		
2299. Totals (Lines 2201 through 2203 plus 2298) (Line 22 above)		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		

<b>OPERATIONS AND INVESTMENT EXHIBIT STATEMENT OF INCOME</b>		1	2
		Current Year	Prior Year
<b>OPERATING INCOME</b>			
1. Title insurance and related income (Part 1):			
1.1 Title insurance premiums earned (Part 1B, Line 3, Col. 1)		7,267,919	5,877,907
1.2 Escrow and settlement services (Part 1A, Line 2, Col. 4)			
1.3 Other title fees and service charges (Part 1A, Line 3, Col. 4)			
2. Aggregate write-ins for other operating income		55,445	85,682
3. Total Operating Income (Lines 1 through 2)		7,323,364	5,963,589
<b>DEDUCT:</b>			
4. Losses and loss adjustment expenses incurred (Part 2A, Line 10, Col. 4)		260,867	47,348
5. Operating expenses incurred (Part 3, Line 24, Cols. 4 and 6)		6,677,430	5,530,913
6. Aggregate write-ins for other operating deductions			
7. Total Operating Deductions		6,938,297	5,578,261
8. Net operating gain or (loss) (Lines 3 minus 7)		385,067	385,328
<b>INVESTMENT INCOME</b>			
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)		146,892	71,047
10. Net realized capital gains (losses) less capital gains tax of \$ 0 (Exhibit of Capital Gains (Losses))			
11. Net investment gain (loss) (Lines 9 + 10)		146,892	71,047
<b>OTHER INCOME</b>			
12. Aggregate write-ins for miscellaneous income or (loss)			
13. Net income after capital gains tax and before all other federal income taxes (Lines 8 + 11 + 12)		531,959	456,375
14. Federal and foreign income taxes incurred		203,409	180,144
15. Net income (Lines 13 minus 14)		328,550	276,231
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
16. Surplus as regards policyholders, December 31 prior year (Page 3, Line 30, Column 2)		1,909,169	1,616,427
17. Net income (from Line 15)		328,550	276,231
18. Net unrealized capital gains or (losses) less capital gains tax of \$ 0			
19. Change in net unrealized foreign exchange capital gain (loss)			
20. Change in net deferred income tax		7,918	19,812
21. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)		112,940	46,699
22. Change in provision for unauthorized reinsurance (Page 3, Line 15, Cols. 2 minus 1)			
23. Change in supplemental reserves (Page 3, Line 4, Cols. 2 minus 1)			
24. Change in surplus notes			
25. Cumulative effect of changes in accounting principles			
26. Capital Changes:			
26.1 Paid in			
26.2 Transferred from surplus (Stock Dividend)			
26.3 Transferred to surplus			
27. Surplus Adjustments:			
27.1 Paid in			
27.2 Transferred to capital (Stock Dividend)			
27.3 Transferred from capital			
28. Dividends to stockholders		(100,000)	(50,000)
29. Change in treasury stock (Page 3, Lines (29.1) and (29.2), Cols. 2 minus 1)			
30. Aggregate write-ins for gains and losses in surplus			
31. Change in surplus as regards policyholders for the year (Lines 17 through 30)		349,408	292,742
32. Surplus as regards policyholders, December 31 current year (Lines 16 plus 31) (Page 3, Line 30)		2,258,577	1,909,169

<b>DETAILS OF WRITE-INS</b>			
0201. Other Operating Income		7,445	37,682
0202. Management fees		48,000	48,000
0203.			
0298. Summary of remaining write-ins for Line 2 from overflow page			
0299. Totals (Lines 0201 through 0203 plus 0298) (Line 2 above)		55,445	85,682
0601.			
0602.			
0603.			
0698. Summary of remaining write-ins for Line 6 from overflow page			
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)			
1201.			
1202.			
1203.			
1298. Summary of remaining write-ins for Line 12 from overflow page			
1299. Totals (Lines 1201 through 1203 plus 1298) (Line 12 above)			
3001.			
3002.			
3003.			
3098. Summary of remaining write-ins for Line 30 from overflow page			
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)			

## CASH FLOW

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance	7,427,838	6,098,009
2. Net investment income	146,892	72,693
3. Miscellaneous income	55,445	85,683
4. Total (Lines 1 through 3)	7,630,175	6,256,385
5. Benefit and loss related payments	138,304	228,848
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	6,649,426	5,594,593
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)	372,574	
10. Total (Lines 5 through 9)	7,160,304	5,823,441
11. Net cash from operations (Line 4 minus Line 10)	469,871	432,944
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)		
13. Cost of investments acquired (long-term only):		
13.1 Bonds		
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)		
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	100,000	50,000
16.6 Other cash provided (applied)		(7,219)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(100,000)	(57,219)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	369,871	375,725
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	3,984,362	3,608,637
19.2 End of year (Line 18 plus Line 19.1)	4,354,233	3,984,362

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001.		
20.0002.		
20.0003.		

## OPERATIONS AND INVESTMENT EXHIBIT

### PART 1A - SUMMARY OF TITLE INSURANCE PREMIUMS WRITTEN AND RELATED REVENUES

	1  Direct Operations	Agency Operations		4  Current Year Total (Cols. 1 + 2 + 3)	5  Prior Year Total
		2  Non-Affiliated Agency Operations	3  Affiliated Agency Operations		
1. Direct premiums written		6,307,408	1,196,318	7,503,726	6,015,282
2. Escrow and settlement service charges		X X X	X X X		
3. Other title fees and service charges (Part 1C, Line 5)		X X X	X X X		
4. Totals (Lines 1 + 2 + 3)		6,307,408	1,196,318	7,503,726	6,015,282

### PART 1B - PREMIUMS EARNED EXHIBIT

	1 Current Year	2 Prior Year
1. Title premiums written:		
1.1 Direct (Part 1A, Line 1)	7,503,726	6,015,282
1.2 Assumed		
1.3 Ceded	54,962	19,877
1.4 Net title premiums written (Lines 1.1 + 1.2 - 1.3)	7,448,764	5,995,405
2. Statutory premium reserve:		
2.1 Balance at December 31 prior year	1,725,606	1,608,109
2.2 Additions during the current year	300,149	240,744
2.3 Withdrawals during the current year	119,305	123,247
2.4 Other adjustments to statutory premium reserves		
2.5 Balance at December 31 current year	1,906,450	1,725,606
3. Net title premiums earned during year (Lines 1.4 - 2.2 + 2.3)	7,267,920	5,877,908

### PART 1C - OTHER TITLE FEES AND SERVICE CHARGES

	1 Current Year	2 Prior Year
1. Title examinations	<b>NONE</b>	
2. Searches and abstracts		
3. Surveys		
4. Aggregate write-ins for service charges		
5. Totals		

DETAILS OF WRITE-INS		
0401.		
0402.		
0403.		
0498. Summary of remaining write-ins for Line 4 from overflow page		
0499. Total (Lines 0401 through 0403 plus 0498) (Line 4 above)		

**OPERATIONS AND INVESTMENT EXHIBIT  
PART 2A - LOSSES PAID AND INCURRED**

	1  Direct Operations	Agency Operations		4  Total Current Year (Cols. 1+2+3)	5  Total Prior Year
		2  Non-Affiliated Agency Operations	3  Affiliated Agency Operations		
1. Losses and allocated loss adjustment expenses paid - direct business, less salvage .....		94,208	44,096	138,304	228,848
2. Losses and allocated loss adjustment expenses paid - reinsurance assumed, less salvage .....					
3. Total (Line 1 plus Line 2) .....		94,208	44,096	138,304	228,848
4. Deduct: Recovered during year from reinsurance .....					
5. Net payments (Line 3 minus Line 4) .....		94,208	44,096	138,304	228,848
6. Known claims reserve - current year (Page 3, Line 1, Column 1) .....		232,910	59,154	292,064	169,501
7. Known claims reserve - prior year (Page 3, Line 1, Column 2) .....		125,759	43,742	169,501	351,000
8. Losses and allocated Loss Adjustment Expenses incurred (Ln 5 + Ln 6 - Ln 7) .....		201,359	59,508	260,867	47,349
9. Unallocated loss adjustment expenses incurred (Part 3, Line 24, Column 5) .....					
10. Losses and loss adjustment expenses incurred (Line 8 plus Line 9) .....		201,359	59,508	260,867	47,349



**OPERATIONS AND INVESTMENT EXHIBIT**  
**PART 2B - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

	1  Direct Operations	Agency Operations		4  Total Current Year (Cols. 1 + 2 + 3)	5  Total Prior Year
		2  Non-Affiliated Agency Operations	3  Affiliated Agency Operations		
1. Loss and allocated LAE reserve for title and other losses of which notice has been received:					
1.1 Direct (Schedule P, Part 1, Line 12, Col. 17)		232,910	59,154	292,064	169,501
1.2 Reinsurance assumed (Schedule P, Part 1, Line 12, Col. 18)					
2. Deduct reinsurance recoverable from authorized and unauthorized companies (Schedule P, Part 1, Line 12, Col. 19)					
3. Known claims reserve (Line 1.1 plus Line 1.2 minus Line 2)		232,910	59,154	292,064	169,501
4. Incurred But Not Reported:					
4.1 Direct (Schedule P, Part 1, Line 12, Col. 20)		877,000	222,000	1,099,000	898,000
4.2 Reinsurance assumed (Schedule P, Part 1, Line 12, Col. 21)					
4.3 Reinsurance ceded (Schedule P, Part 1, Line 12, Col. 22)					
4.4 Net incurred but not reported		877,000	222,000	1,099,000	898,000
5. Unallocated LAE reserve (Schedule P, Part 1, Line 12, Col. 23)	X X X	X X X	X X X		X X X
6. Less discount for time value of money, if allowed (Sch. P, Part 1, Line 12, Col. 33)	X X X	X X X	X X X		X X X
7. Total Schedule P reserves (Lines 3 + 4.4 + 5 - 6)(Sch. P, Part 1, Line 12, Col. 35)	X X X	X X X	X X X	1,391,064	X X X
8. Statutory premium reserve at year end	X X X	X X X	X X X	1,906,451	X X X
9. Aggregate of other reserves required by law	X X X	X X X	X X X		X X X
10. Gross supplemental reserve (a) (Lines 7 - (3 + 8 + 9))	X X X	X X X	X X X		X X X
11. Unrecognized Schedule P transition obligation	X X X	X X X	X X X		X X X
12. Net recognized supplemental reserve (Lines 10 - 11)	X X X	X X X	X X X		X X X

(a) If the sum of Lines 3 + 8 + 9 is greater than Line 7, place a "0" in this Line.

