

QUARTERLY STATEMENT

OF THE

STEWART

Title Guaranty Company

of Houston

in the state of Texas

TO THE

Insurance Department

OF THE

STATE OF

TEXAS

FOR THE QUARTER ENDED

June 30, 2009

TITLE

2009

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	369,955,925		369,955,925	410,577,506
2. Stocks:				
2.1 Preferred stocks	195,842		195,842	9,625,943
2.2 Common stocks	326,751,409		326,751,409	311,072,240
3. Mortgage loans on real estate:				
3.1 First liens	746,584	55,629	690,955	1,363,917
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)	1,441,232		1,441,232	1,812,387
5. Cash (\$ 20,948,821), cash equivalents (\$ 0), and short-term investments (\$ 2,126,583)	23,075,404		23,075,404	38,339,176
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets	1,856,050	215,350	1,640,700	1,694,632
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	724,022,446	270,979	723,751,467	774,485,801
11. Title plants less \$ 0 charged off (for Title insurers only)	7,465,612	3,984,419	3,481,193	3,481,193
12. Investment income due and accrued	5,009,499	16,269	4,993,230	4,972,155
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	36,286,362	8,882,824	27,403,538	21,196,562
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	605,082	569,194	35,888	699,593
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon	5,601,522		5,601,522	5,754,321
16.2 Net deferred tax asset	64,049,536	64,049,536		
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software	724,219	437,683	286,536	417,828
19. Furniture and equipment, including health care delivery assets (\$ 0)	3,890,725	3,624,077	266,648	336,821
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	11,754,533	6,807,729	4,946,804	4,497,400
22. Health care (\$ 0) and other amounts receivable	8,543,023	1,677,185	6,865,838	1,985,418
23. Aggregate write-ins for other than invested assets	4,291,264	3,750,235	541,029	492,529
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	872,243,823	94,070,130	778,173,693	818,319,621
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	872,243,823	94,070,130	778,173,693	818,319,621

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. Other Assets & deposits	1,227,128	686,099	541,029	492,529
2302. Other nonadmitted assets	3,064,136	3,064,136		
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	4,291,264	3,750,235	541,029	492,529

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31 Prior Year
1. Known claims reserve	128,155,208	117,640,556
2. Statutory premium reserve	332,091,000	332,185,000
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)	14,738,853	19,101,070
7. Taxes, licenses and fees (excluding federal and foreign income taxes)	2,258,425	6,151,016
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	379,957	539,285
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	6,539,903	3,116,959
17. Drafts outstanding		
18. Payable to parent, subsidiaries and affiliates	5,470,380	5,460,634
19. Payable for securities		
20. Aggregate write-ins for other liabilities	882,854	1,860,292
21. Total liabilities (Lines 1 through 20)	490,516,580	486,054,812
22. Aggregate write-ins for special surplus funds	501,409	501,409
23. Common capital stock	8,500,000	8,500,000
24. Preferred capital stock		
25. Aggregate write-ins for other than special surplus funds		
26. Surplus notes		
27. Gross paid in and contributed surplus	114,828,154	111,596,543
28. Unassigned funds (surplus)	163,827,550	211,666,857
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)	287,657,113	332,264,809
31. Totals	778,173,693	818,319,621

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	882,854	1,860,292
2002.		
2003.		
2098. Summary of remaining write-ins for Line 20 from overflow page		
2099. Totals (Lines 2001 through 2003 plus 2098) (Line 20 above)	882,854	1,860,292
2201. Surplus arising from increase in book value of title plants	501,384	501,384
2202. Mineral interest-assigned value	25	25
2203.		
2298. Summary of remaining write-ins for Line 22 from overflow page		
2299. Totals (Lines 2201 through 2203 plus 2298) (Line 22 above)	501,409	501,409
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 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
OPERATING INCOME			
1. Title insurance and related income:			
1.1 Title insurance premiums earned	521,706,706	579,226,102	1,202,559,106
1.2 Escrow and settlement services	739,754	1,083,031	2,065,938
1.3 Other title fees and service charges	22,518,078	16,591,964	37,025,658
2. Aggregate write-ins for other operating income	944,928	1,405,467	1,948,931
3. Total Operating Income (Lines 1 through 2)	545,909,466	598,306,564	1,243,599,633
DEDUCT:			
4. Losses and loss adjustment expenses incurred	75,663,345	71,711,346	152,082,944
5. Operating expenses incurred	524,606,775	576,164,602	1,121,143,684
6. Aggregate write-ins for other operating deductions			
7. Total Operating Deductions	600,270,120	647,875,948	1,273,226,628
8. Net operating gain or (loss) (Lines 3 minus 7)	(54,360,654)	(49,569,384)	(29,626,995)
INVESTMENT INCOME			
9. Net investment income earned	7,604,200	11,554,503	20,540,971
10. Net realized capital gains (losses) less capital gains tax of \$ 0	992,094	107,154	(1,351,389)
11. Net investment gain (loss) (Lines 9 + 10)	8,596,294	11,661,657	19,189,582
OTHER INCOME			
12. Aggregate write-ins for miscellaneous income or (loss)	669,353	881,036	1,650,057
13. Net income, after capital gains tax and before all other federal income taxes (Lines 8 + 11 + 12)	(45,095,007)	(37,026,691)	(8,787,356)
14. Federal and foreign income taxes incurred	1,859,255	(13,117,629)	496,947
15. Net income (Lines 13 minus 14)	(46,954,262)	(23,909,062)	(9,284,303)
CAPITAL AND SURPLUS ACCOUNT			
16. Surplus as regards policyholders, December 31 prior year	332,264,809	515,901,015	515,901,015
17. Net income (from Line 15)	(46,954,262)	(23,909,062)	(9,284,303)
18. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	(878,853)	(4,494,850)	(149,042,473)
19. Change in net unrealized foreign exchange capital gain (loss)	2,538,174	(1,344,169)	(17,586,355)
20. Change in net deferred income taxes	(4,747,535)	275,469	29,901,619
21. Change in nonadmitted assets	2,203,169	(2,969,185)	(38,263,933)
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	3,231,611	644,119	644,119
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			(4,880)
31. Change in surplus as regards policyholders (Lines 17 through 30)	(44,607,696)	(31,797,678)	(183,636,206)
32. Surplus as regards policyholders as of statement date (Lines 16 plus 31)	287,657,113	484,103,337	332,264,809

