

**QUARTERLY STATEMENT**

**OF THE**

**NATIONAL LAND TITLE INSURANCE COMPANY**

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**of** **HOFFMAN ESTATES**

**in the state of** **ILLINOIS**

**TO THE**

**Insurance Department**

**OF THE**

**STATE OF**

**ILLINOIS**

**FOR THE QUARTER ENDED**

**September 30, 2008**

**TITLE**

**2008**



50156200820100103

QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2008
OF THE CONDITION AND AFFAIRS OF THE
National Land Title Insurance Company

NAIC Group Code 0340 0340 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

Main Administrative Office: 2800 W. HIGGINS RD SUITE 835, HOFFMAN ESTATES, IL 60169

800-533-6584 (Area Code) (Telephone Number)

Mail Address: 2800 W. HIGGINS RD SUITE 835, HOFFMAN ESTATES, IL 60169

Primary Location of Books and Records: 2800 W. HIGGINS RD SUITE 835, HOFFMAN ESTATES, IL 60169

Internet Website Address: www.nltic.com

Statutory Statement Contact: DEBRA L. KAHOUN, 847-885-3000-304

OFFICERS

Table with 2 columns: Name, Title. Rows include THOMAS J. SAGEHORN (PRESIDENT AND CEO), DEBRA KAHOUN (VICE PRESIDENT & CONTROLLER), EILEEN VAN ROEYEN (VICE PRESIDENT & SECRETARY).

VICE-PRESIDENTS

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

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Lists MALCOLM S. MORRIS, ALISON R. EVERS, GLENN H. CLEMENTS, THOMAS J. SAGEHORN.

State of ILLINOIS
County of COOK 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) THOMAS J. SAGEHORN (Signature) EILEEN VAN ROEYEN (Signature) DEBRA KAHOUN
(Printed Name) (Printed Name) (Printed Name)
1. 2. 3.
PRESIDENT AND CEO VICE PRESIDENT & SECRETARY VICE PRESIDENT & CONTROLLER
(Title) (Title) (Title)

Subscribed and sworn to before me this
day of NOVEMBER, 2008

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<br>December 31<br>Prior Year Net<br>Admitted Assets |
|---|------------------------|----------------------------|--|---|
|   | 1<br>Assets            | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols. 1 - 2) |   |
| 1. Bonds  | 3,888,014              |                            | 3,888,014                                    | 3,221,848   |
| 2. Stocks:  |                        |                            |  |   |
| 2.1 Preferred stocks  |                        |                            |  |   |
| 2.2 Common stocks   | 2,407,540              |                            | 2,407,540                                    | 2,388,523   |
| 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 (\$ 871,339), cash equivalents (\$ 0), and short-term investments (\$ 0)  | 871,339                |                            | 871,339                                      | 1,276,808   |
| 6. Contract loans (including \$ 0 premium notes)  |                        |                            |  |   |
| 7. Other invested assets  |                        |                            |  |   |
| 8. Receivables for securities   |                        |                            |  |   |
| 9. Aggregate write-ins for invested assets  |                        |                            |  |   |
| 10. Subtotals, cash and invested assets (Lines 1 to 9)  | 7,166,893              |                            | 7,166,893                                    | 6,887,179   |
| 11. Title plants less \$ 0 charged off (for Title insurers only)  |                        |                            |  |   |
| 12. Investment income due and accrued   | 54,904                 |                            | 54,904                                       | 27,515  |
| 13. Premiums and considerations:  |                        |                            |  |   |
| 13.1 Uncollected premiums and agents' balances in the course of collection  | 36,972                 | 24,156                     | 12,816                                       | 17,052  |
| 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   | 397,706                | 379,097                    | 18,609                                       | 15,683  |
| 17. Guaranty funds receivable or on deposit   |                        |                            |  |   |
| 18. Electronic data processing equipment and software   |                        |                            |  |   |
| 19. Furniture and equipment, including health care delivery assets (\$ 0)   | 23,665                 | 23,665                     |  |   |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates  |                        |                            |  |   |
| 21. Receivables from parent, subsidiaries and affiliates  |                        |                            |  | 13,948  |
| 22. Health care (\$ 0) and other amounts receivable   |                        |                            |  |   |
| 23. Aggregate write-ins for other than invested assets  | 29,403                 | 27,354                     | 2,049  | 855   |
| 24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)                              | 7,709,543              | 454,272                    | 7,255,271                                    | 6,962,232   |
| 25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts   |                        |                            |  |   |
| 26. Total (Lines 24 and 25)   | 7,709,543              | 454,272                    | 7,255,271                                    | 6,962,232   |

| DETAILS OF WRITE-IN LINES   |        |        |       |
|---|--------|--------|-------|
| 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. Security deposits   | 27,354 | 27,354 |       |
| 2302. Other receivables   | 2,049  |        | 2,049 |
| 2303.   |        |        |       |
| 2398. Summary of remaining write-ins for Line 23 from overflow page |        |        |       |
| 2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)    | 29,403 | 27,354 | 2,049 |