**OPERATIONS AND INVESTMENT EXHIBIT**  
**PART 3 - EXPENSES**

	Title and Escrow Operating Expenses				5 Unallocated Loss Adjustment Expenses	6 Other Operations	7 Investment Expenses	Totals	
	1 Direct Operations	Agency Operations		4 Total (Cols. 1 + 2 + 3)				8 Current Year (Cols. 4 + 5 + 6 + 7)	9 Prior Year
		2 Non-affiliated Agency Operations	3 Affiliated Agency Operations						
1. Personnel costs:									
1.1 Salaries	400,946			400,946			400,946	512,816	
1.2 Employee relations and welfare	27,295			27,295			27,295	35,564	
1.3 Payroll taxes	38,613			38,613			38,613	38,950	
1.4 Other personnel costs	2,108			2,108			2,108	1,726	
1.5 Total personnel costs	468,962			468,962			468,962	589,056	
2. Amounts paid to or retained by title agents		4,689,361	986,141	5,675,502			5,675,502	4,434,210	
3. Production services (purchased outside):									
3.1 Searches, examinations and abstracts	200			200			200	343	
3.2 Surveys									
3.3 Other	24,000			24,000			24,000	21,500	
4. Advertising									
5. Boards, bureaus and associations	2,371			2,371			2,371	3,868	
6. Title plant rent and maintenance									
7. Claim adjustment services									
8. Amounts charged off, net of recoveries	21,109			21,109			21,109	39	
9. Marketing and promotional expenses	36,794			36,794			36,794	52,380	
10. Insurance	3,653			3,653			3,653	4,092	
11. Directors' fees	4,800			4,800			4,800	7,800	
12. Travel and travel items	50,957			50,957			50,957	47,435	
13. Rent and rent items	53,001			53,001			53,001	46,291	
14. Equipment	7,804			7,804			7,804	6,176	
15. Cost or depreciation of EDP equipment and software	12,928			12,928			12,928	17,581	
16. Printing, stationery, books and periodicals	27,590			27,590			27,590	27,737	
17. Postage, telephone, messengers and express	39,648			39,648			39,648	41,854	
18. Legal and auditing	11,494			11,494			11,494	11,511	
19. Totals (Lines 1.5 to 18)	765,311	4,689,361	986,141	6,440,813			6,440,813	5,311,873	
20. Taxes, licenses and fees:									
20.1 State and local insurance taxes	187,742			187,742			187,742	152,424	
20.2 Insurance department licenses and fees	7,485			7,485			7,485	8,220	
20.3 Gross guaranty association assessments									
20.4 All other (excluding federal income and real estate)	1,884			1,884			1,884		
20.5 Total taxes, licenses and fees (Lines 20.1 + 20.2 + 20.3 + 20.4)	197,111			197,111			197,111	160,644	
21. Real estate expenses									
22. Real estate taxes									
23. Aggregate write-ins for miscellaneous expenses	39,508			39,508			39,508	58,395	
24. Total expenses incurred (Lines 19 + 20.5 + 21 + 22 + 23)	1,001,930	4,689,361	986,141	6,677,432			(a) 6,677,432	5,530,912	
25. Less unpaid expenses - current year	86,835			86,835			86,835	104,025	
26. Add unpaid expenses - prior year	104,025			104,025			104,025	186,016	
27. TOTAL EXPENSES PAID (Lines 24 - 25 + 26)	1,019,120	4,689,361	986,141	6,694,622			6,694,622	5,612,903	
<b>DETAILS OF WRITE-INS</b>									
2301. Contributions									8,331
2302. Computer ASP maintenance	24,779			24,779			24,779	39,456	
2303. Misc expense	14,729			14,729			14,729	10,608	
2398. Summary of remaining write-ins for Line 23 from overflow page									
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	39,508			39,508			39,508	58,395	

(a) Includes management fees of \$ 0 to affiliates and \$ 0 to non-affiliates.

**OPERATIONS AND INVESTMENT EXHIBIT  
PART 4 - NET OPERATING GAIN/LOSS EXHIBIT**

	1  Direct Operations	Agency Operations		4  Total (Cols. 1 + 2 + 3)	5  Other Operations	Totals	
		2  Non-affiliated Agency Operations	3  Affiliated Agency Operations			6  Current Year (Cols. 4 + 5)	7  Prior Year
1. Title insurance and related income (Part 1):							
1.1 Title insurance premiums earned (Part 1B, Line 3, Col. 1)		6,120,061	1,147,858	7,267,919		7,267,919	5,877,907
1.2 Escrow and settlement services (Part 1A, Line 2, Col. 4)							
1.3 Other title fees and service charges (Part 1A, Line 3, Col. 4)							
2. Aggregate write-ins for other operating income	55,445			55,445		55,445	85,683
3. Total Operating Income (Lines 1.1 through 1.3 + 2)	55,445	6,120,061	1,147,858	7,323,364		7,323,364	5,963,590
DEDUCT:							
4. Losses and loss adjustment expenses incurred (Part 2A, Line 10, Col. 4)		201,359	59,508	260,867		260,867	47,349
5. Operating expenses incurred (Part 3, Line 24, Cols. 1 to 3 + 6)	1,001,930	4,689,361	986,141	6,677,431		6,677,431	5,530,912
6. Aggregate write-ins for other operating deductions							
7. Total Operating Deductions (Lines 4 + 5 + 6)	1,001,930	4,890,720	1,045,649	6,938,298		6,938,298	5,578,261
8. Net operating gain or (loss) (Lines 3 minus 7)	(946,485)	1,229,341	102,209	385,066		385,066	385,329
<b>DETAILS OF WRITE-INS</b>							
0201. Other Income	7,445			7,445		7,445	85,683
0202. Management fees	48,000			48,000		48,000	
0203.							
0298. Summary of remaining write-ins for Line 2 from overflow page							
0299. Totals (Lines 0201 through 0203 plus 0298)	55,445			55,445		55,445	85,683
0601.							
0602.							
0603.							
0698. Summary of remaining write-ins for Line 6 from overflow page							
0699. Totals (Lines 0601 through 0603 plus 0698)							

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)	
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 149,109	149,109
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	(2,216)	(2,216)
10. Total gross investment income	146,893	146,893
11. Investment expenses		(g)
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		
17. Net investment income (Line 10 minus Line 16)		146,893
<b>DETAILS OF WRITE-INS</b>		
0901. Loss on disposal of assets	(2,216)	(2,216)
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	(2,216)	(2,216)
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)		
(a) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		
(b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.		
(c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		
(d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.		
(e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		
(f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.		
(g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.		
(h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.		
(i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.		

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Unrealized Increases (Decreases) by Adjustment	4 Total
1. U.S. Government bonds				
1.1 Bonds exempt from U.S. tax				
1.2 Other bonds (unaffiliated)				
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)				
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)				
2.21 Common stocks of affiliates				
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments				
7. Derivative instruments				
8. Other invested assets				
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)				

**NONE**

<b>DETAILS OF WRITE-INS</b>				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)				

**NONE**

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants ( for Title insurers only )			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	4,887	49,543	44,656
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	144,532	166,927	22,395
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets	13,665	25,898	12,233
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivables from parent, subsidiaries and affiliates	873	16,762	15,889
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	45,401	63,165	17,764
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	209,358	322,295	112,937
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	209,358	322,295	112,937

<b>DETAILS OF WRITE-INS</b>			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Other Assets	4,023	2,079	(1,944)
2302. Policy Forms	7,593	18,701	11,108
2303. Note receivable affiliate	33,785	42,385	8,600
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	45,401	63,165	17,764

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**NOTES TO FINANCIAL STATEMENTS**


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**NOTES TO FINANCIALS**
**1. Accounting Practices**

- A. The financial statements of Arkansas Title Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Arkansas Department of Insurance.

The Arkansas Department of Insurance recognizes statutory accounting practices prescribed or permitted by the state of Arkansas for determining and reporting the financial condition and results of operations of a title insurance company, for determining its solvency under the Arkansas Insurance Law. The National Association of Insurance Commissioners' (the NAIC) *Accounting Practices and Procedures* manual, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Arkansas. The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically, Arkansas Title Insurance Company was granted special approval by the state in 1986 regarding its reserving method.

The Company, with the explicit permission of the Commissioner of Insurance of the state of Arkansas, records the SPR at a reduced rate. If the SPR were calculated at the regular rate, the statutory surplus would decrease by \$176,323 and \$118,403 as of December 31, 2006 and December 31, 2005, respectively. Additionally, net income would be decreased by \$176,323 and \$118,403 for December 31, 2006 and December 31, 2005, respectively.

	<u>12/31/2006</u>	<u>12/31/2005</u>
Net Income, Arkansas State Basis	\$ 328,550	\$ 276,231
State Prescribed Practices:	\$ 0	\$ 0
State Permitted Practices;	\$ (176,323)	\$ (118,403)
Net Income, NAIC SAP	\$ 152,227	\$ 157,828
Statutory Surplus, Arkansas State Basis	\$2,258,577	\$1,909,169
State Prescribed Practices:	\$ 0	\$ 0
State Permitted Practices:	\$ (176,323)	\$ (118,403)
Statutory Surplus, NAIC SAP	\$2,082,254	\$1,790,766

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policies

**Revenue recognition and related expenses** - Premiums are earned at the time of the closing of the related real estate transaction. Premiums on title insurance policies written by agents are recognized primarily when policies are reported to the Company. The Company ceded reinsurance with Stewart Title Guaranty Company, on an individual basis, utilizing standard facultative agreements provided by the American Land Title Association. Statutory Premium Reserves (SPR) are established to protect title insurance policyholders in the event of insolvency or dissolution of a title insurer. SPR is computed based on Section 23-63-610 of the Arkansas Insurance Code. Permission has been granted by the Arkansas Insurance commissioner in a letter dated February 27, 1986, to reduce the "risk premium" on which reserves are calculated by the amount retained by agents/abstractors. Provided that the total credit not exceed 60% of the premium stated in the title insurance contract. Expenses incurred in connection with issuing the policies are charged to operations as an expense for premiums retained by agents.

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at cost.

## NOTES TO FINANCIAL STATEMENTS

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- (2) Bonds not backed by other loans are stated at amortized cost using the effective yield interest method.-None
- (3) Common stocks are stated at market except investments in stocks that are not publicly traded, are valued at zero or cost.- None
- (4) Investments in Preferred stock, excluding investments in preferred stock of subsidiary, controlled, or affiliated entities – None.
- (5) Mortgage loans on real estate are stated at the aggregate unpaid balance- None
- (6) Loan-backed securities- None
- (7) N.A
- (8) Joint ventures and limited liability companies-None.
- (9) Derivatives – None
- (10) Anticipated investment income used as a factor in the premium deficiency calculation. – None
- (11) Unpaid losses and loss adjustment expenses include an amount for known claims and a formula-driven statutory premium reserve. Known claim reserves consist of a reserve for payment of the loss and costs of defense of the insured and other costs expected to be paid to other parties in the defense, settlement, or processing of the claim under the terms of the title insurance policy for each specific known claim.