DETAILS OF WRITE-IN LINES			
0201. Title plant rent	740,527	678,118	1,009,605
0202. Ceded reimbursements from agents	204,401	727,349	939,326
0203.			
0298. Summary of remaining write-ins for Line 02 from overflow page			
0299. Totals (Lines 0201 through 0203 plus 0298) (Line 02 above)	944,928	1,405,467	1,948,931
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. Computer support fees	374,698	822,741	1,846,240
1202. Miscellaneous Fees	140,052	51,145	243,483
1203. Realized gains(loss) on other assets	154,603	7,150	(439,666)
1298. Summary of remaining write-ins for Line 12 from overflow page			
1299. Totals (Lines 1201 through 1203 plus 1298) (Line 12 above)	669,353	881,036	1,650,057
3001. Surplus change in real estate			(4,880)
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)			(4,880)

CASH FLOW

	1	2
Cash from Operations	Current Year To Date	Prior Year Ended December 31
1. Premiums collected net of reinsurance	516,947,821	1,118,801,901
2. Net investment income	9,116,552	26,703,687
3. Miscellaneous income	24,872,113	42,690,583
4. Total (Lines 1 to 3)	550,936,486	1,188,196,171
5. Benefit and loss related payments	65,148,693	125,898,497
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	532,851,838	1,121,784,827
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	1,706,456	(6,270,208)
10. Total (Lines 5 through 9)	599,706,987	1,241,413,116
11. Net cash from operations (Line 4 minus Line 10)	(48,770,501)	(53,216,945)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	135,936,515	392,834,240
12.2 Stocks	12,933,127	36,246,360
12.3 Mortgage loans	967,108	361,757
12.4 Real estate	971,701	
12.5 Other invested assets	13,932	24,159
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		(23,814)
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	150,822,383	429,442,702
13. Cost of investments acquired (long-term only):		
13.1 Bonds	89,887,959	352,864,140
13.2 Stocks	20,979,147	41,077,296
13.3 Mortgage loans	168,000	477,034
13.4 Real estate	1,398,840	308,320
13.5 Other invested assets	230,000	
13.6 Miscellaneous applications		609,372
13.7 Total investments acquired (Lines 13.1 to 13.6)	112,663,946	395,336,162
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)	38,158,437	34,106,540
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock	3,231,611	644,119
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		2,000,000
16.6 Other cash provided (applied)	(7,883,319)	(4,162,842)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(4,651,708)	(5,518,723)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(15,263,772)	(24,629,128)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	38,339,176	62,968,304
19.2 End of period (Line 18 plus Line 19.1)	23,075,404	38,339,176

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

20.0001	Line 13.2 includes non-cash contribution to affiliate	2,979,147	96,077
20.0002	Line 2 and line 13.7 included property dividend from affiliate		546,872
20.0003	Line 13.4 and line 12.3 includes transfer of note foreclosed to real estate	958,800	308,320
20.0004	Line 16.2 includes non-cash capital contribution from parent	3,231,611	644,119

NOTES TO FINANCIAL STATEMENTS

1. Accounting Practices

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

The Texas Department of Insurance recognizes statutory accounting practices prescribed or permitted by the State of Texas for determining and reporting the financial condition and results of operations of a title insurance company, for determining its solvency under the Texas 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 Texas. The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically, (A) home office furniture and fixtures acquired after December 31, 2000 is an admitted asset as permitted by Texas Insurance Code 7.18 section (c)(4), depreciated in full over a period not to exceed five years. Home office fixed assets acquired prior to January 1, 2001 are an admitted asset as permitted by Texas Insurance Code Articles 3.01, 6.12, 8.07 and any other applicable laws, and shall be depreciated in full over a period not to exceed ten years. In NAIC SAP 17, furniture and fixtures are nonadmitted. (B) real estate owned prior to October 1, 1967 continue to qualify as an admitted asset per Texas Insurance Code Article 2551.151. In NAIC SAP 40, appraisals must be no more than five years old or the property will be nonadmitted.