**LIABILITIES, SURPLUS AND OTHER FUNDS**

|   | 1                         | 2                         |
|---|---------------------------|---------------------------|
|   | Current<br>Statement Date | December 31<br>Prior Year |
| 1. Known claims reserve   | 253,696                   | 91,167                    |
| 2. Statutory premium reserve  | 1,265,204                 | 1,117,693                 |
| 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)  | 93,693                    | 94,918                    |
| 7. Taxes, licenses and fees (excluding federal and foreign income taxes)                                | 17,968                    | 12,625                    |
| 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  | 22,880                    | 11,997                    |
| 19. Payable for securities  |                           |                           |
| 20. Aggregate write-ins for other liabilities   | 304,232                   | 400,055                   |
| 21. Total liabilities (Lines 1 through 20)  | 1,957,673                 | 1,728,455                 |
| 22. Aggregate write-ins for special surplus funds   |                           |                           |
| 23. Common capital stock  | 1,000,000                 | 1,000,000                 |
| 24. Preferred capital stock   |                           |                           |
| 25. Aggregate write-ins for other than special surplus funds  |                           |                           |
| 26. Surplus notes   |                           |                           |
| 27. Gross paid in and contributed surplus   | 4,336,310                 | 4,447,240                 |
| 28. Unassigned funds (surplus)  | (38,712)                  | (213,463)                 |
| 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)   | 5,297,598                 | 5,233,777                 |
| 31. Totals  | 7,255,271                 | 6,962,232                 |

| 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)    |         |         |
| 2001. Reinsurance payable to Affiliate                              | 1,673   | 850     |
| 2002. Rent abatement  | 302,559 | 399,205 |
| 2003.   |         |         |
| 2098. Summary of remaining write-ins for Line 20 from overflow page |         |         |
| 2099. Totals (Lines 2001 through 2003 plus 2098) (Line 20 above)    | 304,232 | 400,055 |
| 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)    |         |         |

## OPERATIONS AND INVESTMENT EXHIBIT

| STATEMENT OF INCOME   | 1<br>Current Year<br>To Date | 2<br>Prior Year<br>To Date | 3<br>Prior Year Ended<br>December 31 |
|---|------------------------------|----------------------------|--------------------------------------|
| <b>OPERATING INCOME</b>   |                              |                            |                                      |
| 1. Title insurance and related income:  |                              |                            |                                      |
| 1.1 Title insurance premiums earned   | 3,577,053                    | 1,757,718                  | 2,497,933                            |
| 1.2 Escrow and settlement services  |                              |                            |                                      |
| 1.3 Other title fees and service charges  |                              |                            |                                      |
| 2. Aggregate write-ins for other operating income   | 4,255                        | 2,990                      | 4,110                                |
| 3. Total Operating Income (Lines 1 through 2)   | 3,581,308                    | 1,760,708                  | 2,502,043                            |
| <b>DEDUCT:</b>  |                              |                            |                                      |
| 4. Losses and loss adjustment expenses incurred   | 275,698                      | 57,373                     | 67,550                               |
| 5. Operating expenses incurred  | 3,657,059                    | 2,316,640                  | 3,171,572                            |
| 6. Aggregate write-ins for other operating deductions   |                              |                            |                                      |
| 7. Total Operating Deductions   | 3,932,757                    | 2,374,013                  | 3,239,122                            |
| 8. Net operating gain or (loss) (Lines 3 minus 7)   | (351,449)                    | (613,305)                  | (737,079)                            |
| <b>INVESTMENT INCOME</b>  |                              |                            |                                      |
| 9. Net investment income earned   | 313,444                      | 202,592                    | 396,943                              |
| 10. Net realized capital gains (losses) less capital gains tax of \$                                  | 0                            |                            |                                      |
| 11. Net investment gain (loss) (Lines 9 + 10)   | 313,444                      | 202,592                    | 396,943                              |
| <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) | (38,005)                     | (410,713)                  | (340,136)                            |
| 14. Federal and foreign income taxes incurred   | (96,660)                     |                            |                                      |
| 15. Net income (Lines 13 minus 14)  | 58,655                       | (410,713)                  | (340,136)                            |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>  |                              |                            |                                      |
| 16. Surplus as regards policyholders, December 31 prior year  | 5,233,777                    | 5,496,677                  | 5,496,677                            |
| 17. Net income (from Line 15)   | 58,655                       | (410,713)                  | (340,136)                            |
| 18. Change in net unrealized capital gains or (losses) less capital gains tax of \$                   | 19,017                       | 259,734                    | 129,946                              |
| 19. Change in net unrealized foreign exchange capital gain (loss)                                     |                              |                            |                                      |
| 20. Change in net deferred income taxes   | (8,190)                      | 195,086                    | 208,707                              |
| 21. Change in nonadmitted assets  | (5,661)                      | (248,267)                  | (261,417)                            |
| 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  |                              |                            |                                      |
| 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)                                  | 63,821                       | (204,160)                  | (262,900)                            |
| 32. Surplus as regards policyholders as of statement date (Lines 16 plus 31)                          | 5,297,598                    | 5,292,517                  | 5,233,777                            |

| DETAILS OF WRITE-IN LINES   |       |       |       |
|---|-------|-------|-------|
| 0201. Other Income  | 4,255 | 2,990 | 4,110 |
| 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)    | 4,255 | 2,990 | 4,110 |
| 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)    |       |       |       |

**CASH FLOW**

|  | 1                       | 2                               |
|--|-------------------------|---------------------------------|
| <b>Cash from Operations</b>  | Current Year<br>To Date | Prior Year<br>Ended December 31 |
| 1. Premiums collected net of reinsurance   | 3,705,467               | 2,479,492                       |
| 2. Net investment income   | 306,478                 | 401,102                         |
| 3. Miscellaneous income  | 4,255                   | 4,110                           |
| 4. Total (Lines 1 to 3)  | 4,016,200               | 2,884,704                       |
| 5. Benefit and loss related payments   | 113,168                 | 77,224                          |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts                             |                         |                                 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions   | 3,718,572               | 2,774,106                       |
| 8. Dividends paid to policyholders   |                         |                                 |
| 9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)                     | (96,660)                |                                 |
| 10. Total (Lines 5 through 9)  | 3,735,080               | 2,851,330                       |
| 11. Net cash from operations (Line 4 minus Line 10)  | 281,120                 | 33,374                          |
| <b>Cash from Investments</b>   |                         |                                 |
| 12. Proceeds from investments sold, matured or repaid:   |                         |                                 |
| 12.1 Bonds   | 1,429,919               | 2,110,000                       |
| 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)  | 1,429,919               | 2,110,000                       |
| 13. Cost of investments acquired (long-term only):   |                         |                                 |
| 13.1 Bonds   | 2,116,508               | 1,937,816                       |
| 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)   | 2,116,508               | 1,937,816                       |
| 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)  | (686,589)               | 172,184                         |
| <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   |                         |                                 |
| 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) |                         |                                 |
| <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)                | (405,469)               | 205,558                         |
| 19. Cash, cash equivalents and short-term investments:   |                         |                                 |
| 19.1 Beginning of year   | 1,276,808               | 1,071,250                       |
| 19.2 End of period (Line 18 plus Line 19.1)  | 871,339                 | 1,276,808                       |

