

QUARTERLY STATEMENT

OF THE

NATIONAL LAND TITLE INSURANCE COMPANY

of **HOFFMAN ESTATES**

in the state of **ILLINOIS**

TO THE

Insurance Department

OF THE

STATE OF

ILLINOIS

FOR THE QUARTER ENDED

March 31, 2010

TITLE

2010



QUARTERLY STATEMENT

AS OF MARCH 31, 2010
OF THE CONDITION AND AFFAIRS OF THE

National Land Title Insurance Company

NAIC Group Code 0340 (Current Period) 0340 (Prior Period) NAIC Company Code 50156 Employer's ID Number 34-0805709

Organized under the Laws of ILLINOIS, State of Domicile or Port of Entry ILLINOIS
Country of Domicile UNITED STATES OF AMERICA

Incorporated/Organized: November 28, 1970 Commenced Business: January 7, 1971

Statutory Home Office: 2800 W. HIGGINS RD SUITE 835, HOFFMAN ESTATES, IL 60169
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office: 2800 W. HIGGINS RD SUITE 835, HOFFMAN ESTATES, IL 60169
(Street and Number) (City or Town, State and Zip Code)
800-533-6584 (Area Code) (Telephone Number)

Mail Address: 2800 W. HIGGINS RD SUITE 835, HOFFMAN ESTATES, IL 60169
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records: 2800 W. HIGGINS RD SUITE 835, HOFFMAN ESTATES, IL 60169
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address: www.nltic.com

Statutory Statement Contact: DEBRA L. KAHOUN, 847-885-3000-304
(Name) (Area Code) (Telephone Number) (Extension)
dkahoun@stewart.com (E-Mail Address) 847-885-3636 (Fax Number)

OFFICERS

MICHAEL B. SKALKA

Table with 2 columns: Name, Title. Lists MICHAEL B. SKALKA (PRESIDENT AND CEO), DEBRA L. KAHOUN (VICE PRESIDENT & CONTROLLER), EILEEN W. VAN ROEYEN (VICE PRESIDENT, SECRETARY & TREASURER).

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Lists LOUIS DISANTI, JOHN ROTHERMEL, EILEEN VAN ROEYEN, JOHN KILLEA, KEN ANDERSON, CHARITY MAKELA, DEBRA KAHOUN.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Lists MICHAEL B. SKALKA, ALISON R. EVERS, JOHN L. KILLEA.

State of

County of 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 and Title lines for MICHAEL B SKALKA, DEBRA KAHOUN, and EILEEN VAN ROEYEN.

Subscribed and sworn to before me this ___ day of May, 2010

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

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	2,290,683		2,290,683	2,299,052
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	2,923,432		2,923,432	2,827,770
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
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 (\$ 4,636,709), cash equivalents (\$ 0), and short-term investments (\$ 798,278)	5,434,987		5,434,987	5,427,764
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities				
10. Aggregate write-ins for invested assets				
11. Subtotals, cash and invested assets (Lines 1 to 10)	10,649,102		10,649,102	10,554,586
12. Title plants less \$ 0 charged off (for Title insurers only)				
13. Investment income due and accrued	32,201		32,201	24,009
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	71,491	60,112	11,379	25,917
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
14.3 Accrued retrospective premiums				
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers				
15.2 Funds held by or deposited with reinsured companies				
15.3 Other amounts receivable under reinsurance contracts				
16. Amounts receivable relating to uninsured plans				
17.1 Current federal and foreign income tax recoverable and interest thereon				
17.2 Net deferred tax asset	2,660,085	2,660,085		
18. Guaranty funds receivable or on deposit				
19. Electronic data processing equipment and software				
20. Furniture and equipment, including health care delivery assets (\$ 0)	11,154	11,154		
21. Net adjustment in assets and liabilities due to foreign exchange rates				
22. Receivables from parent, subsidiaries and affiliates	3,848		3,848	3,227
23. Health care (\$ 0) and other amounts receivable				
24. Aggregate write-ins for other than invested assets	27,767	26,471	1,296	2,343
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 to 24)	13,455,648	2,757,822	10,697,826	10,610,082
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
27. Total (Lines 25 and 26)	13,455,648	2,757,822	10,697,826	10,610,082