	<u>6/30/2009</u>	<u>12/31/2008</u>
Net Income, Texas State Basis	\$ (46,954,262)	\$ (9,284,303)
State Prescribed Practices	0	0
State Permitted Practices;	0	0
Net Income, NAIC SAP	\$ (46,954,262)	\$ (9,284,303)
Statutory Surplus, Texas State Basis	\$ 287,657,113	\$ 332,264,809
State Prescribed Practices:		
(1)Furniture & Fixtures	(266,648)	(336,821)
(2)Real Estate	(4,423)	(4,423)
State Permitted Practices:		
Statutory Surplus, NAIC SAP	\$ 287,386,042	\$ 331,923,565

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 Article 2251.253 of the Texas 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.
- (4) Investments in Preferred stock, excluding investments in preferred stock of subsidiary, controlled, or affiliated entities – None.

NOTES TO FINANCIAL STATEMENTS

- (5) Mortgage loans on real estate are stated at the aggregate unpaid balance.
- (6) Loan-backed securities are valued at amortized cost using the retrospective method.
- (7) The Company owns 100% of the common stock of Stewart Title Company, a non-insurance company. This stock is valued on the audited GAAP equity basis as described in the *NAIC Accounting Practices and Procedures Manual* SSAP 97, section 8(b)(iii).

The Company owns 100% of Stewart Title Insurance Company, Stewart Title Insurance Company of Oregon, and National Land Title Insurance Company, which are title insurance companies. These investments are valued based on SSAP 97, Section 8(b)(i) of the *NAIC Accounting Practices and Procedures Manual*.

The Company owns 100% of Stewart Title Limited (UK) and 99.9% of Stewart Title Guaranty de Mexico, S.A., which are foreign title insurance companies. These investments are valued based on SSAP 97, Section 8(b)(iv) of the *NAIC Accounting Practices and Procedures Manual*.

The Company owns 10.16% of Title Reinsurance Company, a reinsurance company that provides primary liability insurance, and 13.68% of stock in Alliance Title of America Corporation, a title insurance company. Both companies are valued at the Company's share of surplus as regards to policyholders per the most recent NAIC statement.

- (8) The Company has minor ownerships interest in one joint venture and one limited liability company. These investments are valued based on SSAP 48, Section 8.
- (9) Derivatives – None
- (10) Anticipated investment income used as a factor in the premium deficiency calculation. – Not applicable
- (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.

The statutory premium reserve is based on Section 2551.253 of the Texas Insurance Code, which was amended with an effective date of September 1, 2005. The amended Section 2551.253 requires the Company to reserve an amount equal to 6.2% of total charges for title policies written or assumed for calendar year 1997 and on or after January 1, 1998 and before January 1, 2005 to reserve 25 cents per \$1,000 in net retained liability assumed. On or after January 1, 2005, the reserve should equal 18.5 cents per \$1,000 of net retained liability assumed.

The reserve is subsequently reduced by 26% of the addition in the first year succeeding the year of addition, 20% in the second year, 10% in the third year, 9% in the fourth year, 5% in the fifth and sixth years, 3% in the seventh through the ninth year, 2% in the tenth through fourteenth year and 1% in the last six years.

The Texas Commissioner gave an Order for a Change to Statutory Premium Reserve that resulted in a \$79.7 million reduction in the statutory premium reserve as allowed by Section 2551.258 of the Texas Insurance Code. At December 31, 2008 the total of the Company's known claims reserves and statutory premium reserve is equal to the loss reserve as stated in Schedule P, column 24, which the Company's appointed actuary has provided a loss reserve opinion.

- (12) The Company has not modified its capitalization policy from the prior period.
- (13) Not applicable to title companies.

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 Texas. The State of Texas requires that insurance companies domiciled in the State of Texas 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 Texas 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

NOTES TO FINANCIAL STATEMENTS

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 – Not Applicable

4. Discontinued Operations – Not Applicable

5. Investments

A. Mortgage Loans

1. The maximum and minimum lending rates for real estate loans are 7.75% and 5.75%.
2. None
3. The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was 112%.