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

|         |  |  |
|---------|--|--|
| 20.0001 |  |  |
| 20.0002 |  |  |
| 20.0003 |  |  |

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## NOTES TO FINANCIAL STATEMENTS

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### 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.

## NOTES TO FINANCIAL STATEMENTS

### 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 periods.

### 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:

|   | 09/30/2008 | 12/31/2007 | Change   |
|---|------------|------------|----------|
| (1) Total gross deferred tax assets                                   | 397,706    | 405,898    | (8,192 ) |
| (2) Total deferred tax liabilities                                    | -          | -          | 0        |
| (3) Net deferred tax asset (liability)                                | 397,706    | 405,898    | (8,192)  |
| (4) No. 10<br>Deferred tax assets nonadmitted in accordance with SSAP | (379,097)  | (390,215)  | 11,118   |
| (5) Admitted deferred tax asset (liability)                           | 18,609     | 15,683     | 2,926    |



## NOTES TO FINANCIAL STATEMENTS

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

|  | 09/30/2008 | 12/31/2007 | Change  |
|--|------------|------------|---------|
| (1) Net deferred tax asset (liability)                 | 397,706    | 405,898    | (8,192) |
| (2) Tax-effect of unrealized gains and losses          | 0          | 0          | 0       |
| (3) Net tax effect without unrealized gains and losses | 397,706    | 405,898    | (8,192) |
| (4) Change in deferred income tax                      |            |            | (8,192) |

### 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:

|  | 09/30/2008 | 12/31/2007 |
|--|------------|------------|
| (1) Current year tax expense (benefit)<br>(exclusive of items 2 and 3 below) | 0          | 0          |
| (2) Tax credits  | 0          | 0          |
| (3) Other – cash received for<br>utilization of NOL carryforward             | (96,660)   | 0          |
| (4) Current income taxes incurred  | (96,660)   | 0          |

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

|  | 09/30/2008 | 12/31/2007 |
|--|------------|------------|
| Deferred tax assets:                             |            |            |
| (1) Discounting of Reserves                      | 103,785    | 90,374     |
| (2) Fixed Assets                                 | 11,890     | 13,024     |
| (3) Other  | 282,031    | 302,501    |
| (4) Total deferred tax assets                    | 397,706    | 405,898    |
| (5) Nonadmitted deferred tax assets              | (379,097)  | (390,214)  |
| (6) Admitted deferred tax assets                 | 18,609     | 15,684     |
| Deferred tax liabilities:                        |            |            |
| (7) Stock unrealized gains                       | 0          | 0          |
| (8) Other  | 0          | 0          |
| (9) Total deferred tax liabilities               | 0          | 0          |
| (10) Net admitted deferred tax asset (liability) | 18,609     | 15,684     |

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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:

|   | 09/30/2008 |
|---|------------|
| (1) Income before taxes   | (38,005)   |
| (2) Income tax expense (benefit) at 35% statutory rate                            | (13,301)   |
| (3) Increase (decrease) in tax resulting from:                                    |            |
| a. Dividends received deduction   | (70,000)   |
| b. Nondeductible expenses for meals, penalties, and lobbying                      | 0          |
| c. Tax-exempt income  | (5,288)    |
| d. Deferred tax benefit on nonadmitted assets                                     | 0          |
| e. Foreign income taxes   | -          |
| f. Other  | 121        |
| (4) Total income tax expected   | (88,468)   |
| (5) Current income taxes incurred<br>(without tax on realized gains and losses)   | (96,660)   |
| (6) Change in deferred income tax<br>(without tax on unrealized gains and losses) | 8,192      |
| (7) Total income tax reported   | (88,468)   |

E. Operating loss and tax credit carryforwards

As of December 31, 2007, the company had \$864,287 net operating loss carryforwards available for tax

- (1) purposes.
- (2) The amount of Federal income taxes incurred that are available for recoupment in the event of future net losses are \$ -0- for 2007, 2006 and 2005.

F. Consolidations:

- (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 January 1, 2006, the Company received all of the outstanding shares of Arkansas Title Insurance Company from its parent, Stewart Title Guaranty Company, upon approval by the Illinois Department of Financial and Professional Regulation and the Arkansas Insurance Commissioner. The statement value when transferred was \$1,909,169, which represented their statutory surplus at December 31, 2005.

D. Amounts due from and payable to related parties at September 30, 2008 are \$0 and \$24,553, 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

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## NOTES TO FINANCIAL STATEMENTS

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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 9/30/08 and 12/31/07 was \$2,407,540 and \$2,388,523, 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 31,425 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, 2007 is \$5,233,777. The maximum dividend payout that may be made without prior approval in 2008 is \$ -0-.