DETAILS OF WRITE-IN LINES				
1001.				
1002.				
1003.				
1098. Summary of remaining write-ins for Line 10 from overflow page				
1099. Totals (Lines 1001 through 1003 plus 1098) (Line 10 above)				
2401. Security deposits	26,471	26,471		
2402. Other receivables	1,296		1,296	2,343
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	27,767	26,471	1,296	2,343

NONE

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31 Prior Year
1. Known claims reserve	5,902,083	5,422,447
2. Statutory premium reserve	1,848,411	1,809,379
3. Aggregate of other reserves required by law		
4. Supplemental reserve		
5. Commissions, brokerage and other charges due or accrued to attorneys, agents and real estate brokers		
6. Other expenses (excluding taxes, licenses and fees)	69,274	108,387
7. Taxes, licenses and fees (excluding federal and foreign income taxes)	9,631	67,595
8.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
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 adjustments in assets and liabilities due to foreign exchange rates		
17. Drafts outstanding		
18. Payable to parent, subsidiaries and affiliates	4,430	564
19. Derivatives		
20. Payable for securities		
21. Aggregate write-ins for other liabilities	106,992	141,110
22. Total liabilities (Lines 1 through 21)	7,940,821	7,549,482
23. Aggregate write-ins for special surplus funds		
24. Common capital stock	1,000,000	1,000,000
25. Preferred capital stock		
26. Aggregate write-ins for other than special surplus funds		
27. Surplus notes		
28. Gross paid in and contributed surplus	7,467,294	7,467,294
29. Unassigned funds (surplus)	(5,710,289)	(5,406,694)
30. Less treasury stock, at cost:		
30.1 0 shares common (value included in Line 24 \$ 0)		
30.2 0 shares preferred (value included in Line 25 \$ 0)		
31. Surplus as regards policyholders (Lines 23 to 29 less 30)	2,757,005	3,060,600
32. Totals	10,697,826	10,610,082

DETAILS OF WRITE-INS		
0301.		
0302.		
0303.		
0398. Summary of remaining write-ins for Line 03 from overflow page		
0399. Totals (Lines 0301 through 0303 plus 0398) (Line 03 above)		
2101. Rent abatement	105,050	140,066
2102. Reinsurance payable to Affiliate	1,942	1,044
2103.		
2198. Summary of remaining write-ins for Line 21 from overflow page		
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	106,992	141,110
2301.		
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)		
2601.		
2602.		
2603.		
2698. Summary of remaining write-ins for Line 26 from overflow page		
2699. Totals (Lines 2601 through 2603 plus 2698) (Line 26 above)		