	<u>Current Year</u>	<u>Prior Year</u>
4. At June 30, 2009, the Company held mortgage with interest more than 180 days past due with a recorded investment excluding accrued interest of:	\$0	\$0
Total interest due on mortgages with interest more than 180 days past due equals:	-	-
5. Taxes, assessments and any amounts advances and not included in the mortgage loan total.	-	-
6. Current year impaired loans with related allowance for credit losses.	-	-
7. Impaired mortgage loans without an allowance for credit losses.	-	-
8. Average recorded investment in impaired loans.	-	-
9. Interest income recognized during the period on loans impaired.	-	-
10. Amount of interest income recognized on a cash basis during the period the loans were impaired.	-	-

B. Debt Restructuring- Not applicable

C. Reverse Mortgages – None

D. Loan-Backed Securities - The Company uses retrospective method and prepayment assumptions are obtained from the Public Security Association and actual data.

E. Repurchase Agreements – None

F. Real Estate - The Company has no investments in real estate that are material for disclosure.

G. Low-Income Housing Tax Credits (LIHTC) – The Company’s investment in LIHTC is less than 0.2% of admitted assets and therefore is immaterial for disclosure.

6. Joint Ventures, Partnerships and Limited Liability Companies

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. Investment Income

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

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

2. The total amount excluded was \$ 16,269.

8. Derivative Instruments- None

NOTES TO FINANCIAL STATEMENTS**9 Income Taxes**

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

	6/30/2009	12/31/2008	Change
(1) Total gross deferred tax assets	64,049,536	68,809,148	(4,759,612)
(2) Total deferred tax liabilities	-		0
(3) Net deferred tax asset (liability)	64,049,536	68,809,148	(4,759,612)
(4) Deferred tax assets nonadmitted in accordance with SSAP No. 10	(64,049,536)	(68,809,148)	4,759,612
(5) Admitted deferred tax asset (liability)	0	0	0

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

	6/30/2009	12/31/2008	Change
(1) Net deferred tax asset (liability)	64,049,536	68,809,148	(4,759,612)
(2) Tax-effect of unrealized gains and losses	51,207	63,285	(12,077)
(3) Net tax effect without unrealized gains and losses	63,998,328	68,745,863	(4,747,535)
(4) Change in deferred income tax			(4,747,535)

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:

	6/30/2009	12/31/2008
(1) Current year tax expenses (benefit) (exclusive of items 2 and 3 below)	1,512,021	(1,454,057)
(2) Tax credits		
(3) Federal income tax on net capital gains		(973,450)
	347,233	
(4) Prior year adjustments	0	1,951,003
		(476,503)
(5) Current income taxes incurred	1,859,255	

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

	6/30/2009	12/31/2008
Deferred tax assets:		
(1) Discounting of Reserves	22,406,717	49,989,295
(2) Fixed Assets	3,205,847	3,706,731
(3) Foreign Tax Credit	7,142,170	5,282,915
(4) NOL carryforward	16,645,767	0
(5) Accruals not currently deductible	3,278,043	5,107,947
(6) Other	11,370,992	4,722,261
(7) Total deferred tax assets	64,049,536	68,809,148
(8) Nonadmitted deferred tax assets	(64,049,536)	(68,809,148)
(9) Admitted deferred tax assets	0	0
Deferred tax liabilities:		
(10) Stock unrealized gains	0	0
(11) Other	0	0
(12) Total deferred tax liabilities	0	0
(13) Total deferred tax liabilities	0	0
(14) Net admitted deferred tax asset (liability)	0	0

- 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:

	6/30/2009
(1) Income before taxes	(45,095,007)
(2) Income tax expense (benefit) at 35% statutory rate	(15,783,253)
(3) Increase (decrease) in tax resulting from:	
a. Dividends received deduction	(23,353)
b. Non-deductible expenses for meals, penalties and lobbying	251,458
c. Tax-exempt income	(340,037)
d. Deferred tax benefit on nonadmitted assets	24,811,304
e. Foreign income taxes	(1,859,255)
f. Federal income taxes on capital gains	
g. Other	(450,075)
(4) Total income tax expected	6,606,789
(5) Current income taxes incurred (without tax on realized gains and losses)	1,859,255
(6) Change in deferred income tax (without tax on unrealized gains and losses)	4,747,535
(7) Total income tax reported	6,606,789

NOTES TO FINANCIAL STATEMENTS

- E. Operating loss and tax credit carryforwards
1. As of June 30, 2009, the Company had \$47,559,335 net operating loss and \$7,142,170 foreign tax credit carryforwards available for tax purposes. The NOL will expire in 2030 and the foreign tax credit between 2019-2020.
 2. The amount of Federal income taxes incurred that are available for recoupment in the event of future net losses are \$-0-.
 3. There are no deposits admitted under IRC Sec. 6603.
- F. (1) The Company's federal Income Tax return is consolidated with the following entities: Stewart Information Services Corporation, Ortem Investments, Inc., Alliance Title of America, Inc. and subsidiaries denoted with an I on Schedule D-Part 6, Section 1 and 2 in the 2008 Annual Statement.
- (2) The method of allocation is detailed in the Restated Federal Income Tax Return Settlement Agreement dated April 1, 2006. Such Agreement was filed with the Texas Insurance Commissioner on April 5, 2006, under Holding Company Section #34923.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. The Company did not pay a dividend during the first quarter.