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 | \$ 498,371  |
| B. Nonadmitted assets values   | \$(454,272) |
| 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, 2007 was \$70,321, calculated to straight-line basis adjusting for the scheduled rent increases and accretion of deferred rent abatement, and additional rent was \$54,589 for the period. 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, 2007, rent expense allocated to affiliates was approximately 65% of the total, making net expense \$43,718. The minimum future lease payments, without adjusting for the scheduled rent increases and accretion of deferred rent abatement, are summarized as follows:

| <u>Year</u> | <u>Base Rent</u> | <u>Estimated Additional Rent</u> |
|-------------|------------------|----------------------------------|
| 2008        | 142,613          | 115,422                          |
| 2009        | 146,808          | 115,422                          |
| 2010        | 151,002          | 115,422                          |

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## 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. Other Items –
  - A. None
  - B. None
  - C. Assets having market values of \$1,979,714 and \$2,027,194 at September 30, 2008 and December 31, 2007, respectively, were on deposit with government authorities or trustees as required by law.
  - D. None
  - E. None
  - F. Subprime Exposure
    - 1) Direct exposure though 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 are \$515,043, and \$522,783, and \$497,551, 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
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- Not Applicable
25. Intercompany Pooling Arrangements – Not Applicable
26. Structured Settlements – None
27. Supplemental Reserve – Not Applicable.

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## NOTES TO FINANCIAL STATEMENTS

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# GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

## 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<br>Name of Entity | 2<br>NAIC Company Code | 3<br>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 [ X ] N/A [ ]  
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. \_\_\_\_\_ 09/30/2007

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. \_\_\_\_\_ 09/30/2007

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). \_\_\_\_\_ 12/30/2007

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

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 [ X ] No [ ] N/A [ ]

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 ]

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<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>OTS | 6<br>FDIC | 7<br>SEC |
|---------------------|-----------------------------|----------|----------|----------|-----------|----------|
|                     |                             |          |          |          |           |          |
|                     |                             |          |          |          |           |          |

## GENERAL INTERROGATORIES (Continued)

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or 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  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

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

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  No

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

### 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

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: \$ \_\_\_\_\_

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  No

14.2 If yes, please complete the following:

|  | 1   | 2  |
|--|---|--|
|  | Prior Year-End<br>Book/Adjusted<br>Carrying Value | Current Quarter<br>Book/Adjusted<br>Carrying Value |
| 14.21 Bonds .....  | \$ _____  | \$ _____   |
| 14.22 Preferred Stock .....  | \$ _____  | \$ _____   |
| 14.23 Common Stock .....   | \$ <u>2,388,523</u>                               | \$ <u>2,407,540</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<br>(Subtotal Lines 14.21 to 14.26) ..... | \$ <u>2,388,523</u>                               | \$ <u>2,407,540</u>                                |
| 14.28 Total Investment in Parent included in Lines 14.21 to<br>14.26 above .....                       | \$ _____  | \$ _____   |

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

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

16. 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 Section 3, III Conducting Examinations, G – Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes  No

## GENERAL INTERROGATORIES (Continued)

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

| 1<br>Name of Custodian(s)   | 2<br>Custodian Address                     |
|-----------------------------|--|
| JP Morgan Chase Safekeeping | PO Box 7106340 Columbus, OH, 43271-0634    |
| U.S. Bank                   | 136 S Washington St., Naperville, IL 60540 |
| Central Bank                | PO Box 779, Jefferson City, MO 65102-9982  |

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<br>Name(s) | 2<br>Location(s) | 3<br>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<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|--------------------|--------------------|---------------------|-------------|
| .....              | .....              | .....               | .....       |
| .....              | .....              | .....               | .....       |

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<br>Central Registration Depository | 2<br>Name(s) | 3<br>Address |
|--------------------------------------|--------------|--------------|
| .....                                | .....        | .....        |
| .....                                | .....        | .....        |

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

Yes [X] 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   
 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   
 If yes, attach an explanation.

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

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

4.2 If yes, complete the following schedule:

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

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                            | \$ | 1,379,397 |
| 5.12 Short-term investments           | \$ |           |
| 5.13 Mortgages                        | \$ |           |
| 5.14 Cash                             | \$ |           |
| 5.15 Other admissible invested assets | \$ |           |
| 5.16 Total                            | \$ | 1,379,397 |

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 T - EXHIBIT OF PREMIUMS WRITTEN