A statutory premium reserve is based on Section 23-63-610 of the Arkansas Insurance Code. Section 23-63-610 requires the Company to reserve an amount equal to 10% of the total amount of the risk premiums for title policies written or retained for the calendar year. See note 1 part C for the definition of risk premium. The reserve is subsequently reduced by 5% of the addition in the first year succeeding the year of addition, and continuing for 20 years.

### 2. Accounting Changes and Corrections of Errors

- A. There was no material change in accounting principle.
- B. The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Arkansas. Effective January 1, 2001, the State of Arkansas required that insurance companies domiciled in the State of Arkansas prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual subject to any deviations prescribed or permitted by the State of Arkansas insurance commissioner.

Accounting changes adopted to conform to the provisions of the NAIC *Accounting Practices and Procedures* manual are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. The Company reported no changes of as a result of change in accounting principle, for the current year.

### 3. Business Combinations and Goodwill – Not Applicable

### 4. Discontinued Operations – Not Applicable

### 5. Investments

- A. Mortgage Loans- None
- B. Debt Restructuring- Not applicable
- C. Reverse Mortgages – None
- D. Loan-Backed Securities – None
- E. Repurchase Agreements – None
- F. Real Estate – None

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**NOTES TO FINANCIAL STATEMENTS**


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## 6. Joint Ventures, Partnerships and Limited Liability Companies- None

## 7. Investment Income

1. Due and accrued income is excluded from surplus on the following bases:

All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgages loans in default and all interest accrued on unsecured notes and certificates of deposits.

2. The total amount excluded was \$ 0.

## 8. Derivative Instruments - None

## 9. Income Taxes

- A. The Company has adopted SSAP #10 as of January 1, 2001 and the components of the net deferred tax asset at December 31, 2006 and December 31, 2005 are as follows:

	<u>12/31/2006</u>	<u>12/31/2005</u>	<u>Change</u>
(1) Total gross deferred tax asset	\$ 197,873	\$ 189,955	\$ 7,918
(2) Total gross deferred tax liabilities	\$ 0	\$ 0	\$ 0
(3) Net deferred tax asset (liability)	\$ 197,873	\$ 189,955	\$ 7,918
(4) Deferred tax assets nonadmitted in accordance with SSAP No. 10,	\$(144,531)	\$(166,927)	\$ 22,896
(5) Admitted deferred tax asset (liability)	\$ 53,341	\$ 23,028	\$ 30,313

The change in deferred income taxes reported in surplus before consideration of nonadmitted assets is comprised of the following components:

	<u>12/31/2006</u>	<u>12/31/2005</u>	<u>Change</u>
(1) Net deferred tax asset (liability)	\$ 197,873	\$ 189,955	\$ 7,918
(2) Tax-effect of unrealized gains and losses	\$ 0	\$ 0	\$ 0
(3) Net tax effect without unrealized gains and losses	\$ 197,873	\$ 189,955	\$ 7,918
(4) Change in deferred income tax			\$ 7,918

- B. Unrecognized deferred tax liabilities

(1) There are no temporary differences for which deferred tax liabilities are not recognized.

- C. Current income taxes incurred consist of the following major components:

	<u>12/31/2006</u>	<u>12/31/2005</u>
(1) Current income tax expense (benefit) (exclusive of items 2 and 3 below)	\$ 198,748	\$ 159,989
(2) Tax credits	\$ 0	\$ 0
(3) Prior year adjustments	\$ 4,661	\$ 20,155
(4) Current income taxes incurred	\$203,409	\$ 180,144

Deferred income tax assets and liabilities consist of the following major components:

	<u>12/31/2006</u>	<u>12/31/2005</u>
Deferred tax assets:		
(1) SPR	\$ 194,524	\$ 183,689
(2) Other	\$ 3,349	\$ 6,266
(3) Total deferred tax assets	\$ 197,873	\$ 189,955
(4) Nonadmitted deferred tax assets	\$(144,531)	\$(166,927)
(5) Admitted deferred tax assets	\$ 53,341	\$ 23,028
(6) Total deferred tax liabilities	\$ 0	\$ 0
(7) Net admitted deferred tax asset (liability)	\$ 53,341	\$ 23,028



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**NOTES TO FINANCIAL STATEMENTS**


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- D. The Company's income tax incurred and change in deferred income tax differs from the amount obtained by applying the federal statutory rate of 35% to income before income taxes as follows:

	<u>12/31/2006</u>
(1) Income before taxes	\$ 531,959
(2) Income tax expense (benefit) at 35% statutory rate	\$ 186,186
(3) Increase (decrease) in tax resulting from:	
(a) Dividends received deduction	\$ 0
(b) Nondeductible expenses for meals, penalties and lobbying	\$ 0
(c) Tax-exempt income	\$ 0
(d) Tax adjustment for IMR	\$ 0
(e) Deferred tax benefit on other nonadmitted assets	\$ (2,234)
(f) Tax credits	\$ 0
(g) Other	<u>\$ 11,539</u>
(4) Total income tax expected	\$ 195,491
(5) Current income tax incurred	
(without tax on realized gains and losses)	\$ 203,409
(6) Change in deferred income tax	
(without tax on unrealized gains and losses)	<u>\$ (7,918)</u>
(7) Total income tax reported	\$ 195,491

- E. Operating loss carryforward

- (1) As of December 31, 2006, the Company had no net operating loss carryforwards available for tax purposes.
- (2) The amount of Federal income taxes incurred that are available for recoupment in the event of future net losses are \$198,748 for 2006 and \$164,651 for 2005.

- F. Consolidated federal income tax return

- (1) The Company's federal Income Tax return is consolidated with the following entities: Stewart Information Services Corporation, Ortem Investments, Inc., Stewart Solutions, LLC and Stewart Title Guaranty Company and subsidiaries.
- (2) The method of allocation is detailed in the Fifth Restated Federal Income Tax Return Settlement Agreement dated April 12, 2006, under Holding Company Section #34923.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. The Company paid Common stock dividends of \$50,000 each to the parent company on July 24, 2006 and September 26, 2006.
- B. None
- C. None
- D. Amounts due from or payable to related parties at December 31, 2006 is \$15,466 and \$17,801, respectively. The terms of settlement are within 30 days.
- E. None
- F. The Company has agreed to provide National Land Title Insurance Company certain management and accounting services as described in the Cost Allocation Agreement with Stewart Information Services Corporation dated January 1, 1974, as amended by Amendment No. 1, dated January 1, 1980, Amendment No. 2 dated January 1, 1986, Amendment No. 3, dated January 1, 1991, Amendment No. 4, dated January 1, 1996, and Amendment No. 5, dated January 1, 2001.  
  
The Company has entered into a service agreement with Stewart Title Guaranty Company, a Texas Corporation, for certain administrative services as described in the Services Agreement dated July 1, 2001. Such Agreement was filed with the Arkansas Insurance Department on February 15, 2002.  
  
The Company has entered into a service agreement with National Land Title Insurance Company for certain administrative services as described in the Administrative Services Agreement dated February 22, 2006. Such Agreement was filed with the Arkansas Insurance Department on March 27, 2006.
- G. On January 1, 2006 all outstanding shares of the Company were transferred by Stewart Title Guaranty Company to National Land Title Insurance Company, domiciled in the State of Illinois, a wholly owned subsidiary of Stewart Title Guaranty Company, upon approval by the Illinois Department of Financial and Professional Regulation and the Arkansas Insurance Commissioner.
- H. None

## NOTES TO FINANCIAL STATEMENTS

I. None

J. None

11. Debt – None

12. Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. None

B. The Company sponsors a defined contribution benefit plan in which all employees and its participating subsidiaries who have completed six months of service are eligible to participate.

In general, a participant in the defined contribution plan may elect to defer on a tax-free basis, in accordance with Section 401(k) of the Internal Revenue Code, a specified percentage of their compensation. Contribution by participants whose compensation is in the highly compensated group of all employees are subject to certain additional limitations under Section 401(k) of the Internal Revenue Code. Deferred compensation is contributed to a trust managed for the benefit of the participants.

The Company makes matching contributions up to \$1,500 per year for each participant in an amount equal to 50% of the first 6% of the participant’s compensation. Such percentage is subject to an annual re-determination by the Company’s Board of Directors.

The Company’s net contributions to the plan in 2006 and 2005 totaled approximately \$5,804 and \$11,571, respectively.

C. None

D. None

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations.

The Company has 1,000,000 shares of common stock authorized, and 100,000 issued and outstanding. The par value per share is \$1.

The maximum amount of dividends which can be paid by a State of Arkansas insurance company without prior approval from the Insurance Commissioner is subject to restrictions relating to statutory surplus and net income from prior year. Statutory surplus at December 31, 2006 was \$2,381,921. The maximum dividend payout which may be made without prior approval in 2007 is \$328,550.

The portion of unassigned funds (surplus) represented or reduced by each of the following items:

- a. Unrealized gains and losses - \$ 0
- b. Nonadmitted assets values - \$209,358
- c. Provision for reinsurance - \$ 0

The Company has no surplus notes or quasi-reorganizations.

14.