During the year our parent, Stewart Information Services Corporation, made a capital contribution to us in the amount of \$ 3,231,611.

B and C. –

The Company made a capital contribution to Stewart Title Company in the first quarter of 2009 in the amount of \$18,079,417 and a capital contribution to our affiliate, National Land Title Insurance Company, in the amount of \$2,900,000.

- D. Amounts due from and amounts payable to related parties at June 30, 2009 are \$ 12,358,635 and \$5,470,380, respectively.

E. None

- F. The Company has agreed to provide Stewart Information Services Corporation certain management and accounting services as described in the Cost Allocation Agreement with Stewart Information Services Corporation dated January 1, 1974, as amended by Amendment No. 1, dated January 1, 1980, Amendment No. 2, dated January 1, 1986, Amendment No. 3, dated January 1, 1991, Amendment No. 4, dated January 1, 1996, Amendment No. 5, dated January 1, 2001 and Amendment No. 6, dated June 6, 2005 (HCS # 34302).

The Company has agreed to provide Stewart Title Company certain management and accounting services as described in the Cost Allocation Agreement with Stewart Title Company dated January 1, 1980, as amended by Amendment No. 1, dated January 1, 1986, Amendment No. 2, dated January 1, 1991, Amendment No. 3, dated January 1, 1996, Amendment No. 4, dated January 1, 2001 and Amendment No. 5, Dated January 1, 2006 (HCS # 34529).

The Company has agreed to provide services to its wholly owned subsidiary, Stewart Title Insurance Company of Oregon, pursuant to Management Agreement, dated January 1, 1997. Such Agreement was filed with the Texas Insurance Department on December 18, 1996, under Holding Company Section # 27073.

The Company has entered into a service agreement with Landata Systems, Inc. for certain computer and software services as described in the Service Agreement dated January 1, 2000 which replaced the original Service Agreement, dated February 16, 1978. Such Agreement was filed with the Texas Insurance Department on February 3, 2000, under Holding Company Section # 30240. The Service Agreement was further amended effective March 12, 2004, under Holding Company Section # 33340, and effective October 1, 2004, under Holding Company Section # 33907. On September 17, 2007 the Texas Department of Insurance approved the name change from Landata Systems, Inc. to PropertyInfo Corporation.

The Company has entered into a service agreement with Arkansas Title Insurance Company as described in the agreement dated July 1, 2001. Such agreement was filed with the Texas Insurance Department on March 22, 2002, under Holding Company Section # 31773.

The Company has entered into a cost allocation agreement with Arkansas Title Insurance Company as described in the agreement dated November 27, 2006. Such agreement was filed with the Texas Insurance Department on January 26, 2007, under Holding Company Section # 35678.

The Company has entered into a service agreement with Arkansas Title Insurance Company as

NOTES TO FINANCIAL STATEMENTS

described in the agreement dated March 20, 2006. Such agreement was filed with the Texas Insurance Department, under Holding Company Section # 34911.

The Company has agreed to provide services to its wholly owned subsidiary, Stewart Title Guaranty de Mexico, pursuant to Inter-Group Service Agreement and Secondment Agreement dated January 1, 2002. Such agreements were filed with the Texas Insurance Department under Holding Company Section # 32520 and #32519.

The Company has entered into a service agreement with Ultima Corporation for certain computer and Software services as described in the Service Agreement dated April 16, 2004. Such Agreement was filed with the Texas Insurance Department on April 19, 2004, under Holding Company Section # 33342. On September 17, 2007 the Texas Department of Insurance approved the name change from Ultima Corporation to PropertyInfo Corporation.

The Company has entered into a Secondment Agreement with Stewart International Spolka Z Ograniconza dated June 30, 2004. Such agreement was filed with the Texas Insurance Department under Holding Company Section # 33570.

The Company has entered into a service agreement with Stewart Imaging Services covering issued title policies which require conversion from paper documents to computer image for storage and retrieval. Such agreement was filed with the Texas Insurance Department on May 1, 1998 under Holding Company Section # 28563, as amended by Amendment No. 2 under HCS # 32547, dated December 21, 2002, and Amendment No. 3 under HCS# 33616 dated July 24, 2004.

The Company has entered into a service agreement with First Data Systems, Inc. for computer related services as described in the Service Agreement dated April 13, 2004. Such agreement was filed with the Texas Insurance Department on April 16, 2004, under Holding Company Section # 33343. On September 17, 2007 the Texas Department of Insurance approved the name change from First Data Systems, Inc. to PropertyInfo Corporation.