OPERATIONS AND INVESTMENT EXHIBIT

STATEMENT OF INCOME	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
OPERATING INCOME			
1. Title insurance and related income:			
1.1 Title insurance premiums earned	1,775,005	1,825,075	10,497,452
1.2 Escrow and settlement services			
1.3 Other title fees and service charges			
2. Aggregate write-ins for other operating income	715	1,255	72,681
3. Total Operating Income (Lines 1 through 2)	1,775,720	1,826,330	10,570,133
DEDUCT:			
4. Losses and loss adjustment expenses incurred	570,026	83,207	5,954,685
5. Operating expenses incurred	1,646,987	1,703,388	9,865,555
6. Aggregate write-ins for other operating deductions			
7. Total Operating Deductions	2,217,013	1,786,595	15,820,240
8. Net operating gain or (loss) (Lines 3 minus 7)	(441,293)	39,735	(5,250,107)
INVESTMENT INCOME			
9. Net investment income earned	23,264	27,641	106,093
10. Net realized capital gains (losses) less capital gains tax of \$	0		
11. Net investment gain (loss) (Lines 9 + 10)	23,264	27,641	106,093
OTHER INCOME			
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)	(418,029)	67,376	(5,144,014)
14. Federal and foreign income taxes incurred			
15. Net income (Lines 13 minus 14)	(418,029)	67,376	(5,144,014)
CAPITAL AND SURPLUS ACCOUNT			
16. Surplus as regards policyholders, December 31 prior year	3,060,600	4,525,453	4,525,453
17. Net income (from Line 15)	(418,029)	67,376	(5,144,014)
18. Change in net unrealized capital gains or (losses) less capital gains tax of \$	95,663	386,033	541,287
19. Change in net unrealized foreign exchange capital gain (loss)			
20. Change in net deferred income taxes	140,272	35,833	1,858,657
21. Change in nonadmitted assets	(121,501)	(10,371)	(1,870,783)
22. Change in provision for unauthorized reinsurance			
23. Change in supplemental reserves			
24. Change in surplus notes			
25. Cumulative effect of changes in accounting principles			
26. Capital Changes:			
26.1 Paid in			3,150,000
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			
29. Change in treasury stock			
30. Aggregate write-ins for gains and losses in surplus			
31. Change in surplus as regards policyholders (Lines 17 through 30)	(303,595)	478,871	(1,464,853)
32. Surplus as regards policyholders as of statement date (Lines 16 plus 31)	2,757,005	5,004,324	3,060,600

DETAILS OF WRITE-IN LINES			
0201. Other Income	715	1,255	72,681
0202.			
0203.			
0298. Summary of remaining write-ins for Line 02 from overflow page			
0299. Totals (Lines 0201 through 0203 plus 0298) (Line 02 above)	715	1,255	72,681
0601.			
0602.			
0603.			
0698. Summary of remaining write-ins for Line 06 from overflow page			
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 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. Adjustment to prior year SPR			
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)			

NONE
NONE

CASH FLOW

	1	2	3
Cash from Operations	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
1. Premiums collected net of reinsurance	1,846,590	1,878,946	10,928,940
2. Net investment income	23,442	29,669	165,353
3. Miscellaneous income	715	1,255	72,681
4. Total (Lines 1 to 3)	1,870,747	1,909,870	11,166,974
5. Benefit and loss related payments	90,390	189,018	1,509,760
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	1,773,134	1,764,100	9,926,719
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)			
10. Total (Lines 5 through 9)	1,863,524	1,953,118	11,436,479
11. Net cash from operations (Line 4 minus Line 10)	7,223	(43,248)	(269,505)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds		550,114	1,228,000
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)		550,114	1,228,000
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 (or decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)		550,114	1,228,000
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock			3,150,000
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)			
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)			3,150,000
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	7,223	506,866	4,108,495
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	5,427,764	1,319,269	1,319,269
19.2 End of period (Line 18 plus Line 19.1)	5,434,987	1,826,135	5,427,764

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

20.0001			
20.0002			
20.0003			

NOTES TO FINANCIAL STATEMENTS

1. Accounting Practices

- A. The financial statements of National Land Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Illinois Department of Professional Financial Regulation.

The Illinois Department of Professional Financial Regulation recognizes statutory accounting practices prescribed or permitted by the state of Illinois for determining and reporting the financial condition and results of operations of a title insurance company, for determining its solvency under the Illinois 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 Illinois.

- 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 also accrues for unreported policies where reasonable estimates can be made based on historical reporting patterns of agents, current trends and known information about agents. The Company assumes and cedes reinsurance with various title companies, on an individual basis, utilizing standard facultative agreements provided by the American Land Title Association and also has in effect several excess reinsurance agreements wherein the Company assumes or may cede liability automatically under the terms of the treaty. 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 Illinois Title Insurance Code. 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.
- (2) Bonds not backed by other loans are stated at amortized cost using the scientific method.
- (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 - None
- (6) Loan-backed securities - None
- (7) SCA – Arkansas Title Insurance Company, a wholly-owned subsidiary, is valued at its statutory surplus.
- (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 reserve for adverse development on known claims is also recorded.