### Current Year To Date - Allocated by States and Territories

|                              |     | 1             | Direct Premiums Written |                    | Direct Losses Paid (Deducting Salvage) |                    | Direct Losses Unpaid |                    |
|------------------------------|-----|---------------|-------------------------|--------------------|--|--------------------|----------------------|--------------------|
|                              |     |               | 2                       | 3                  | 4                                      | 5                  | 6                    | 7                  |
| States, Etc.                 |     | Active Status | Current Year to Date    | Prior Year to Date | Current Year to Date                   | Prior Year to Date | Current Year to Date | Prior Year to Date |
| 1. Alabama                   | AL  | L             | 246,002                 | 152,529            |  |                    |                      |                    |
| 2. Alaska                    | AK  | N             |                         |                    |  |                    |                      |                    |
| 3. Arizona                   | AZ  | N             |                         |                    |  |                    |                      |                    |
| 4. Arkansas                  | AR  | N             |                         |                    |  |                    |                      |                    |
| 5. California                | CA  | N             |                         |                    |  |                    |                      |                    |
| 6. Colorado                  | CO  | N             |                         |                    |  |                    |                      |                    |
| 7. Connecticut               | CT  | N             |                         |                    |  |                    |                      |                    |
| 8. Delaware                  | DE  | N             |                         |                    |  |                    |                      |                    |
| 9. District of Columbia      | DC  | N             |                         |                    |  |                    |                      |                    |
| 10. Florida                  | FL  | N             |                         |                    |  |                    |                      |                    |
| 11. Georgia                  | GA  | N             |                         |                    |  |                    |                      |                    |
| 12. Hawaii                   | HI  | N             |                         |                    |  |                    |                      |                    |
| 13. Idaho                    | ID  | N             |                         |                    |  |                    |                      |                    |
| 14. Illinois                 | IL  | L             | 1,995,902               | 942,846            | 93,647                                 | 15,884             | 247,109              | 84,446             |
| 15. Indiana                  | IN  | L             | 5,004                   |                    |  |                    |                      |                    |
| 16. Iowa                     | IA  | N             |                         |                    |  |                    |                      |                    |
| 17. Kansas                   | KS  | L             | 4,380                   |                    |  |                    |                      |                    |
| 18. Kentucky                 | KY  | N             |                         |                    |  |                    |                      |                    |
| 19. Louisiana                | LA  | N             |                         |                    |  |                    |                      |                    |
| 20. Maine                    | ME  | N             |                         |                    |  |                    |                      |                    |
| 21. Maryland                 | MD  | N             |                         |                    |  |                    |                      |                    |
| 22. Massachusetts            | MA  | N             |                         |                    |  |                    |                      |                    |
| 23. Michigan                 | MI  | N             |                         |                    |  |                    |                      |                    |
| 24. Minnesota                | MN  | L             | 21,022                  | 23,828             |  |                    |                      |                    |
| 25. Mississippi              | MS  | L             |                         |                    |  |                    |                      |                    |
| 26. Missouri                 | MO  | L             | 574,413                 | 131,850            | 2,000                                  |                    |                      |                    |
| 27. Montana                  | MT  | L             | 429,739                 | 84,024             | 7,800                                  |                    | 200                  |                    |
| 28. Nebraska                 | NE  | N             |                         |                    |  |                    |                      |                    |
| 29. Nevada                   | NV  | N             |                         |                    |  |                    |                      |                    |
| 30. New Hampshire            | NH  | N             |                         |                    |  |                    |                      |                    |
| 31. New Jersey               | NJ  | N             |                         |                    |  |                    |                      |                    |
| 32. New Mexico               | NM  | N             |                         |                    |  |                    |                      |                    |
| 33. New York                 | NY  | N             |                         |                    |  |                    |                      |                    |
| 34. North Carolina           | NC  | N             |                         |                    |  |                    |                      |                    |
| 35. North Dakota             | ND  | L             |                         |                    |  |                    |                      |                    |
| 36. Ohio                     | OH  | L             | 107,466                 | 102,081            | 9,721                                  | 45,096             | 6,388                | 12,787             |
| 37. Oklahoma                 | OK  | N             |                         |                    |  |                    |                      |                    |
| 38. Oregon                   | OR  | N             |                         |                    |  |                    |                      |                    |
| 39. Pennsylvania             | PA  | L             |                         |                    |  |                    |                      |                    |
| 40. Rhode Island             | RI  | N             |                         |                    |  |                    |                      |                    |
| 41. South Carolina           | SC  | N             |                         |                    |  |                    |                      |                    |
| 42. South Dakota             | SD  | L             |                         |                    |  |                    |                      |                    |
| 43. Tennessee                | TN  | N             |                         |                    |  |                    |                      |                    |
| 44. Texas                    | TX  | L             | 346,167                 | 322,265            |  |                    |                      |                    |
| 45. Utah                     | UT  | N             |                         |                    |  |                    |                      |                    |
| 46. Vermont                  | VT  | N             |                         |                    |  |                    |                      |                    |
| 47. Virginia                 | VA  | N             |                         |                    |  |                    |                      |                    |
| 48. Washington               | WA  | N             |                         |                    |  |                    |                      |                    |
| 49. West Virginia            | WV  | N             |                         |                    |  |                    |                      |                    |
| 50. Wisconsin                | WI  | N             |                         |                    |  |                    |                      |                    |
| 51. Wyoming                  | WY  | N             |                         |                    |  |                    |                      |                    |
| 52. American Samoa           | AS  | N             |                         |                    |  |                    |                      |                    |
| 53. Guam                     | GU  | N             |                         |                    |  |                    |                      |                    |
| 54. Puerto Rico              | PR  | N             |                         |                    |  |                    |                      |                    |
| 55. U.S. Virgin Islands      | VI  | N             |                         |                    |  |                    |                      |                    |
| 56. Northern Mariana Islands | MP  | N             |                         |                    |  |                    |                      |                    |
| 57. Canada                   | CN  | N             |                         |                    |  |                    |                      |                    |
| 58. Aggregate Other Alien    | OT  | X X X         |                         |                    |  |                    |                      |                    |
| 59. Totals                   | (a) | 13            | 3,730,095               | 1,759,423          | 113,168                                | 60,980             | 253,697              | 97,233             |

| 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 |  |  |  |  |  |
| 5899.                | Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)    | X X X |  |  |  |  |  |