- A. Contingent Commitments – None
- B. Assessments – None
- C. All other Contingencies - None
- D. Gain Contingency – None

15. Leases – On December 1, 2006, the Company moved its offices from Sheridan to Little Rock and entered into a long-term, noncancelable operating lease expiring December 31, 2009. At the same time, the Company entered into sublease agreements with two affiliates. The Company recognizes rent expense on the straight-line basis, including provision for free rent and escalating lease payments. Rental payments for 2006 and 2005 included \$33,000 and \$36,000, respectively, under an operating lease that expired November 30, 2006. The future minimum lease payments are summarized as follows:

	Gross	Net of Subleases
2007 .....	\$75,794	\$24,000
2008 .....	78,068	24,720
2009 .....	80,410	25,462
	<u>\$234,272</u>	<u>\$74,182</u>

## NOTES TO FINANCIAL STATEMENTS

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16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk – None
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities - None
18. Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans – Not Applicable
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators. - Not Applicable
20. The events of September 11,2001 have not impacted the Company.
21. Other Items –
  - A. None
  - B. None
  - C. None
  - D. None
  - E. None
22. Events Subsequent – None
23. Reinsurance
  - A. Unsecured Reinsurance Recoverables – None
  - B. Reinsurance Recoverable in Dispute - None
  - C. Reinsurance Assumed and Ceded – None
  - D. Uncollectible Reinsurance – None
  - E. Commutation of Ceded Reinsurance – None
  - F. Retroactive Reinsurance – None
  - G. Reinsurance Counted as a Deposit - None
24. Retrospectively Rated Contracts- Not Applicable
25. Change in Incurred Losses and Loss Adjustment Expenses – Not Applicable
26. Intercompany Pooling Arrangements – None
27. Structured Settlements - Not applicable
28. Supplemental Reserve - None

### SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities				
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA				
1.512 Issued or guaranteed by FNMA and FHLMC				
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523 All other				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (including \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ 0 property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities				
8. Cash, cash equivalents and short-term investments	4,354,233	100.000	4,354,233	100.000
9. Other invested assets				
10. Total invested assets	4,354,233	100.000	4,354,233	100.000

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

#### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ X ] No [ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [ X ] No [ ] N/A [ ]
- 1.3 State Regulating? ARKANSAS
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [ X ]
- 2.2 If yes, date of change: 12/31/2001
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2001
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 04/04/2003
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/04/2003
- 3.4 By what department or departments? ARKANSAS DEPARTMENT OF INSURANCE

- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [ ] No [ X ]
- 4.12 renewals? Yes [ ] No [ X ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [ ] No [ X ]
- 4.22 renewals? Yes [ ] No [ X ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [ X ]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [ X ]
- 6.2 If yes, give full information
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [ X ]
- 7.2 If yes,
- 7.21 State the percentage of foreign control 0%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [ X ]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]  
 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 Blackman Kallick Bartelstein LLP  
 10 S. Riverside Plaza, 9th Fl, Chicago, IL 60606  
 10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? Steve Osborn Osborn, Carreiro & Assoc. Inc.  
 1 Union Nat Plaza, Ste 1690, 124 W. Capital Avenue, Little Rock, AR 72201  
 No affiliation

- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]  
 11.11 Name of real estate holding company \_\_\_\_\_  
 11.12 Number of parcels involved \_\_\_\_\_ 0  
 11.13 Total book/adjusted carrying value \$ \_\_\_\_\_ 0

11.2 If yes, provide explanation \_\_\_\_\_

**12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**

- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? \_\_\_\_\_  
 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [X]  
 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [X]  
 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]

**BOARD OF DIRECTORS**

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No [ ]  
 14. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No [ ]  
 15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

**FINANCIAL**

- 16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):  
 16.11 To directors or other officers \$ \_\_\_\_\_ 0  
 16.12 To stockholders not officers \$ \_\_\_\_\_ 0  
 16.13 Trustees, supreme or grand (Fraternal only) \$ \_\_\_\_\_ 0  
 16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):  
 16.21 To directors or other officers \$ \_\_\_\_\_ 0  
 16.22 To stockholders not officers \$ \_\_\_\_\_ 0  
 16.23 Trustees, supreme or grand (Fraternal only) \$ \_\_\_\_\_ 0  
 17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]  
 17.2 If yes, state the amount thereof at December 31 of the current year:  
 17.21 Rented from others \$ \_\_\_\_\_ 0  
 17.22 Borrowed from others \$ \_\_\_\_\_ 0  
 17.23 Leased from others \$ \_\_\_\_\_ 0  
 17.24 Other \$ \_\_\_\_\_ 0

- 18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]  
 18.2 If answer is yes:  
 18.21 Amount paid as losses or risk adjustment \$ \_\_\_\_\_ 0  
 18.22 Amount paid as expenses \$ \_\_\_\_\_ 0  
 18.23 Other amounts paid \$ \_\_\_\_\_ 0  
 19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

#### INVESTMENT

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes  No

20.2 If no, give full and complete information, relating thereto  
 .....  
 .....

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1). Yes  No

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Loaned to others	\$ <u>0</u>
21.22 Subject to repurchase agreements	\$ <u>0</u>
21.23 Subject to reverse repurchase agreements	\$ <u>0</u>
21.24 Subject to dollar repurchase agreements	\$ <u>0</u>
21.25 Subject to reverse dollar repurchase agreements	\$ <u>0</u>
21.26 Pledged as collateral	\$ <u>0</u>
21.27 Placed under option agreements	\$ <u>0</u>
21.28 Letter stock or securities restricted as to sale	\$ <u>0</u>
21.29 Other	\$ <u>0</u>

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes  No

22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes  No  N/A   
 If no, attach a description with this statement.

23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes  No

23.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook? Yes  No

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes  No

24.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [ ] No [ X ]

25.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
25.2999	Total	

25.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds			
26.2 Preferred stocks			
26.3 Totals			

26.4 Describe the sources or methods utilized in determining the fair values: .....

.....

27.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes [ X ] No [ ]

27.2 If no, list exceptions: .....

.....

### OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 2,371

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
ARKANSAS LAND TITLE ASSOCIATION	\$ 1,050
	\$
	\$

29.1 Amount of payments for legal expenses, if any? \$ 3,250

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
EILBOTT LAW FIRM	\$ 3,250
	\$
	\$

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 0

30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$
	\$



## GENERAL INTERROGATORIES

### PART 2-TITLE INTERROGATORIES

1. Did any persons while an officer, director, trustee, or employee receive directly or indirectly, during the period covered by this statement, any compensation in addition to his/her regular compensation on account of the reinsurance transactions of the reporting entity? YES [ ] NO [X]
2. Largest net aggregate amount insured in any one risk. \$ 2,000,000
- 3.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk or portion thereof, reinsured? YES [ ] NO [X]
- 3.2 If yes, give full information  
 .....  
 .....  
 .....
4. If the reporting entity has assumed risk from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? YES [ ] NO [X]
- 5.1 Has this reporting entity guaranteed policies issued by any other entity and now in force? YES [ ] NO [X]
- 5.2 If yes, give full information  
 .....  
 .....
6. Uncompleted building construction loans:
- |     |                           |          |
|-----|---------------------------|----------|
| 6.1 | Amount already loaned     | \$ _____ |
| 6.2 | Balance to be advanced    | \$ _____ |
| 6.3 | Total amount to be loaned | \$ _____ |
- 7.1 Does the reporting entity issue bonds secured by certificates of participation in building construction loans prior to the completion of the buildings? YES [ ] NO [X]
- 7.2 If yes, give total amount of such bonds or certificates of participation issued and outstanding. \$ \_\_\_\_\_
8. What is the aggregate amount of mortgage loans owned by the reporting entity which consist of co-ordinate interest in first liens? \$ \_\_\_\_\_
- 9.1 Reporting entity assets listed on Page 2 include the following segregated assets of the Statutory Premium Reserve or other similar statutory reserves:
- |      |                                  |                     |
|------|----------------------------------|---------------------|
| 9.11 | Bonds                            | \$ _____            |
| 9.12 | Short-term investments           | \$ _____            |
| 9.13 | Mortgages                        | \$ _____            |
| 9.14 | Cash                             | \$ <u>1,906,451</u> |
| 9.15 | Other admissible invested assets | \$ _____            |
| 9.16 | Total                            | \$ <u>1,906,451</u> |
- 9.2 List below segregate funds held for others by the reporting entity, set apart in special accounts and excluded from entity assets and liabilities. (These funds are also included in Schedule E - Part 1D Summary and the "From Separate Accounts, Segregated Accounts and Protected Cell Accounts" line on Page 2 except for escrow funds held by Title insurers).
- |      |   |          |
|------|---|----------|
| 9.21 | Custodial funds not included in this statement were held pursuant to the governing agreements of custody in the amount of:<br>These funds consist of: | \$ _____ |
| 9.22 | In cash on deposit  | \$ _____ |
| 9.23 | Other forms of security   | \$ _____ |

**FIVE-YEAR HISTORICAL DATA**

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2006	2 2005	3 2004	4 2003	5 2002
<b>Source of Direct Title Premiums Written (Part 1A)</b>					
1. Direct operations (Part 1A, Line 1, Col. 1)					
2. Non-affiliated agency operations (Part 1A, Line 1, Col. 2)	6,307,408	5,237,621	5,300,430	4,561,380	4,254,914
3. Affiliated agency operations (Part 1A, Line 1, Col. 3)	1,196,318	777,661	555,481	691,989	684,539
4. Total	7,503,726	6,015,282	5,855,911	5,253,369	4,939,453
<b>Operating Income Summary (Page 4 &amp; Part 1)</b>					
5. Premiums earned (Part 1B, Line 3)	7,267,919	5,877,908	5,697,624	5,136,033	4,823,334
6. Escrow and settlement service charges (Part 1A, Line 2)					
7. Title examinations (Part 1C, Line 1)					
8. Searches and abstracts (Part 1C, Line 2)					
9. Surveys (Part 1C, Line 3)					
10. Aggregate write-ins for service charges (Part 1C, Line 4)					
11. Aggregate write-ins for other operating income (Page 4, Line 2)	55,445	85,682	15,525	46,933	69,362
12. Total operating income (Page 4, Line 3)	7,323,364	5,963,590	5,713,149	5,182,966	4,892,696
<b>Statement of Income (Page 4)</b>					
13. Net operating gain or (loss) (Line 8)	385,067	385,328	61,737	408,193	176,631
14. Net investment gain or (loss) (Line 11)	146,892	71,047	38,452	50,788	219,522
15. Total other income (Line 12)					
16. Federal and foreign income taxes incurred (Line 14)	203,409	180,144	64,243	120,831	96,917
17. Net income (Line 15)	328,550	276,231	35,946	338,150	299,236
<b>Balance Sheet (Pages 2 and 3)</b>					
18. Title insurance premiums and fees receivable (Page 2, Line 13, Col. 3)	172,072	96,356	109,335	110,989	71,785
19. Total admitted assets excluding segregated accounts (Page 2, Line 24, Col. 3)	4,595,112	4,118,517	3,788,224	3,766,176	3,174,553
20. Known claims reserve (Page 3, Line 1)	292,064	169,501	351,000	349,236	270,328
21. Statutory premium reserve (Page 3, Line 2)	1,906,451	1,725,606	1,608,109	1,488,852	1,385,173
22. Total liabilities (Page 3, Line 21)	2,336,534	2,209,348	2,171,797	2,032,508	1,761,952
23. Capital paid up (Page 3, Lines 23 + 24)	100,000	100,000	100,000	100,000	100,000
24. Surplus as regards policyholders (Page 3, Line 30)	2,258,577	1,909,169	1,616,427	1,733,668	1,412,601
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3)</b>					
(Item divided by Page 2, Line 10, Col. 3) x 100.0					
25. Bonds (Line 1)					
26. Stocks (Lines 2.1 & 2.2)					
27. Mortgage loans on real estate (Line 3.1 and 3.2)					
28. Real estate (Lines 4.1, 4.2 & 4.3)					
29. Cash, cash equivalents and short-term investments (Line 5)	100.0	100.0	100.0	100.0	100.0
30. Contract loans (Line 6)					X X X
31. Other invested assets (Line 7)					
32. Receivable for securities (Line 8)					
33. Aggregate write-ins for invested assets (Line 9)					X X X
34. Subtotals cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
35. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
36. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
37. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2)					
38. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)					
39. Affiliated mortgage loans on real estate					
40. All other affiliated					
41. Total of above Lines 35 to 40					
42. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 41 above divided by Page 3, Line 30, Col. 1 x 100.0)					