A statutory premium reserve is based on Chapter 215 Act 155 of the Illinois Title Insurance Code. Act 155 requires the Company to reserve an amount equal to 12.5 cents of each \$1,000 of net retained liability under each title insurance policy written on a single risk. The reserve is subsequently reduced by 10% of the addition for the first 5 years and 3.33% each succeeding year until the entire amount has been released.

2. Accounting Changes and Corrections of Errors

- A. There were no material changes in accounting principles.
- B. The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Illinois. Effective January 1, 2001, the State of Illinois requires that insurance companies domiciled in the State of Illinois 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 Illinois 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 period

NOTES TO FINANCIAL STATEMENTS

3. Business Combinations and Goodwill –

A. Statutory Purchase Method

1) The Company acquired 100% interest of Arkansas Title Insurance Company on 1/1/2006 as a contribution from the Company's parent, Stewart Title Guarantee Company. Arkansas Title Insurance Company is a title insurance underwriter licensed in the state of Arkansas.

2) The transaction was accounted for as a statutory purchase. The contributed amount of \$1,909,169 was equal to the Statutory value of Arkansas Title Insurance Company on 12/31/05, resulting in zero goodwill.

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

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

7. Investment Income

A. 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.

B. The total amount excluded - None

8. Derivative Instruments - None

9. Income Taxes

A. The net deferred tax asset/(liability) at March 31 and the change from the prior year are comprised of the following components:

	03/31/10			12/31/09	Change
	Ordinary	Capital	Total	Total	
Total gross deferred tax assets	2,660,085	0	2,660,085	2,519,813	140,272
Statutory valuation allowance adjustment	2,660,085	0	2,660,085	(2,519,813)	140,272
Adjusted gross deferred tax assets	0	0	0	0	0
Total gross deferred tax liabilities	0	0	0	0	0
Net deferred tax assets /(liabilities)	0	0	0	0	0
Total Deferred tax assets nonadmitted	0	0	0	0	0
Net admitted deferred tax assets / (liabilities)	0	0	0	0	0

The amount of admitted adjusted gross deferred tax assets admitted under each component of SSAP 10R:

	3/31/10			12/31/09	Change
	Ordinary	Capital	Total	Total	
Admitted under paragraph 10.a.	0	0	0	0	0
Admitted under paragraph 10.b.	0	0	0	0	0
Admitted under paragraph 10.c.	0	0	0	0	0
Total admitted from the use of paragraph 10.a - 10.c.	0	0	0	0	0
Admitted under paragraph 10.e.i.	0	0	0	0	0
Admitted under paragraph 10.e.ii.	0	0	0	0	0
Admitted under paragraph 10.e.iii.	0	0	0	0	0
Total admitted from the use of paragraph 10.e.	0	0	0	0	0
Total admitted adjusted gross deferred tax assets	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

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

	3/31/10			12/31/09
	Ordinary	Capital	Total	Total
Net deferred tax asset (liability)	0	0	0	0
Tax-effect of unrealized gains and losses	0	0	0	0
Net tax effect without unrealized gains and losses	0	0	0	0
Change in deferred income tax				<u>0</u>

B. Unrecognized deferred tax liabilities

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

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

	3/31/10	12/31/09
Current year tax expense (benefit)	0	0
Tax credits	0	0
Prior year adjustments	0	0
Current income taxes incurred	<u>0</u>	<u>0</u>