The Company has entered into a service agreement with Stewart Transaction Solutions, Inc. for computer related services as described in the Service Agreement dated March 12, 2004. Such agreement was filed with the Texas Insurance Department on April 16, 2004, under Holding Company Section # 33341. On September 17, 2007 the Texas Department of Insurance approved the name change from Stewart Transaction Solutions, Inc. to PropertyInfo Corporation.

The Company has entered into a hosted services agreement with Stewart Transactions Solutions, Inc. for hosted tech related services as described in the Service Agreement dated September 15, 2006. Such agreement was filed with the Texas Insurance Department on September 15, 2006, under Holding Company Section # 35343. On September 17, 2007 the Texas Department of Insurance approved the name change from Stewart Transaction Solutions, Inc. to PropertyInfo Corporation.

The Company has entered into a Cost Allocation Agreement and Administrative Agreement with Alliance Title of America, Inc. effective January 1, 2005 and filed with the Texas Insurance Department, under Holding Company Section #34336.

The Company has entered into a service agreement with REI Data, Inc. for converting title policies from paper documents into computer image as described in the Service Agreement dated July 13, 2005. such Agreement was filed with the Texas Insurance Department on July 15, 2005, under Holding Company Section # 34337. On September 17, 2007 the Texas Department of Insurance approved the name change from REI Data, Inc. to PropertyInfo Corporation.

The Company has entered into a service agreement with REI Data, Inc. for computer related services as described in the Service Agreement dated May 6, 2005. Such agreement was filed with the Texas Insurance Department on May 11, 2005, under Holding Company Section # 34216, as amended by Amendment No. 1 and 2, dated August 2, 2006 (HCS # 35205). On September 17, 2007 the Texas Department of Insurance approved the name change from REI Data, Inc. to PropertyInfo Corporation.

The Company has entered into a service agreement with REI Data, Inc. for a subscription service as described in the Service Agreement dated October 4, 2006. Such agreement was filed with the Texas Insurance Department on October 10, 2006 under Holding Company Section # 35368 as amended February 22, 2008 (HCS # 36551). On September 17, 2007 the Texas Department of Insurance approved the name change from REI Data, Inc. to PropertyInfo Corporation.

The Company has entered into a title plant conveyance agreement with PropertyInfo Corporation for title plant service as described in the Agreement dated February 12, 2008. Such agreement was filed with the Texas Insurance Department on February 28, 2008 under Holding Company Section # 36550.

The Company has entered into a service agreement with Real Property Information for scanning and indexing services as described in the Service Agreement dated July 24, 2006. Such agreement was filed with the Texas Insurance Department on July 27, 2006, under Holding Company Section # 35152.

NOTES TO FINANCIAL STATEMENTS

The Company has entered into an agreement with Stewart Title Limited, a United Kingdom insurance corporation as described in the Net Worth Maintenance Agreement dated March 13, 2006. Such agreement was filed with the Texas Insurance Department on July 19, 2006, under Holding Company Section # 35118.

The Company has entered into a cost allocation agreement with National Land Title Insurance Company as described in the agreement dated July 1, 2006. Such agreement was filed with the Texas Insurance Department on September 6, 2006, under Holding Company Section # 35238.

The Company has entered into a sublease agreement with Stewart Lender Services, Inc. Such agreement was filed with the Texas Insurance Department on April 4, 2007, under Holding Company Section # 35818.

The Company has entered into an audit services agreement with Monroe Title Insurance Corporation as described in the agreement dated October 11, 2007 and filed with the Texas Insurance Department on July 18, 2007, under Holding Company Section # 36049.

The Company has entered into a service agreement with Stewart Water Information, LLC. for title related services as described in the agreement dated August 31, 2007. Such agreement was filed with the Texas Insurance Department on September 17, 2007, under Holding Company Section # 36179.

The Company has entered into a cost allocation agreement with Electronic Closing Services, Inc. for vendor management services as described in the agreement dated August 7, 2007. Such agreement was filed with the Texas Insurance Department on August 14, 2007, under Holding Company Section # 36126.

The Company has entered into a service agreement with PropertyInfo Corporation for computer related services as described in the agreement dated August 27, 2007. Such agreement was filed with the Texas Insurance Department on September 1, 2007, under Holding Company Section # 36180.

The Company has entered into a title plant agreement and service agreement with PropertyInfo Corporation for computer services and sale of copies of back title plants in Bexar County, Texas as described in the agreement dated February 11, 2008. Such agreement was approved with the Texas Insurance Department on February 28, 2008, under Holding Company Section # 36550.

The Company has entered into a service agreement with Stewart Title of Arkansas, Inc. for title plant related services as described in the agreement dated November 3, 2008. Such agreement was approved with the Texas Insurance Department on November 21, 2008, under Holding Company Section # 37194.