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1 2006	2 2005	3 2004	4 2003	5 2002
<b>Capital and Surplus Accounts</b> (Page 4)					
43. Net unrealized capital gains or (losses) (Line 18)					
44. Change in nonadmitted assets (Line 21)	112,937	46,669	9,223	15,944	(199,769)
45. Dividends to stockholders (Line 28)	(100,000)	(50,000)	(159,000)	(50,000)	(80,000)
46. Change in surplus as regards policyholders for the year (Line 31)	349,409	292,742	(123,385)	327,211	179,543
<b>Losses Paid and Incurred</b> (Part 2A)					
47. Net payments (Line 5, Col. 4)	138,304	228,848	487,874	138,415	103,408
48. Losses and allocated LAE incurred (Line 8, Col. 4)	260,867	47,348	489,154	217,807	261,958
49. Unallocated LAE incurred (Line 9, Col. 4)					
50. Losses and loss adjustment expenses incurred (Line 10, Col. 4)	260,867	47,348	489,154	217,807	261,958
<b>Operating Expenses to Total Operating Income</b> (Part 3)(%) (Line item divided by Page 4, Line 3 x 100.0)					
51. Personnel costs (Part 3, Line 1.5, Col. 4)	6.4	9.9	7.7	8.6	9.5
52. Amount paid to or retained by title agents (Part 3, Line 2, Col. 4)	77.5	74.4	73.9	71.9	71.0
53. All other operating expenses (Part 3, Lines 24 minus 1.5 minus 2, Col. 4)	7.3	8.5	8.7	7.3	10.6
54. Total (Lines 51 to 53)	91.2	92.8	90.2	87.8	91.0
<b>Operating Percentages</b> (Page 4) (Line item divided by Page 4, Line 3 x 100.0)					
55. Losses and loss adjustment expenses incurred (Line 4)	3.6	0.8	8.6	4.4	5.3
56. Operating expenses incurred (Line 5)	91.2	92.7	90.3	87.8	91.1
57. Aggregate write-ins for other operating deductions (Line 6)					
58. Total operating deductions (Line 7)	94.7	93.5	98.9	92.1	96.4
59. Net operating gain or (loss) (Line 8)	5.3	6.5	1.1	7.9	3.6
<b>Other Percentages</b> (Line item divided by Part 1B, Line 1.4 x 100.0)					
60. Losses and loss expenses incurred to net premiums written (Page 4, Line 4)	3.6	0.8	8.4	4.3	5.3
61. Operating expenses incurred to net premiums written (Page 4, Line 5)	89.6	92.3	88.7	86.8	90.5

- NONE**      **Schedule A, B, and BA Verification**
- NONE**      **Schedule D - Summary and Verification**
- NONE**      **Schedule D - Part 1A - Sect 1 (3 pgs)**
- NONE**      **Schedule D - Part 1A - Sect 2 (3 pgs)**
- NONE**      **Schedule DA - Part 2**
- NONE**      **Schedule DB - Part A and B Verification**
- NONE**      **Schedule DB - Part C, D and E Verification**
- NONE**      **Schedule DB - Part F - Section 1**
- NONE**      **Schedule DB - Part F - Section 2**
- NONE**      **Schedule E - Part 1A**
- NONE**      **Schedule E - Part 1B**
- NONE**      **Schedule E - Part 1C**

**SCHEDULE E - PART 1D - SUMMARY**

<b>Segregated Funds Held for Others</b>			
Type	1 Non-Interest Earning	2 Interest Earning	3 Total (Cols. 1 + 2)
1. Open depositories	<b>NONE</b>		
2. Suspended depositories			
3. Total segregated cash funds held for others (General Interrogatories-Part 2, Line 9.22)			
4. Other forms of security held for others (General Interrogatories-Part 2, Line 9.23)			
5. Total all segregated funds held for others (General Interrogatories-Part 2, Line 9.21)			
<b>Company Funds on Hand and on Deposit</b>			
<b>General Funds</b>			
6. Open depositories			4,354,233
7. Suspended depositories			
8. Total general funds			4,354,233
<b>Reinsurance Reserve Funds</b>			
9. Open depositories			
10. Suspended depositories			
11. Total reinsurance reserve funds			
<b>Total Company Funds</b>			
12. Open depositories			4,354,233
13. Suspended depositories			
14. Total company funds on deposit (Lines 8 & 11)			4,354,233
15. Company funds on hand			
16. Total company funds on hand and on deposit			4,354,233

**SCHEDULE E - PART 1E - SUMMARY OF INTEREST EARNED**

Interest Earned On	1 Interest Earned by Company	2 Average Monthly Balance of Non-Earning Deposits	3 Average Monthly Balance of Earning Deposits
<b>Segregated Funds Held for Others</b>			
17. Open depositories			
18. Suspended depositories			
19. Total segregated funds held for others			
<b>Company Funds on Deposit</b>			
20. Open depositories	149,109	123,154	4,156,367
21. Suspended depositories			
22. Total company funds on deposit	149,109	123,154	4,156,367
<b>Total All Funds on Deposit</b>			
23. Open depositories	149,109	123,154	4,156,367
24. Suspended depositories			
25. Total all funds on deposit	149,109	123,154	4,156,367

## SCHEDULE E - PART 1F - FUNDS ON DEPOSIT - INTERROGATORIES

1. Does the reporting entity require, at least annually, letters of representation from its directors and officers concerning conflicts of interest in relation to:

1.1 The supply of goods or paid provision of personal services to a reporting entity depository listed in Schedule E-Part 1, or its parent, subsidiaries, or any of its affiliates? YES  NO

1.2 Real estate agreements, including, but not limited to lease, rental, mortgage, or purchase agreements with the reporting entity depository listed in Schedule E-Part 1, or its parent, subsidiaries, or any of its affiliates? YES  NO

2.1 Is the reporting entity aware of any real estate agreements, including, but not limited to lease, rental, mortgage, or purchase agreements, existing between the reporting entity, its Parent, Subsidiaries, or any of its Affiliates, and any depository listed in Schedule E-Part 1, or its parent, subsidiaries or any of its affiliates? YES  NO

2.2 If yes, give details below.

.....  
.....  
.....  
.....  
.....

3. Does the reporting entity maintain sufficient records of funds held as escrow or security deposits and reported in Exhibit Capital Gains (Losses) and Schedule E - Part 1A that will enable it to identify the funds on an individual basis? YES  NO

**NONE**

**Schedule F - Part 1**

**SCHEDULE F - PART 2**

**Ceded Reinsurance as of December 31, Current Year (000 Omitted)**

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Reinsurance Contracts Ceding 75% or More of Direct Premiums Written	6 Reinsurance Ceded Liability	7 Ceded Reinsurance Premiums Paid	8 Reinsurance Recoverable on Paid Losses and Loss Adjustment Expenses	9 Reinsurance Recoverable on Known Case Losses and LAE Reserves	Reinsurance Payable		12 Net Amount Recoverable From Reinsurers (Cols. 8 + 9 - 10 - 11)	13 Funds Held By Company Under Reinsurance Treaties
									10 Ceded Balances Payable	11 Other Amounts Due to Reinsurers		
74-0924290	50121	Stewart Title Guaranty Company	TX		157,029	55						
0199999	Total Authorized - Affiliates - U.S. Intercompany Pooling				157,029	55						
0499999	Total Authorized - Affiliates				157,029	55						
0999999	Total Authorized				157,029	55						
<div style="position: absolute; left: -100px; top: 50%; transform: translateY(-50%); font-weight: bold;">88</div>												
9999999	Totals				157,029	55						



<b>NONE</b>	<b>Schedule F - Part 3</b>
<b>NONE</b>	<b>Schedule H - Part 1</b>
<b>NONE</b>	<b>Schedule H - Part 2</b>
<b>NONE</b>	<b>Schedule H - Part 3 and Verification</b>
<b>NONE</b>	<b>Schedule H - Part 4</b>

**SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years In Which Policies Were Written	1 Amount of Insurance Written in Millions	Premiums Written and Other Income					Loss and Allocated Loss Adjustment Expenses Payments						
		2 Direct Premium	3 Assumed Premium	4 Other Income	5 Ceded Premium	6 Net	Loss Payments			Allocated LAE Payments			
							7 Direct	8 Assumed	9 Ceded	10 Direct	11 Assumed	12 Ceded	
1. Prior	X X X	23,374	41		1,265	22,150	965				206		
2. 1997	1,564	3,378	8		75	3,311	36				36		
3. 1998	1,763	3,634	6		35	3,605	56				80		
4. 1999	2,136	4,379			14	4,365	168				138		
5. 2000	2,180	4,440			18	4,422	122				69		
6. 2001	2,214	4,399			(9)	4,408	21				48		
7. 2002	2,554	4,940			15	4,925	68				62		
8. 2003	2,904	5,253			14	5,239	30				72		
9. 2004	3,184	5,856			39	5,817	57				74		
10. 2005	3,283	6,015			20	5,995	52				24		
11. 2006	3,024	7,504			55	7,449					2		
12. Totals	X X X	73,172	55		1,541	71,686	1,575				811		

	13 Salvage and Subrogation Received	14 Unallocated Loss Expense Payments	15 Total Net Loss and Expense Paid (Cols. 7+8+10+11-9-12+14)	16 Number of Claims Reported (Direct)	Loss and Allocated Loss Adjustment Expenses Unpaid						23 Unallocated Loss Expense Unpaid
					Known Claim Reserves			IBNR Reserves			
					17 Direct	18 Assumed	19 Ceded	20 Direct	21 Assumed	22 Ceded	
1. Prior			1,171	115	6				91		
2. 1997	3		72	25	22				20		
3. 1998			136	33	4				35		
4. 1999	80		306	33	10				48		
5. 2000	21		191	23	33				35		
6. 2001			69	23	9				54		
7. 2002			130	32	29				78		
8. 2003	67		102	29	84				84		
9. 2004			131	19	34				173		
10. 2005			76	11	44				201		
11. 2006			2	3	17				280		
12. Total	171		2,386	346	292				1,099		