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

	3/31/10	12/31/09	Change
Deferred tax assets:			
Unearned Premium Reserve	156,472	155,433	1,039
Loss Reserve Discounting	67,853	62,410	5,443
Net Operating Loss Carryforwards	2,403,430	2,259,672	143,758
Nonadmitted asset	32,331	42,298	(9,967)
Other	0	0	0
Valuation Allowance	(2,660,085)	(2,519,813)	(140,272)
Total adjusted gross deferred tax assets	<u>0</u>	<u>0</u>	<u>0</u>
Nonadmitted deferred tax assets	0	0	0
Admitted deferred tax assets	<u>0</u>	<u>0</u>	<u>0</u>
Deferred tax liabilities:			
Unrealized <Gains> Losses	0	0	0
Other	0	0	0
Total deferred tax liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Net admitted deferred tax asset (liability)	<u>0</u>	<u>0</u>	<u>0</u>

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:

	3/31/10	12/31/09
Current income taxes incurred	0	0
Change in deferred income tax (without tax on unrealized gains and losses)	0	0
Total income tax reported	<u>0</u>	<u>0</u>
Income before taxes	(418,029)	(5,117,704)
	35%	35%
Expected Income tax expense (benefit) at 35% statutory rate	<u>(146,310)</u>	<u>(1,791,196)</u>

NOTES TO FINANCIAL STATEMENTS

	3/31/10	12/31/09
Increase (decrease) in actual tax reported resulting from:		
a. Dividends received deduction	0	0
b. Nondeductible expenses for meals, penalties, and lobbying	913	10
c. Tax-exempt income	(1,445)	(5,975)
d. Deferred tax benefit on nonadmitted assets	0	(57,344)
e. Change in statutory valuation adjustment	140,272	1,858,657
f. Other	6,570	(4,152)
Total income tax reported	0	0
	0	0

E. Operating loss carryforward

- (1) As of March 31, 2010, there are \$7,197,732 net operating loss carryforwards available for tax purposes which will expire between 2022-2030.
- (2) There are no Federal income taxes available for recoupment in the future.

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., Alliance Title of America, Inc. and subsidiaries.
- (2) The method of allocation is detailed in the Fifth Restated Federal Income Tax Return Settlement Agreement dated July 28, 2006. Such Agreement was filed with the Texas Insurance Commissioner as Holding Company Filing #34923.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. B. and C. As of December 31, 2009 the Company received a contribution in the amount of \$3,150,000 from Stewart Information Services Corporation, as received thru parent Stewart Title Guaranty Company.

D. Amounts due from and payable to related parties at March 31, 2010 are \$3,848 and \$6,372, respectively. The terms of payment are within 30 days.

E. None

F. The Company received certain management and accounting services from Stewart Title Guaranty Company.

The Company has agreed to provide services to its wholly owned subsidiary, Arkansas Title Insurance Company, pursuant to Administrative Services Agreement, dated February 22, 2006.

G. All outstanding shares of the Company are owned by Stewart Title Guaranty Company, an insurance holding company domiciled in the State of Texas.

H. None

I. The Company owns a 100% interest in Arkansas Title Insurance Company, a insurance company, whose carrying value is equal to or exceeds 10% of the admitted assets of the Company. The Company carries Arkansas Title Insurance Company at Statutory equity. Based on the company's ownership of Arkansas Title Insurance Company, the statement value and Statutory equity value as of 3/31/10 and 12/31/09 was \$2,923,432 and \$2,827,769, respectively.

J. None

11. Debt – None

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

- A. None
- B. None
- C. None
- D. None

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

1. – 4. The Company has 40,000 shares of common stock authorized, and 30,425 issued and outstanding. The par value per share is \$0. The maximum amount of dividends which can be paid by a State of Illinois 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, 2009 is \$3,060,600. The maximum dividend payout that may be made without prior approval in 2010 is \$ -0-.

NOTES TO FINANCIAL STATEMENTS

5.-8. Not applicable

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

A. Unrealized gains and losses	\$ 1,014,263
B. Nonadmitted assets values	\$(2,757,823)
C. Separate account business	\$ 0
D. Asset valuation reserve	\$ 0
E. Provision for reinsurance	\$ 0

10.-12. The Company has no surplus notes or quasi-reorganizations.