The Company has entered into a service agreement with Stewart Title of Tennessee, Inc. for title plant related services as described in the agreement dated November 3, 2008. Such agreement was approved with the Texas Insurance Department on November 21, 2008, under Holding Company Section # 37195.

- G. All outstanding shares of the Company are owned by Stewart Information Services Corporation, an insurance holding company domiciled in the State of Delaware.
- H. None
- I. The Company owns a 100% interest in Stewart Title Company, a non-insurance company, whose carrying value exceeds 10% of the admitted assets of the Company. The Company carries Stewart Title Company at GAAP equity adjusted for the elimination of parent company stock. The statement value and GAAP equity value of Stewart Title Company as of 12/31/2008 and 12/31/2007 was \$ 250,966,179 and \$373,033,179.
- J. The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.

11. Debt – None

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

- A. None
- B. The Company sponsors a defined contribution benefit plan in which all employees and its participating subsidiaries who have completed 90 days of service are eligible to participate.

In general, a participant in the defined contribution plan may elect to defer on a tax-free basis, in accordance

NOTES TO FINANCIAL STATEMENTS

with Section 401(k) of the Internal Revenue Code, a specified percentage of their compensation. Contribution by participants whose compensation is in the highly compensated group of all employees are subject to certain additional limitations under Section 401(k) of the Internal Revenue Code. Deferred compensation is contributed to a trust managed for the benefit of the participants. The Plan also offers a Roth 401(k) feature where the participant can choose to make after-tax contributions.

At June 30, 2009 plan assets totaled \$ 178,743,513 including vested benefits of \$ 177,778,619.

C. None

D. None

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

1. The Company has 2,000 shares of common stock authorized, issued and outstanding. The par value per share is \$3,500.

The Company has 750,000 shares of Class B common stock authorized, issued and outstanding. The par value per is \$2.

2.-3. None

4. The maximum amount of dividends which can be paid by a State of Texas 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, 2008 is \$ 332,264,809. The maximum dividend payout that may be made without prior approval in 2009 is \$ 66,452,962.

5.-8. Not applicable

9. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$ 1,659,321.

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

13. None

14. **Contingencies**

A. Contingent Commitments – None

B. Assessments – None

C. Gain Contingencies – None

D. Claims related extra contractual and bad faith losses stemming from lawsuits

The Company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

	Direct
Claims related ECO and bad faith losses paid during the reporting period	\$0

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

(a)	(b)	(c)	(d)	(e)
0-25 Claims	26-50 claims	51-100 Claims	101-500 Claims	More than 500 Claims
X				

The claim count information is on a per claim basis.

The above amounts were accumulated by reviewing all settled claims with loss and loss adjustment expenses totaling more than \$400,000.

E. All other Contingencies-

Regulatory developments – In California, regulations which are likely to become effective in or about August 2009 are expected to eliminate a previously proposed interim rate reduction and a maximum rate

NOTES TO FINANCIAL STATEMENTS

formula and substantially scale back the proposed financial data requirements on the insurance companies. In July 2009, the New Mexico Superintendent of Insurance announced the findings of a 2008 hearing on premiums and splits and awarded a 10.7% premium rate increase effective August 1, 2009, and an increase in the remittance rate on residential transactions from 19 to 20% from agencies to underwriters.

In light of changes observed in California and New Mexico and possible changes in other states, the Company is reviewing its premium rates in all states. Where possible, the Company is seeking to raise rates or to modify agency splits (the percent of premium paid to the underwriter compared to the amount retained by the agency) to levels necessary to achieve profitability from its agency operations. The Company believes the California and New Mexico results are indicators as other states' assessments of the title insurance industry and the need for the industry to provide title protection under their title policies for real property. Results in other states may vary. The Company cannot predict the outcome of proposed regulations and rate changes. However, to the extent that rate changes are modified in the future, the outcome could materially affect our financial condition and results of operations.

In January 2009, an action was filed by individuals against Stewart Title Guaranty Company, Stewart Title of California, Inc., and Cuesta Title Company and others in the Superior Court of California for the County of San Luis Obispo, captioned *Wooldridge, et al v. Stewart Title Guaranty Co., et al.*, Case No. CV 09008. The plaintiffs allege that they suffered damages relating to loans they made, through Hurst Financial Corporation, to an individual named Kelly Gearhart and entities controlled by Gearhart. Gearhart has filed for bankruptcy. The Company demurred to the original complaint, and the plaintiffs amended their complaint in response. The plaintiffs' amended complaint purports to assert causes of action for (1) breach of contract; (2) negligence; (3) fraud; and (4) breach of implied covenant of good faith and fair dealing. The Company has demurred to the amended complaint; the demurrer hearing was conducted in July 2009 and the Court sustained the Company's demurrer to the Wooldridge plaintiff's first amended complaint. The Company intends to vigorously defend itself against the allegations. The Company does not believe that the outcome of this matter will materially affect its financial conditions or results of operations.