	24 Total Net Loss and LAE Unpaid (Cols. 17+18+20+21-19-22+23)	25 Number of Claims Outstanding (Direct)	Losses and Allocated Loss Expenses Incurred				Loss and LAE Ratio		32 Net Loss & LAE Per \$1000 Of Coverage (Cols. 29+14+23)/Col. 1)	33 Discount For Time Value of Money	34 Inter-company Pooling Participation Percentage	35 Net Reserves After Discount (Cols. 24-33)
			26 Direct (Cols. 7+10+17+20)	27 Assumed (Cols. 8+11+18+21)	28 Ceded (Cols. 9+12+19+22)	29 Net	30 Direct Basis ((Cols. 14+23+26)/[Cols. 2+4])	31 Net Basis ((Cols. 14+23+29)/Col.6)				
1. Prior	97	3	1,268			1,268	0.054	0.057	X X X		97	
2. 1997	42	2	114			114	0.034	0.034	0.073		42	
3. 1998	39	2	175			175	0.048	0.049	0.099		39	
4. 1999	58	2	364			364	0.083	0.083	0.170		58	
5. 2000	68	1	259			259	0.058	0.059	0.119		68	
6. 2001	63	1	132			132	0.030	0.030	0.060		63	
7. 2002	107	8	237			237	0.048	0.048	0.093		107	
8. 2003	168	7	270			270	0.051	0.052	0.093		168	
9. 2004	207	7	338			338	0.058	0.058	0.106		207	
10. 2005	245	5	321			321	0.053	0.054	0.098		245	
11. 2006	297	3	299			299	0.040	0.040	0.099		297	
12. Total	1,391	41	3,777			3,777	X X X	X X X	X X X		X X X	1,391

**NONE**      **Schedule P - Part 1A**

**SCHEDULE P - PART 1B - POLICIES WRITTEN THROUGH AGENTS**

(\$000 Omitted)

Years In Which Policies Were Written	1 Amount of Insurance Written in Millions	Premiums Written and Other Income					Loss and Allocated Loss Adjustment Expenses Payments						
		2 Direct Premium	3 Assumed Premium	4 Other Income	5 Ceded Premium	6 Net	Loss Payments			Allocated LAE Payments			
							7 Direct	8 Assumed	9 Ceded	10 Direct	11 Assumed	12 Ceded	
1. Prior	X X X	23,373	42		1,264	22,151	965				206		
2. 1997	1,564	3,378	8		75	3,311	36				36		
3. 1998	1,763	3,634	6		35	3,605	56				80		
4. 1999	2,136	4,379			14	4,365	168				138		
5. 2000	2,180	4,440			18	4,422	122				69		
6. 2001	2,214	4,399			(9)	4,408	21				48		
7. 2002	2,554	4,940			15	4,925	68				62		
8. 2003	2,904	5,253			14	5,239	30				72		
9. 2004	3,184	5,856			39	5,817	57				74		
10. 2005	3,283	6,015			20	5,995	52				24		
11. 2006	3,024	7,504			55	7,449					2		
12. Totals	X X X	73,171	56		1,540	71,687	1,575				811		

	13 Salvage and Subrogation Received	14 Unallocated Loss Expense Payments	15 Total Net Loss and Expense Paid (Cols. 7+8+10+11-9-12+14)	16 Number of Claims Reported (Direct)	Loss and Allocated Loss Adjustment Expenses Unpaid						23 Unallocated Loss Expense Unpaid
					Known Claim Reserves			IBNR Reserves			
					17 Direct	18 Assumed	19 Ceded	20 Direct	21 Assumed	22 Ceded	
1. Prior			1,171	115	6				91		
2. 1997	3		72	25	22				20		
3. 1998			136	33	4				35		
4. 1999	80		306	33	10				48		
5. 2000	21		191	23	33				35		
6. 2001			69	23	9				54		
7. 2002			130	32	29				78		
8. 2003	67		102	29	84				84		
9. 2004			131	19	34				173		
10. 2005			76	11	44				201		
11. 2006			2	3	17				280		
12. Total	171		2,386	346	292				1,099		

	24 Total Net Loss and LAE Unpaid (Cols. 17+18+20+21-19-22+23)	25 Number of Claims Outstanding (Direct)	Losses and Allocated Loss Expenses Incurred				Loss and LAE Ratio		32 Net Loss & LAE Per \$1000 Of Coverage ((Cols. 29+14+23)/Col. 1)	33 Discount For Time Value of Money	34 Inter-company Pooling Participation Percentage	35 Net Reserves After Discount (Cols. 24-33)
			26 Direct (Cols. 7+10+17+20)	27 Assumed (Cols. 8+11+18+21)	28 Ceded (Cols. 9+12+19+22)	29 Net	30 Direct Basis ((Cols. 14+23+26)/[Cols. 2+4])	31 Net Basis ((Cols. 14+23+29)/Col.6)				
1. Prior	97	3	1,268			1,268	0.054	0.057	X X X			97
2. 1997	42	2	114			114	0.034	0.034	0.073			42
3. 1998	39	2	175			175	0.048	0.049	0.099			39
4. 1999	58	2	364			364	0.083	0.083	0.170			58
5. 2000	68	1	259			259	0.058	0.059	0.119			68
6. 2001	63	1	132			132	0.030	0.030	0.060			63
7. 2002	107	8	237			237	0.048	0.048	0.093			107
8. 2003	168	7	270			270	0.051	0.052	0.093			168
9. 2004	207	7	338			338	0.058	0.058	0.106			207
10. 2005	245	5	321			321	0.053	0.054	0.098			245
11. 2006	297	3	299			299	0.040	0.040	0.099			297
12. Total	1,391	41	3,777			3,777	X X X	X X X	X X X		X X X	1,391

**SCHEDULE P-PART 2  
POLICY YEAR INCURRED LOSS AND ALAE**

Years in Which Policies Were Written	Incurred Losses and Allocated Expenses at Year End (\$000 omitted) Including Known Claims and IBNR on Unreported Claims									
	1	2	3	4	5	6	7	8	9	10
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1. Prior	29	25	16	15	13	12	12	12	11	
2. 1987	118	116	114	112	109	108	107	106	106	105
3. 1988	90	87	85	83	79	78	77	76	75	75
4. 1989	95	92	88	86	81	80	79	78	77	76
5. 1990	119	114	112	114	109	115	115	115	106	105
6. 1991	138	137	132	127	118	116	115	114	113	112
7. 1992	137	182	256	179	170	187	185	187	186	185
8. 1993	197	184	185	162	143	132	127	125	122	119
9. 1994	243	204	200	179	158	156	164	173	225	223
10. 1995	137	141	120	127	114	112	111	112	108	109
11. 1996	125	177	161	146	178	159	155	156	152	149
12. 1997	92	165	114	128	119	108	103	99	98	115
13. 1998	X X X	184	141	170	160	139	144	168	165	174
14. 1999	X X X	X X X	300	195	169	280	326	424	424	364
15. 2000	X X X	X X X	X X X	190	172	165	206	271	269	259
16. 2001	X X X	X X X	X X X	X X X	135	128	124	134	112	132
17. 2002	X X X	X X X	X X X	X X X	X X X	167	185	259	247	237
18. 2003	X X X	X X X	X X X	X X X	X X X	X X X	196	247	211	270
19. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	355	309	338
20. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	200	322
21. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	299

**SCHEDULE P-PART 2A  
POLICY YEAR PAID LOSS AND ALAE**

Years in Which Policies Were Written	Cumulative Paid Losses and Allocated Expenses at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		
1. Prior	9	9	10	10	10	10	10	10	10	10		3
2. 1987	104	104	104	104	104	104	104	104	104	104	1	1
3. 1988	73	73	73	73	73	73	73	73	73	73		
4. 1989	71	72	72	72	72	73	73	73	73	73		1
5. 1990	90	90	92	98	99	100	100	101	101	101	4	4
6. 1991	99	104	105	105	105	105	105	106	107	107	2	5
7. 1992	75	102	127	144	150	170	170	174	176	177	3	14
8. 1993	109	112	112	112	114	106	107	107	107	107	2	12
9. 1994	106	110	124	124	124	126	136	145	205	205	6	7
10. 1995	44	61	65	79	80	85	85	87	88	90	13	14
11. 1996	25	58	70	79	113	123	123	123	124	124	7	15
12. 1997	1	17	23	46	59	67	68	68	68	72	9	14
13. 1998	X X X	5	20	65	83	85	99	126	130	136	7	24
14. 1999	X X X	X X X	26	37	68	95	134	357	369	306	13	18
15. 2000	X X X	X X X	X X X	9	35	53	109	187	189	191	13	9
16. 2001	X X X	X X X	X X X	X X X	1	14	17	36	45	69	4	18
17. 2002	X X X	X X X	X X X	X X X	X X X	4	16	72	114	130	5	19
18. 2003	X X X	X X X	X X X	X X X	X X X	X X X	4	29	64	102	6	16
19. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	41	100	131	4	8
20. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2	76		6
21. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2		

### SCHEDULE P-PART 2B POLICY YEAR LOSS AND ALAE CASE BASIS RESERVES

Years in Which Policies Were Written	Case Basis Losses and Allocated Expenses Reserves at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1. Prior	11	8	5	2						
2. 1987										
3. 1988										
4. 1989	8					4				
5. 1990					4	15	15	14		
6. 1991	3	8						3	3	
7. 1992	22	80	125	2	15		5	6	6	6
8. 1993	40	48			1	2				
9. 1994	49					3	28	28	15	
10. 1995	25	37	20			2		4		
11. 1996	40	14	12	35	24			5		
12. 1997	10	4	20	11	14	4				22
13. 1998	X X X	34	67	5	5	4		8	1	4
14. 1999	X X X	X X X	27	38	10	186	192	5	8	10
15. 2000	X X X	X X X	X X X	7	30	21	25	16	35	33
16. 2001	X X X	X X X	X X X	X X X	9	6		24		9
17. 2002	X X X	X X X	X X X	X X X	X X X	24	57	79	45	29
18. 2003	X X X	X X X	X X X	X X X	X X X	X X X	29	75	23	84
19. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	84	24	34
20. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	8	44
21. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	17