14. Contingencies

- A. Contingent Commitments – None
- B. Assessments – None
- C. Gain Contingencies - None
- D. All other Contingencies - Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

15. Leases – The Company entered into a long-term, non-cancelable operating lease commencing January 12, 2007, and extending to December 31, 2010. The lease was an assumption of an existing lease, with receipt of a cash payment of \$415,890 plus furniture, equipment, a security deposit, and prepaid rent abatement, all totaling \$506,984. Rent payments are composed of base rental with scheduled annual fixed escalations, plus additional rent for a proportional share of common area maintenance (CAM) and property taxes. The additional rent is estimated and collected monthly, with subsequent settlement to actual costs. Base rental expense for the year ended December 31, 2010 is \$72,715, calculated to straight-line basis adjusting for the scheduled rent increases and accretion of deferred rent abatement, and additional rent is \$51,842 for the year. The Company shares its rental costs on a proportionate basis with certain affiliated companies that occupy a portion of the space under cost sharing agreements. During the year ended December 31, 2010, rent expense allocated to affiliates is approximately 70% of the total, making net expense \$37,367.

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. Other Items –

- A. None
- B. None
- C. Assets having market values of \$2,053,990 and \$2,115,586 at March 31, 2010 and December 31, 2009, respectively, were on deposit with government authorities or trustees as required by law.
- D. None
- E. None
- F. Subprime Exposure
 - 1) Direct exposure through investments in subprime mortgage loans - none
 - 2) Indirect exposure to subprime mortgage risk through investments in the following securities:
 - a. Residential mortgage backed securities – none
 - b. Collateralized debt obligations – none
 - c. Structured securities – none
 - d. Debt securities of companies with significant subprime exposure – The Company does invest in direct obligation bonds of financial institutions that have investments including subprime mortgage loans. Most of these are U.S Government agencies or sponsored agencies backed by full faith and credit of the U.S. Government. Investments in bonds issued by J.P. Morgan Chase and its subsidiaries are not covered by such guarantees, and have some subprime exposure that does not appear to be significant. The Book adjusted carrying value, Actual Cost, and Fair value of these investments as of March 31, 2010 are \$502,493, and \$522,783, and \$510,221, respectively. Management is monitoring the announcements of these institutions and their rating agencies concerning their subprime exposure. Management does not believe that these investments present a significant indirect exposure.
 - e. Equity securities of companies with significant subprime exposure – none
 - f. Other assets - none

21. Events Subsequent – None

NOTES TO FINANCIAL STATEMENTS

22. 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 Accounted for as a Deposit - None

23. Retrospectively Rated Contracts- Not Applicable

24. Changes in Incurred Losses and Loss Adjustment Expenses

Known claims reserves as of December 31, 2009 were \$5,422,447. As of March 31, 2010, \$238,390 has been paid for incurred losses and expenses attributable to prior policy years and \$148,000 has been recovered. Incurred losses on prior policy years were \$570,026 in 2010. Incurred losses on prior policy years are the result of prior policy year claims that were reported in the current year, as well as increases and decreases made to original estimates that result from additional information as it becomes known regarding the individual claims.

Incurred losses have increased in recent policy years as a result of the current real estate market/financial crisis. Typically, a higher frequency of losses, including agency defalcations, is experienced soon after policy issuance in real estate markets where transaction volumes and prices are decreasing.

25. Intercompany Pooling Arrangements – Not Applicable

26. Structured Settlements – None

27. Supplemental Reserve – The Company is not required to carry a supplemental reserve.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []

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: _____

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
If yes, complete the Schedule Y – Part 1 – organizational chart.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]

4.2 If yes, provide the name of 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
.....
.....

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [] N/A [X]
If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. _____ 09/30/2009 _____

6.2 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. _____ 09/30/2009 _____

6.3 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). _____ 02/28/2010 _____

6.4 By what department or departments?
Illinois Department of Financial & Professional Regulation
.....
.....
.....

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A [X]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A [X]

7.1 Has this 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]

7.2 If yes, give full information
.....
.....
.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

GENERAL INTERROGATORIES

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

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 below the names and location (city and state of the main office) of any affiliates regulated by a federal 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 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....
.....