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

## 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        |
| 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)       |
| 0340            | Stewart    | 50156             | IL                | 34-0805709        | National Land Title Insurance Company-NL        |
| 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)                  |
| 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             | TX                | 74-2327609        | Stewart Title of Austin(STC)                    |
| 0000            |            | 00000             | TX                | 74-2783918        | Stewart Title Corpus Christi(STC)               |
| 0000            |            | 00000             | TX                | 75-2258899        | Stewart Title Dallas Inc.(STC)                  |
| 0000            |            | 00000             | OK                | 73-1093494        | Stewart Abstract of Oklahoma(STC)               |
| 0000            |            | 00000             | FL                | 59-1285458        | Stewart Title of Jacksonville Inc.(STC)         |
| 0000            |            | 00000             | NM                | 85-0446018        | Stewart Title LLC(STC)                          |
| 0000            |            | 00000             | NM                | 85-0432768        | Santa Fe Abstract(STC)                          |
| 0000            |            | 00000             | AR                | 71-0798379        | Stewart Title of Arkansas(STC)                  |
| 0000            |            | 00000             | WA                | 91-1918234        | Stewart Title of Washington(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             | CA                | 94-1311451        | California Land Title of Marin(STC)             |
| 0000            |            | 00000             | CA                | 94-2812125        | Consolidated Title (STC)                        |
| 0000            |            | 00000             | FL                | 59-3138251        | Tampa Cypress Partners(STC)                     |
| 0000            |            | 00000             | MT                | 81-0529591        | Stewart Title of Montana(STC)                   |
| 0000            |            | 00000             | NV                | 20-8217543        | Stewart Title Nevada Holdings, Inc.(STC)        |
| 0000            |            | 00000             | PL                | 99-9999999        | 'Stewart International Spolka Z Organizon (STC) |
| 0000            |            | 00000             | TN                | 20-1624648        | Stewart Title of Tennessee(STC)                 |
| 0000            |            | 00000             | TX                | 76-0450977        | Stewart Lender Services(STC)                    |
| 0000            |            | 00000             | TX                | 20-5764898        | Property Information Corporation                |
| 0000            |            | 00000             | TX                | 03-0575225        | Stewart REI Group Inc.                          |
| 0000            |            | 00000             | TX                | 20-1820620        | StarTex(STC)                                    |
| 0000            |            | 00000             | TX                | 20-5795343        | Stewart Border Title LLC(STC)                   |
| 0000            |            | 00000             | CO                | 20-2815427        | Stewart Title of Colorado(STC)                  |
| 0000            |            | 00000             | TX                | 75-1551938        | Central Texas Title Corp.(STC)                  |
| 0000            |            | 00000             | CO                | 84-1517419        | Stewart Water Information LLC(STC)              |
| 0000            |            | 00000             | DE                | 76-0570062        | Electronic Closing Services Inc.(STC)           |
| 0000            |            | 00000             | WA                | 68-0304246        | Real Property Information(STC)                  |
| 0000            |            | 00000             | VG                | 98-0371673        | Stewart Latin America, Inc. (STC)               |

**PART 1 – LOSS EXPERIENCE**

|                                      | Current Year to Date            |   |                                |   | 5<br>Prior Year to Date<br>Direct Loss<br>Percentage |
|--------------------------------------|---------------------------------|---|--------------------------------|---|--|
|                                      | 1<br>Direct Premiums<br>Written | 2<br>Other Income<br>(Page 4, Lines<br>1.2 + 1.3 + 2) | 3<br>Direct Losses<br>Incurred | 4<br>Direct<br>Loss Percentage<br>Cols. 3 / (1 + 2) |  |
| 1. Direct operations                 |                                 |   |                                |   |  |
| 2. Agency operations:                |                                 |   |                                |   |  |
| 2.1 Non-affiliated agency operations | 3,730,095                       | 4,255   | 275,698                        | 7.38  | 3.26   |
| 2.2 Affiliated agency operations     |                                 |   |                                |   |  |
| 3. Totals                            | 3,730,095                       | 4,255   | 275,698                        | 7.38  | 3.26   |

**PART 2 – DIRECT PREMIUMS WRITTEN**

|                                      | 1<br>Current<br>Quarter | 2<br>Current<br>Year to Date | 3<br>Prior Year<br>Year to Date |
|--------------------------------------|-------------------------|------------------------------|---------------------------------|
| 1. Direct operations                 |                         |                              |                                 |
| 2. Agency operations:                |                         |                              |                                 |
| 2.1 Non-affiliated agency operations | 1,254,116               | 3,730,095                    | 1,759,423                       |
| 2.2 Affiliated agency operations     |                         |                              |                                 |
| 3. Totals                            | 1,254,116               | 3,730,095                    | 1,759,423                       |

**SCHEDULE A - VERIFICATION****Real Estate**

|  | 1<br>Year To Date | 2<br>Prior Year<br>Ended December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year   |                   |                                      |
| 2. Cost of acquired:   |                   |                                      |
| 2.1 Actual cost at time of acquisitions  |                   |                                      |
| 2.2 Additional investment made after acquisitions  |                   |                                      |
| 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 amount  |                   |                                      |
| 11. Statement value at end of current period (Line 9 minus Line 10)                                |                   |                                      |

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

|   | 1<br>Year To Date | 2<br>Prior Year<br>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 acquisitions   |                   |                                      |
| 2.2 Additional investment made after acquisitions   |                   |                                      |
| 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. Deduct total nonadmitted accounts   |                   |                                      |
| 13. Statement value at end of current period (Line 11 minus Line 12)  |                   |                                      |

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

|  | 1<br>Year To Date | 2<br>Prior Year<br>Ended December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year   |                   |                                      |
| 2. Cost of acquired:   |                   |                                      |
| 2.1 Actual cost at time of acquisitions  |                   |                                      |
| 2.2 Additional investment made after acquisitions  |                   |                                      |
| 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<br>Year To Date | 2<br>Prior Year<br>Ended December 31 |
|---|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year                      | 5,610,371         | 5,656,285                            |
| 2. Cost of bonds and stocks acquired  | 2,116,508         | 1,937,816                            |
| 3. Accrual of discount  | 9,063             | 6,782                                |
| 4. Unrealized valuation increase (decrease)   | 19,018            | 129,946                              |
| 5. Total gain (loss) on disposals   |                   |                                      |
| 6. Deduct consideration for bonds and stocks disposed of  | 1,429,919         | 2,110,000                            |
| 7. Deduct amortization of premium   | 29,487            | 10,458                               |
| 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) | 6,295,554         | 5,610,371                            |
| 11. Deduct total nonadmitted amounts  |                   |                                      |
| 12. Statement value at end of current period (Line 10 minus Line 11)                                | 6,295,554         | 5,610,371                            |