### SCHEDULE P-PART 2C POLICY YEAR BULK RESERVES ON KNOWN CLAIMS

Years in Which Policies Were Written	Bulk Reserves on Known Claims at Year End (\$000 omitted) Loss and Allocated Loss Expense									
	1	2	3	4	5	6	7	8	9	10
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1. Prior										
2. 1987										
3. 1988										
4. 1989										
5. 1990										
6. 1991										
7. 1992										
8. 1993										
9. 1994										
10. 1995										
11. 1996										
12. 1997										
13. 1998	X X X									
14. 1999	X X X	X X X								
15. 2000	X X X	X X X	X X X							
16. 2001	X X X	X X X	X X X	X X X						
17. 2002	X X X	X X X	X X X	X X X	X X X					
18. 2003	X X X	X X X	X X X	X X X	X X X	X X X				
19. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X			
20. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		
21. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	

NONE

**SCHEDULE P-PART 2D  
POLICY YEAR IBNR RESERVES**

Years in Which Policies Were Written	IBNR Reserves on Unreported Claims at Year End (\$000 omitted)									
	Loss and Allocated Loss Expense									
	1 1997	2 1998	3 1999	4 2000	5 2001	6 2002	7 2003	8 2004	9 2005	10 2006
1. Prior	12	10	6	7	5	4	3	3	1	
2. 1987	14	12	10	8	5	4	3	2	2	1
3. 1988	17	14	12	10	6	5	4	3	2	2
4. 1989	16	20	16	14	9	3	6	5	4	3
5. 1990	29	24	20	16	6				5	4
6. 1991	36	25	27	22	13	11	10	4	3	5
7. 1992	41		4	33	6	17	10	7	4	2
8. 1993	48	24	73	50	28	23	20	18	15	12
9. 1994	87	94	76	55	34	27	1		4	18
10. 1995	67	43	35	48	34	25	26	22	20	19
11. 1996	61	105	79	32	40	36	32	28	28	25
12. 1997	81	144	71	71	47	37	35	31	30	20
13. 1998	X X X	145	54	100	72	50	45	34	35	35
14. 1999	X X X	X X X	248	120	91			62	47	48
15. 2000	X X X	X X X	X X X	174	107	91	73	67	45	35
16. 2001	X X X	X X X	X X X	X X X	125	108	107	74	67	54
17. 2002	X X X	X X X	X X X	X X X	X X X	140	112	108	88	78
18. 2003	X X X	X X X	X X X	X X X	X X X	X X X	163	143	124	84
19. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	229	185	173
20. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	189	201
21. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	280

**SCHEDULE P-PART 3  
INCURRED LOSS AND ALAE BY YEAR OF FIRST REPORT**

Years in Which Claims Were First Reported	Losses and Allocated Expenses at Year End (\$000 omitted)									
	Incurred Loss and ALAE on Known Claims and Bulk Reserves on Known Claims									
	1	2	3	4	5	6	7	8	9	10
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1. Prior	540	478	427	427	427	419	419	419	419	
2. 1997	112	117	107	102	102	102	102	102	102	102
3. 1998	X X X	191	233	96	96	96	96	96	96	96
4. 1999	X X X	X X X	172	167	197	402	448	454	459	385
5. 2000	X X X	X X X	X X X	105	120	92	92	92	92	92
6. 2001	X X X	X X X	X X X	X X X	100	84	129	192	187	187
7. 2002	X X X	X X X	X X X	X X X	X X X	110	137	162	198	183
8. 2003	X X X	X X X	X X X	X X X	X X X	X X X	100	93	53	53
9. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	403	278	284
10. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	174	174
11. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	345

**SCHEDULE P-PART 3A  
PAID LOSS AND ALAE BY YEAR OF FIRST REPORT**

Years in Which Claims Were First Reported	Cumulative Paid Losses and Allocated Expenses at Year End (\$000 omitted)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1	2	3	4	5	6	7	8	9	10		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		
1. Prior	397	425	427	427	427	419	419	419	419		16	28
2. 1997	49	86	92	102	102	102	102	102	102	102	11	20
3. 1998	X X X	47	85	96	96	96	96	96	96	96	8	16
4. 1999	X X X	X X X	59	137	181	218	256	454	459	385	13	18
5. 2000	X X X	X X X	X X X	35	79	92	92	92	92	92	9	12
6. 2001	X X X	X X X	X X X	X X X	45	65	116	187	187	187	9	18
7. 2002	X X X	X X X	X X X	X X X	X X X	41	70	124	183	183	11	20
8. 2003	X X X	X X X	X X X	X X X	X X X	X X X	23	40	44	48	8	18
9. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	148	253	280	13	25
10. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	55	103	2	32
11. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	134	2	15

**SCHEDULE P-PART 3B  
LOSS AND ALAE CASE BASIS RESERVES  
BY YEAR OF FIRST REPORT**

Years in Which Claims Were First Reported	Case Basis Losses and Allocated Expenses Reserves at Year End (\$000 omitted)											
	1	2	3	4	5	6	7	8	9	10		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		
1. Prior	143	53										
2. 1997	63	31	15									
3. 1998	X X X	144	148									
4. 1999	X X X	X X X	112	29	16	184	192					
5. 2000	X X X	X X X	X X X	70	41							
6. 2001	X X X	X X X	X X X	X X X	55	18	13	5				
7. 2002	X X X	X X X	X X X	X X X	X X X	68	68	38	15			
8. 2003	X X X	X X X	X X X	X X X	X X X	X X X	77	53	9	5		
9. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	255	26	4		
10. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	120	71		
11. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X			211

**SCHEDULE P-PART 3C  
BULK RESERVES ON KNOWN CLAIMS  
BY YEAR OF FIRST REPORT**

Years in Which Claims Were First Reported	Bulk Reserves on Known Claims at Year End (\$000 omitted)									
	Loss and Allocated Loss Expense									
	1	2	3	4	5	6	7	8	9	10
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1. Prior										
2. 1997										
3. 1998	X X X									
4. 1999	X X X	X X X								
5. 2000	X X X	X X X	X X X							
6. 2001	X X X	X X X	X X X	X X X						
7. 2002	X X X	X X X	X X X	X X X	X X X					
8. 2003	X X X	X X X	X X X	X X X	X X X	X X X				
9. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X			
10. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		
11. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	



### SCHEDULE P INTERROGATORIES

- 1.1 Title insurance losses should include all losses on any transaction for which a title insurance premium, rate or charge was made or contemplated. Escrow losses for which the company is contractually obligated should be included. Losses arising from defalcations for which the reporting entity is contractually obligated should be included. Are the title insurance losses reported in Schedule P defined in conformance with the above definition? Yes  No
- 1.2 If not, describe the types of losses reported. ....
- 1.3 If the types or basis of reporting has changed over time, please explain the nature of such changes. ....
- 2.1 Are paid loss and allocated loss adjustment expenses reduced on account of salvage or subrogation in accordance with the instructions? Yes  No
- 2.2 If not, describe the basis of reporting. ....
- 2.3 If the basis of reporting has changed over time, please explain the nature of such changes. ....
- 3.1 Are sales of salvage at prices different from their book value recorded in accordance with the instructions? Yes  No
- 3.2 If not, describe the basis of reporting. ....
- 3.3 If the basis of reporting has changed over time, please explain the nature of such changes. ....
- 4.1 Are the case basis reserves reported gross of anticipated salvage and subrogation in accordance with the instructions? Yes  No
- 4.2 If not, please explain. ....
- 4.3 If the basis of reporting has changed over time, please explain the nature of such changes. ....
- 5.1 Do any of the reserves reported in Schedule P contain a provision for reserve discount, contingency margin, or any other element not providing for an estimation of ultimate liability? Yes  No
- 5.2 If so, please explain. ....
- 6.1 Does the company IBNR reserves in Schedule P reconcile to the IBNR reserves prepared on a GAAP basis? Yes  No
- 6.2 If not, please explain. ....
- 7.1 Are allocated loss adjustment expenses recorded in accordance with the instructions? Yes  No
- 7.2 If not, please explain which items are not in conformity. ....
- 7.3 If the basis of reporting has changed over time, please explain the nature of such changes. ....
- 8.1 The unallocated loss adjustment expenses paid during the most recent calendar year should be distributed to the various policy years in which the policy was issued as follows: (1) 10% to the most recent policy year, (2) 20% to the next most recent policy year, (3) 10% to the succeeding policy year, (4) 5% to each of the next two succeeding policy years, and (5) the balance to all policy years, including the most recent policy year, in proportion to the amount of loss payments paid for each policy year during the most recent calendar year. Are they so reported? Yes  No
- 8.2 If estimates were used prior to 1996, please explain the basis of such estimates. ....
9. Indicate the basis of determining claim counts:
- 9.1 Are policies having multiple claims shown in Schedule P as a single claim? Yes  No
- 9.2 Are claims closed without payment removed from the claim count? Yes  No
- 9.3 If the definition of claim count has changed over time, please explain the nature of such changes. ....
10. Have there been any portfolio reinsurance transfers or other accounting conventions that have caused a mismatch of premiums, other income, loss or ALAE? Yes  No
- 10.2 If so, please explain. ....
- 11.1 Have there been any excess of loss or stop loss reinsurance treaties or other accounting conventions that have caused a mismatch of premiums, other income, loss or ALAE? Yes  No
- 11.2 If so, please explain. ....
- 12.1 Have there been any major mergers or acquisitions, either with respect to an insurer or an agent, that had a material impact on operations or claims development? Yes  No
- 12.2 If so, please explain. ....
- 13.1 Were any estimates or allocations used to complete this data request? Yes  No
- 13.2 If so, please explain the nature of the estimate or allocation, the assumptions made and the data used to support your assumptions. ....
14. Are there any especially significant events, coverage, retention or accounting changes which have occurred which must be considered when making an analysis of the information provided? Yes  No

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**  
**Allocated by States and Territories**