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules, and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

Yes [X] No []

9.11 If the response to 9.1 is No, please explain:

.....

9.2 Has the code of ethics for senior managers been amended?

Yes [] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

.....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [X] No []

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ 3,848

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes [] No [X]

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

.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$ _____

GENERAL INTERROGATORIES

13. Amount of real estate and mortgages held in short-term investments: \$ _____

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [X] No []

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$ _____	\$ _____
14.22 Preferred Stock	\$ _____	\$ _____
14.23 Common Stock	\$ <u>2,827,770</u>	\$ <u>2,923,432</u>
14.24 Short-Term Investments	\$ _____	\$ _____
14.25 Mortgage Loans on Real Estate	\$ _____	\$ _____
14.26 All Other	\$ _____	\$ _____
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$ <u>2,827,770</u>	\$ <u>2,923,432</u>
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$ _____	\$ _____

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []
If no, attach a description with this statement.

16. Excluding items in Schedule E - Part 3 - Special Deposits, 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 Section 3, III Conducting Examinations, F – Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

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

1 Name of Custodian(s)	2 Custodian Address
JP Morgan Chase	PO Box 710634, Columbus, OH 43271
.....

16.2 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)
.....
.....

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [] No [X]

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

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

GENERAL INTERROGATORIES

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/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	2 Name(s)	3 Address

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes [] No []

17.2 If no, list exceptions:

.....

.....

.....

GENERAL INTERROGATORIES

PART 2 - TITLE

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [] No [] N/A [X]
 If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting 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]
 If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [] No [X]

3.2 If yes, give full and complete information thereto:

.....

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses discounted to present value at a rate of interest greater than zero? Yes [] No [X]

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	Total Discount				Discount Taken During Period			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
.....
.....
.....
Total										

5.1 Reporting entity assets listed on Page 2 include the following segregated assets of the Statutory Premium Reserve or other similar statutory reserves:

5.11 Bonds	\$ <u>854,438</u>
5.12 Short-term investments	\$ _____
5.13 Mortgages	\$ _____
5.14 Cash	\$ <u>993,973</u>
5.15 Other admissible invested assets	\$ _____
5.16 Total	\$ <u>1,848,411</u>

5.2 List below segregated 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 1 and the "From Separate Accounts, Segregated Accounts and Protected Cell Accounts" line on Page 2 except for escrow funds held by Title insurers)

5.21 Custodial funds not included in this statement were held pursuant to the governing agreements of custody in the amount of:	\$ _____
These funds consist of:	
5.22 In cash on deposit	\$ _____
5.23 Other forms of security	\$ _____

NONE **Schedule F**

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

NAIC Group Code	Group Name	NAIC Company Code	State of Domicile	Federal ID Number	Company Name
0000		00000	DE	74-1677330	Stewart Information Services Corporation-SISCO
0340	Stewart	50121	TX	74-0924290	Stewart Title Guaranty Company-STG(SISCO)
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	50036	OR	91-1800766	Stewart Title Insurance Co. of Oregon(STG)
0340	Stewart	32336	VT	03-0311175	Title Reinsurance Company(STG)
0000		00000	MX	AA-2734105	Stewart Title Guaranty De Mexico(STG)
0000		00000	EN	AA-1124112	Stewart Title Limited (United Kingdom)(STG)
0000		00000	TX	74-0923770	Stewart Title Co. of Galveston-STC(STG)
0000		00000	OK	73-1093494	Stewart Abstract of Oklahoma(STC)
0000		00000	NM	85-0446018	Stewart Title LLC(STC)
0000		00000	DE	76-0570062	Electronic Closing Services, Inc. (STC)
0000		00000	AZ	86-0223200	Stewart Title & Trust of Phoenix(STC)
0000		00000	CA	95-4607898	Stewart Title of California (STC)
0000		00000	CA	77-0354503	Asset Preservation, Inc.(STC)
0000		00000	TX	74-2823956	Gracy Title(STC)
0000		00000	FL	59-3138251	Tampa Cypress Partners(STC)
0000		00000	NV	20-8217543	Stewart Title Nevada Holdings, Inc.(STC)
0000		00000	PL	99-9999999	Stewart International Spolka Z Organizona(STC)
0000		00000	TX	76-0450977	Stewart Lender Services(STC)
0000		00000	TX	20-5764898	Property Information Corporation
0000		00000	TX	47-0941826	Home Retention Services, Inc.
0000		00000	CO	84-1517419	Stewart Water Information, LLC(STC)
0000		00000	TX	27-1283880	Startex Title Company, LLC (STC)
0000		00000	UT	46-0467452	Bonneville Superior Title Co. (STC)
0000		00000	VG	98-0371673	Stewart Latin America, Inc.(STC)