### 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<br>Book/Adjusted<br>Carrying Value<br>Beginning<br>of Current Quarter | 2<br>Acquisitions<br>During Current<br>Quarter | 3<br>Dispositions<br>During Current<br>Quarter | 4<br>Non-Trading<br>Activity During<br>Current Quarter | 5<br>Book/Adjusted<br>Carrying Value<br>End of<br>First Quarter | 6<br>Book/Adjusted<br>Carrying Value<br>End of<br>Second Quarter | 7<br>Book/Adjusted<br>Carrying Value<br>End of<br>Third Quarter | 8<br>Book/Adjusted<br>Carrying Value<br>December 31<br>Prior Year |
|-----------------------------------|---|--|--|--|---|--|---|---|
| <b>BONDS</b>                      |   |  |  |  |   |  |   |   |
| 1. Class 1 (a)                    | 3,366,895   | 570,399  | 34,919   | (14,361)   | 3,275,239   | 3,366,895  | 3,888,014   | 3,221,848   |
| 2. Class 2 (a)                    |   |  |  |  |   |  |   |   |
| 3. Class 3 (a)                    |   |  |  |  |   |  |   |   |
| 4. Class 4 (a)                    |   |  |  |  |   |  |   |   |
| 5. Class 5 (a)                    |   |  |  |  |   |  |   |   |
| 6. Class 6 (a)                    |   |  |  |  |   |  |   |   |
| 7. Total Bonds                    | 3,366,895   | 570,399  | 34,919   | (14,361)   | 3,275,239   | 3,366,895  | 3,888,014   | 3,221,848   |
| <b>PREFERRED STOCK</b>            |   |  |  |  |   |  |   |   |
| 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 | 3,366,895   | 570,399  | 34,919   | (14,361)   | 3,275,239   | 3,366,895  | 3,888,014   | 3,221,848   |

S102

(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 \$ 0; NAIC 2 \$ 0; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0

- NONE      Schedule DA - Part 1 and Verification**
- NONE      Schedule DB - Part F - Section 1**
- NONE      Schedule DB - Part F - Section 2**
- 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<br>CUSIP<br>Ident-<br>ification | 2<br><br>Description               | 3<br><br>Foreign | 4<br><br>Date Acquired | 5<br><br>Name of Vendor | 6<br><br>Number<br>of Shares<br>of Stock | 7<br><br>Actual Cost | 8<br><br>Par Value | 9<br><br>Paid for<br>Accrued Interest<br>and Dividends | 10<br><br>NAIC Designation<br>or Market<br>Indicator (a) |
|-----------------------------------|------------------------------------|------------------|------------------------|-------------------------|--|----------------------|--------------------|--|--|
| 912828-FN-5                       | US Treas Note 07/31/11             |                  | 09/24/2008             | JP Morgan Chase         |  | 269,235              | 250,000.00         |  | 1  |
| 912828-FK-1                       | US Treas Note 06/30/11             |                  | 09/24/2008             | JP Morgan Chase         |  | 270,564              | 250,000.00         |  | 1  |
| 3133XN-B6-5                       | FHLB 4.85% 11/30/12                |                  | 07/29/2008             | JP Morgan Chase         |  | 30,600               | 30,000.00          |  | 1  |
| 1099999                           | Total Bonds All Other Governments  |                  |                        |                         | X X X                                    | 570,399              | 530,000.00         |  | X X X  |
| 6099997                           | Total Bonds Part 3                 |                  |                        |                         | X X X                                    | 570,399              | 530,000.00         |  | X X X  |
| 6099998                           | Summary Item from Part 5 for Bonds |                  |                        |                         | X X X                                    | X X X                | X X X              | X X X  | X X X  |
| 6099999                           | Total Bonds                        |                  |                        |                         | X X X                                    | 570,399              | 530,000.00         |  | X X X  |
| 7499999                           | Totals                             |                  |                        |                         | X X X                                    | 570,399              | X X X              |  | X X X  |