States, Etc.	1 Is Insurer Licensed ? (Yes or No)	2 Premium Rate (b)	Direct Premiums Written			6 Other Income	7 Direct Premiums Earned	8 Direct Losses Paid	9 Direct Losses Incurred	10 Direct Losses Unpaid
			3 Direct Operations	Agency Operations						
				4 Non-affiliated Agencies	5 Affiliated Agencies					
1. Alabama	AL	NO								
2. Alaska	AK	NO								
3. Arizona	AZ	NO								
4. Arkansas	AR	YES	R	6,307,408	1,196,318	7,267,919	138,304	260,867	292,064	
5. California	CA	NO								
6. Colorado	CO	NO								
7. Connecticut	CT	NO								
8. Delaware	DE	NO								
9. Dist. Columbia	DC	NO								
10. Florida	FL	NO								
11. Georgia	GA	NO								
12. Hawaii	HI	NO								
13. Idaho	ID	NO								
14. Illinois	IL	NO								
15. Indiana	IN	NO								
16. Iowa	IA	NO								
17. Kansas	KS	NO								
18. Kentucky	KY	NO								
19. Louisiana	LA	NO								
20. Maine	ME	NO								
21. Maryland	MD	NO								
22. Massachusetts	MA	NO								
23. Michigan	MI	NO								
24. Minnesota	MN	NO								
25. Mississippi	MS	NO								
26. Missouri	MO	NO								
27. Montana	MT	NO								
28. Nebraska	NE	NO								
29. Nevada	NV	NO								
30. New Hampshire	NH	NO								
31. New Jersey	NJ	NO								
32. New Mexico	NM	NO								
33. New York	NY	NO								
34. No. Carolina	NC	NO								
35. No. Dakota	ND	NO								
36. Ohio	OH	NO								
37. Oklahoma	OK	NO								
38. Oregon	OR	NO								
39. Pennsylvania	PA	NO								
40. Rhode Island	RI	NO								
41. So. Carolina	SC	NO								
42. So. Dakota	SD	NO								
43. Tennessee	TN	NO								
44. Texas	TX	NO								
45. Utah	UT	NO								
46. Vermont	VT	NO								
47. Virginia	VA	NO								
48. Washington	WA	NO								
49. West Virginia	WV	NO								
50. Wisconsin	WI	NO								
51. Wyoming	WY	NO								
52. American Samoa	AS	NO								
53. Guam	GU	NO								
54. Puerto Rico	PR	NO								
55. U.S. Virgin Islands	VI	NO								
56. Northern Mariana Islands	MP	NO								
57. Canada	CN	NO								
58. Aggregate Other Alien	OT	X X X	X X X							
59. Totals	(a) 1	X X X		6,307,408	1,196,318	7,267,919	138,304	260,867	292,064	

DETAILS OF WRITE-INS										
5801.		X X X								
5802.		X X X								
5803.		X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page		X X X	X X X							
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)		X X X	X X X							

(a) Insert the number of yes responses except for Canada and Other Alien.

(b) Insert "AI" if gross all-inclusive rate; "R" if gross risk rate; "O" if other and indicate rate type utilized:

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

		00000	DE	74-1677330	Stewart Information Services Corporation-SISCO
0340	Stewart	50121	TX	74-0924290	Stewart Title Guaranty Company-STG(SISCO)
0340	Stewart	50035	FL	65-0685696	Alliance Title of America(SISCO-86%)(STG-14%)
0340	Stewart	50156	IL	34-0805709	National Land Title Insurance Company-NLTIC(STG)
0340	Stewart	50725	AR	71-0560086	Arkansas Title Insurance Company(NLTIC)
0340	Stewart	51420	NY	76-0233294	Stewart Title Insurance Company-STIC(STG)
0340	Stewart	51063	NY	16-0557455	Monroe Title Insurance Corporation(STIC)
0340	Stewart	50036	OR	91-1800766	Stewart Title Insurance Co. of Oregon(STG)
0340	Stewart	32336	VT	03-0311175	Title Reinsurance Company(STG)
		00000	MX	AA-2734105	Stewart Title Guaranty De Mexico(STG)
		00000	EN	AA-1124112	Stewart Title Limited (United Kingdom)(STG)
		00000	TX	74-0923770	Stewart Title Co. of Galveston-STC(STG)
		00000	AR	71-0798379	Stewart Title of Arkansas(STC)
		00000	AR	71-0858758	Ultima Corp.(STC)
		00000	AZ	57-1140281	AirPhoto (STC)
		00000	AZ	86-0223200	Stewart Title & Trust of Phoenix(STC)
		00000	CA	77-0354503	Asset Preservation, Inc.(STC)
		00000	CA	94-1311451	California Land Title of Marin(STC)
		00000	CA	94-2812125	Consolidated Title (STC)
		00000	CA	57-1140281	GlobeExplorer(STC)
		00000	CA	68-0166273	OnLine Documents, Inc.(STC)
		00000	CA	95-4607898	Stewart Title of California (STC)
		00000	CO	20-2815427	Stewart Title of Colorado(STC)
		00000	DE	74-1959294	Stewart Transaction Solutions(STC)
		00000	FL	65-0093460	Executive Title Insurance(STC)
		00000	FL	59-3667114	Southern Title Holding(STC)
		00000	FL	59-1285458	Stewart Title of Jacksonville Inc.(STC)
		00000	FL	59-3138251	Tampa Cypress Partners(STC)
		00000	MT	81-0529591	Stewart Title of Montana(STC)
		00000	NM	85-0432768	Santa Fe Abstract(STC)
		00000	NM	85-0446018	Stewart Title LLC(STC)
		00000	OK	73-1093494	Stewart Abstract of Oklahoma(STC)
		00000	TN	62-0947657	First Data Systems(STC)
		00000	TN	20-1624648	Stewart Title of Tennessee(STC)
		00000	TX	74-2334790	REI Data(STC)
		00000	TX	20-1820620	StarTex(STC)
		00000	TX	20-5795343	Stewart Border Title(STC)
		00000	TX	76-0450977	Stewart Lenders Services(STC)
		00000	TX	65-1223112	Stewart Realty Solutions(STC)

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

00000	TX	74-2783918	Stewart Title Corpus Christi(STC)
00000	TX	75-2258899	Stewart Title Dallas Inc.(STC)
00000	TX	74-2327609	Stewart Title of Austin(STC)
00000	WA	91-1202822	Stewart Title of Washington(STC)
00000	PL	99-9999999	Stewart International Spolka Z Organizona(STC)
00000	CN	99-9999999	Lawyers Mortgage Network, Inc.(STC)

**SCHEDULE Y**

**PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES**

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
50121	74-0924290	Stewart Title Guaranty Company					317,129	54,962			372,091	
50156	34-0805709	National Land Title Insurance Company	100,000				34,200				134,200	
50724	71-0560086	Arkansas Title Insurance Company	(100,000)				(351,329)	(54,962)			(506,291)	
9999999	Control Totals								X X X			

5 4

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of **WAIVED** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

### MARCH FILING

#### Response

- |   |     |
|---|-----|
| 1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1? ..... | Yes |
| 2. Will an actuarial opinion be filed by March 1? .....   | Yes |

### APRIL FILING

- |   |     |
|---|-----|
| 3. Will Management's Discussion and Analysis be filed by April 1? .....   | Yes |
| 4. Will the Supplemental Schedule of Business Written by Agency be filed with the state of domicile by April 1? ..... | Yes |
| 5. Will the Supplemental Investment Risks Interrogatories be filed by April 1? .....                                  | Yes |

### JUNE FILING

- |   |     |
|---|-----|
| 6. Will an audited financial report be filed by June 1? ..... | Yes |
|---|-----|

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

### MARCH FILING

- |   |                 |
|---|-----------------|
| 7. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1? ..... | See Explanation |
|---|-----------------|

**Explanation:**

7. Company has only one Stockholder .....
- .....
- .....

**Bar code:**



5072520064200000

<b>NONE</b>	<b>Schedule A - Part 1</b>
<b>NONE</b>	<b>Schedule A - Part 2</b>
<b>NONE</b>	<b>Schedule A - Part 3</b>
<b>NONE</b>	<b>Schedule B - Part 1</b>
<b>NONE</b>	<b>Schedule B - Part 2</b>
<b>NONE</b>	<b>Schedule BA - Part 1</b>
<b>NONE</b>	<b>Schedule BA - Part 2</b>
<b>NONE</b>	<b>Schedule D - Part 1</b>
<b>NONE</b>	<b>Schedule D - Part 2 - Section 1</b>
<b>NONE</b>	<b>Schedule D - Part 2 - Section 2</b>
<b>NONE</b>	<b>Schedule D - Part 3</b>
<b>NONE</b>	<b>Schedule D - Part 4</b>
<b>NONE</b>	<b>Schedule D - Part 5</b>
<b>NONE</b>	<b>Schedule D - Part 6 - Section 1 and 2</b>
<b>NONE</b>	<b>Schedule DA - Part 1</b>
<b>NONE</b>	<b>Schedule DB - Part A - Section 1 and 2</b>
<b>NONE</b>	<b>Schedule DB - Part A - Section 3 and Part B - Section 1</b>
<b>NONE</b>	<b>Schedule DB - Part B - Section 2 and 3</b>
<b>NONE</b>	<b>Schedule DB - Part C - Section 1 and 2</b>
<b>NONE</b>	<b>Schedule DB - Part C - Section 3 and Part D - Section 1</b>
<b>NONE</b>	<b>Schedule DB - Part D - Section 2 and 3</b>
<b>NONE</b>	<b>Schedule DB - Part E - Section 1</b>





**NONE**

**Schedule E - Part 2**

**SCHEDULE E - PART 3 - SPECIAL DEPOSITS**

States, Etc.	1 Type of Deposit	2 Purpose of Deposit	Deposits with the State of Domicile For the Benefit of All Policyholders		All Other Special Deposits	
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
1. Alabama	AL					
2. Alaska	AK					
3. Arizona	AZ					
4. Arkansas	AR	C AR RSD for Qualification	100,000	100,000		
5. California	CA					
6. Colorado	CO					
7. Connecticut	CT					
8. Delaware	DE					
9. District of Columbia	DC					
10. Florida	FL					
11. Georgia	GA					
12. Hawaii	HI					
13. Idaho	ID					
14. Illinois	IL					
15. Indiana	IN					
16. Iowa	IA					
17. Kansas	KS					
18. Kentucky	KY					
19. Louisiana	LA					
20. Maine	ME					
21. Maryland	MD					
22. Massachusetts	MA					
23. Michigan	MI					
24. Minnesota	MN					
25. Mississippi	MS					
26. Missouri	MO					
27. Montana	MT					
28. Nebraska	NE					
29. Nevada	NV					
30. New Hampshire	NH					
31. New Jersey	NJ					
32. New Mexico	NM					
33. New York	NY					
34. North Carolina	NC					
35. North Dakota	ND					
36. Ohio	OH					
37. Oklahoma	OK					
38. Oregon	OR					
39. Pennsylvania	PA					
40. Rhode Island	RI					
41. South Carolina	SC					
42. South Dakota	SD					
43. Tennessee	TN					
44. Texas	TX					
45. Utah	UT					
46. Vermont	VT					
47. Virginia	VA					
48. Washington	WA					
49. West Virginia	WV					
50. Wisconsin	WI					
51. Wyoming	WY					
52. American Samoa	AS					
53. Guam	GU					
54. Puerto Rico	PR					
55. US Virgin Islands	VI					
56. Northern Mariana Islands	MP					
57. Canada	CN					
58. Aggregate Alien and Other	OT	X X X	X X X			
59. Total	X X X	X X X	100,000	100,000		

DETAILS OF WRITE-INS						
5801.						
5802.						
5803.						
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X	X X X				
5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above)	X X X	X X X				