PART 1 – LOSS EXPERIENCE

	Current Year to Date				5 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Written	2 Other Income (Page 4, Lines 1.2 + 1.3 + 2)	3 Direct Losses Incurred	4 Direct Loss Percentage Cols. 3 / (1 + 2)	
1. Direct operations					
2. Agency operations:					
2.1 Non-affiliated agency operations	1,794,910	715	570,026	31.70	4.40
2.2 Affiliated agency operations	20,815				
3. Totals	1,815,725	715	570,026	31.40	4.40

PART 2 – DIRECT PREMIUMS WRITTEN

	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Direct operations			
2. Agency operations:			
2.1 Non-affiliated agency operations	1,794,910	1,794,910	1,902,825
2.2 Affiliated agency operations	20,815	20,815	
3. Totals	1,815,725	1,815,725	1,902,825

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A - VERIFICATION**Real Estate**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

NONE**SCHEDULE B - VERIFICATION****Mortgage Loans**

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

NONE**SCHEDULE BA - VERIFICATION****Other Long-Term Invested Assets**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

NONE**SCHEDULE D - VERIFICATION****Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	5,126,821	5,861,957
2. Cost of bonds and stocks acquired		
3. Accrual of discount	12	728
4. Unrealized valuation increase (decrease)	95,663	541,287
5. Total gain (loss) on disposals		
6. Deduct consideration for bonds and stocks disposed of		1,228,000
7. Deduct amortization of premium	8,381	49,151
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	5,214,115	5,126,821
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	5,214,115	5,126,821

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	3,297,251	498,839	700,000	(7,129)	3,088,961			3,297,251
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	3,297,251	498,839	700,000	(7,129)	3,088,961			3,297,251
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	3,297,251	498,839	700,000	(7,129)	3,088,961			3,297,251

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated, short-term and cash-equivalent bonds by NAIC designation:

NAIC 1 \$ 798,278; NAIC 2 \$ 0; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0

SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	798,278	X X X	797,866	6,086	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	998,199	
2. Cost of short-term investments acquired	498,839	1,092,527
3. Accrual of discount	1,240	5,672
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	700,000	100,000
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	798,278	998,199
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	798,278	998,199

NONE Schedule DB - Part A and B Verification

NONE Schedule DB - Part C - Section 1

NONE Schedule DB - Part C - Section 2

NONE Schedule DB - Verification

NONE Schedule E Verification

NONE Schedule A - Part 2 and 3

NONE Schedule B - Part 2 and 3

NONE Schedule BA - Part 2 and 3

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
NONE									
9999999	Totals				XXX		XXX		XXX

E04

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of
During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Desig- nation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
NONE																					
999999	Totals						XXX													XXX	XXX

E05

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0.

NONE Schedule DB - Part A - Section 1

NONE Schedule DB - Part B - Section 1

NONE Schedule DB - Part D

NONE Schedule E - Part 2