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<br>CUSIP Identification  | 2<br>Description                                     | 3<br>F<br>o<br>r<br>e<br>i<br>g<br>n | 4<br>Disposal Date       | 5<br>Name of Purchaser | 6<br>Number of Shares of Stock | 7<br>Consid-eration | 8<br>Par Value        | 9<br>Actual Cost | 10<br>Prior Year Book/ Adjusted Carrying Value | Change in Book/Adjusted Carrying Value          |   |   |  |  | 16<br>Book/ Adjusted Carrying Value at Disposal Date | 17<br>Foreign Exchange Gain (Loss) on Disposal | 18<br>Realized Gain (Loss) on Disposal | 19<br>Total Gain (Loss) on Disposal | 20<br>Bond Interest/ Stock Dividends Received During Year | 21<br>Maturity Date      | 22<br>NAIC Designation or Market Indicator (a) |
|----------------------------|--|--------------------------------------|--------------------------|------------------------|--------------------------------|---------------------|-----------------------|------------------|--|---|---|---|--|--|--|--|--|-------------------------------------|---|--------------------------|--|
|                            |  |                                      |                          |                        |                                |                     |                       |                  |  | 11<br>Unrealized Valuation Increase/ (Decrease) | 12<br>Current Year's (Amort-ization)/ Accretion | 13<br>Current Year's Other Than Temporary Impairment Recognized | 14<br>Total Change in B./A.C.V. (11+12-13) | 15<br>Total Foreign Exchange Change in B./A.C.V. |  |  |  |                                     |   |                          |  |
| 31359M-4W-0<br>31846V-20-3 | FNMA 5.33 1/29/10<br>First Amer Govt Oblig Fund Cl Y |                                      | 07/29/2008<br>08/30/2008 | called<br>matured      |                                | 25,000<br>9,919     | 25,000.00<br>9,919.00 | 25,782<br>9,919  | 25,754<br>701                                  |   | (754)<br>9,218                                  |   | (754)<br>9,218                             |  | 25,000<br>9,919                                      |  |  |                                     | 666<br>9,919  | 07/29/2008<br>08/30/2008 | 1FE<br>1FE                                     |
| 0399999                    | Total - Bonds - U.S. Governments                     |                                      |                          |                        | X X X                          | 34,919              | 34,919.00             | 35,701           | 26,455   |   | 8,464   |   | 8,464                                      |  | 34,919   |  |  |                                     | 10,585  | X X X                    | X X X  |
| 6099997                    | Total - Bonds - Part 4                               |                                      |                          |                        | X X X                          | 34,919              | 34,919.00             | 35,701           | 26,455   |   | 8,464   |   | 8,464                                      |  | 34,919   |  |  |                                     | 10,585  | X X X                    | X X X  |
| 6099998                    | Summary Item from Part 5 for Bonds                   |                                      |                          |                        | 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                                      | X X X  | X X X  | X X X  | X X X                                  | X X X                               | X X X   | X X X                    | X X X  |
| 6099999                    | Total Bonds  |                                      |                          |                        | X X X                          | 34,919              | 34,919.00             | 35,701           | 26,455   |   | 8,464   |   | 8,464                                      |  | 34,919   |  |  |                                     | 10,585  | X X X                    | X X X  |
| 7499999                    | Totals   |                                      |                          |                        |                                | 34,919              | X X X                 | 35,701           | 26,455   |   | 8,464   |   | 8,464                                      |  | 34,919   |  |  |                                     | 10,585  | X X X                    | X X X  |

EOS

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

**NONE      Schedule DB - Part A and B - Section 1**

**NONE      Schedule DB - Part C and D - Section 1**

# SCHEDULE E - PART 1 - CASH

## Month End Depository Balances

| 1<br><br>Depository  | 2<br><br>Code | 3<br><br>Rate of Interest | 4<br><br>Amount of Interest Received During Current Quarter | 5<br><br>Amount of Interest Accrued at Current Statement Date | Book Balance at End of Each Month During Current Quarter |                       |                      | 9<br><br>* |
|--|---------------|---------------------------|---|---|--|-----------------------|----------------------|------------|
|  |               |                           |   |   | 6<br><br>First Month                                     | 7<br><br>Second Month | 8<br><br>Third Month |            |
| Open Depositories - Section (A) - Segregated Funds Held for Others   |               |                           |   |   |  |                       |                      |            |
| 0199998 Deposits in ( ) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories      | X X X         | X X X                     |   |   |  |                       |                      | X          |
| 0199999 Total - Segregated Funds Held for Others   | X X X         | X X X                     |   |   |  |                       |                      | X          |
| Open Depositories - Section (B) - General Funds  |               |                           |   |   |  |                       |                      |            |
| 0299998 Deposits in ( ) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories      | X X X         | X X X                     | 3,367   |   | 796,513  | 797,621               | 267,781              | X          |
| 0299999 Total - General Funds  | X X X         | X X X                     | 3,367   |   | 796,513  | 797,621               | 267,781              | X          |
| Open Depositories - Section (C) - Reinsurance Reserve Funds  |               |                           |   |   |  |                       |                      |            |
| 0399998 Deposits in ( ) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories      | X X X         | X X X                     |   |   | 439,586  | 439,693               | 603,558              | X          |
| 0399999 Total - Reinsurance Reserve Funds  | X X X         | X X X                     |   |   | 439,586  | 439,693               | 603,558              | X          |
| 0499999 Total - Open Depositories  | X X X         | X X X                     | 3,367   |   | 1,236,099  | 1,237,314             | 871,339              | X          |
| Suspended Depositories - Section (A) - Seg. Funds Held for Others  |               |                           |   |   |  |                       |                      |            |
| 0599998 Deposits in ( ) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Suspended Depositories | X X X         | X X X                     |   |   |  |                       |                      | X          |
| 0599999 Total - Segregated Funds Held for Others   | X X X         | X X X                     |   |   |  |                       |                      | X          |
| Suspended Depositories - Section (B) - General Funds   |               |                           |   |   |  |                       |                      |            |
| 0699998 Deposits in ( ) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Suspended Depositories | X X X         | X X X                     |   |   |  |                       |                      | X          |
| 0699999 Total - General Funds  | X X X         | X X X                     |   |   |  |                       |                      | X          |
| Suspended Depositories - Section (C) - Reinsurance Reserve Funds   |               |                           |   |   |  |                       |                      |            |
| 0799998 Deposits in ( ) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Suspended Depositories | X X X         | X X X                     |   |   |  |                       |                      | X          |
| 0799999 Total - Reinsurance Reserve Funds  | X X X         | X X X                     |   |   |  |                       |                      | X          |
| 0899999 Total Suspended Depositories   | X X X         | X X X                     |   |   |  |                       |                      | X          |
| 0999999 Total Cash on Deposit  | X X X         | X X X                     | 3,367   |   | 1,236,099  | 1,237,314             | 871,339              | X          |
| 1099999 Cash in Company's Office   | X X X         | X X X                     | X X X   | X X X   |  |                       |                      | X          |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
|  |               |                           |   |   |  |                       |                      |            |
| 1199999 Total Cash   | X X X         | X X X                     | 3,367   |   | 1,236,099  | 1,237,314             | 871,339              | X          |

**NONE      Schedule E - Part 2**