In March 2009, an action was filed against Stewart Title Guaranty Company, its parent, Stewart Information Services Corporation, Stewart Title California, Inc., Cuesta Title Company and others by Stinchfield Financial Services, Inc. and Cas Rio Atascadero Homeowners Association in the Superior Court of California for the County of San Luis Obispo, captioned *Stinchfield Financial Services, Inc. e al. v. Stewart Information Services Corporation et al.*, Case No. CV 098107. The plaintiffs allege that they have suffered damages relating to loans that they made to Kelly Gearhart. The Company demurred to the original complaint, and the Court sustained the Company's demurrer with leave to amend. The plaintiffs' amended complaint adds Stewart Title Insurance Company, our New York underwriter, as a defendant and purports to assert causes of action for (1) breach of contract; (2) breach of covenant of good faith and fair dealing; (3) declaratory relief; (4) fraud; (5) alter ego; (6) negligence; (7) violation of California Business and Professions Code Section 17200; and (8) conversion. The Company intends to vigorously defend itself against the allegations. The Company does not believe that the outcome of this matter will materially affect its financial condition or results of operations.

In June 2009, an action was filed by several hundred individuals against Stewart Title Guaranty Company, Stewart Title of California, Inc., Cuesta Title Company, and others in the Superior Court of California for the County of San Luis Obispo, captioned *Alpert et al. v. Cuesta Title Company et al.*, Case No. CV 098220. The plaintiffs allege that they have suffered damages relating to loans they made, through Hurst Financial, to Gearhart and entities controlled by Gearhart. The plaintiffs purport to assert causes of action for (1) fraud; (2) aiding and abetting fraud; (3) civil conspiracy to commit conversion; (4) financial elder abuse; (5) breach of fiduciary duty; (6) negligence; and (7) declaratory relief. The Company intends to vigorously defend itself against the allegations. The Company does not believe that the outcome of this matter will materially affect its financial condition or results of operation.

In February 2008, an antitrust class action was filed in the United States District Court for the Eastern District of New York against Stewart Title Guaranty Company, its parent, Stewart Information Services Corporation (SISCO), Stewart Title Insurance Company, Monroe Title Insurance Corporation, several other unaffiliated title insurance companies, and the Title Insurance Rate Service Associations, Inc. (TIRSA). The complaint alleges that the defendants violated Section 1 of the Sherman Act by collectively filing proposed rates for title insurance in New York through TIRSA, a state-authorized and licensed rate service organization.

Complaints were subsequently filed in the federal district courts for the Eastern and Southern Districts of New York and federal district courts in Pennsylvania, New Jersey, Ohio, Florida (since dismissed), Massachusetts, Arkansas, California, Washington, West Virginia, Texas and Delaware. All the complaints make similar allegations, except that certain of the complaints also allege violations of RESPA statutes and various state consumer protection laws. The complaints generally request treble damages in an unspecified amounts, declaratory and injunctive relief, and attorneys' fees. At least 71 such complaints are currently pending (and have been consolidated in the aforementioned jurisdictions), each of which names SISCO and /or one or more of its affiliates as defendant. Although the Company cannot predict the outcome of these actions, it intends to vigorously defend itself against the allegations and does not believe that the outcome will materially affect its financial condition or results of operations.

As of July 30, 2009, the Company has obtained dismissals of the claims in Arkansas, California (where

NOTES TO FINANCIAL STATEMENTS

plaintiffs the filed an amended complaint), Delaware (where plaintiffs may file an amended complaint for injunctive relief only), Florida, Massachusetts, New York, Pennsylvania (where plaintiffs may pursue injunctive relief only), Texas, and Washington. The Company is awaiting decisions on motions to dismiss in New Jersey, Ohio, and West Virginia. Although the Company cannot predict the outcome of these actions, it intends to vigorously defend itself against the allegations and does not believe that the outcome will materially affect its financial condition or results of operations.

The Company is also subject to lawsuits incidental to its business, most of which involve disputed policy claims. In many of these lawsuits, the plaintiff seeks exemplary or treble damages in excess of policy limits based on the alleged malfeasance of an issuing agency. The Company does not expect that any of these proceedings will have a material adverse effect on its financial condition or results of operations. Along with other major title insurance companies, the Company is party to a number of class action lawsuits concerning the title insurance industry. The Company believes that it has adequate reserves for the various litigation matters and contingencies discussed above and that the likely resolution of these matters will not materially affect its financial condition or results of operations.

15. Leases

The Company's expense for leased offices was \$ 11,386,113 in 2008 and \$11,121,000 in 2007. These are noncancelable, operating leases expiring over the next nine years. The future minimum lease payments are summarized as follows (stated in thousands of dollars).

2009	7,935
2010	7,099
2011	6,153
2012	4,840
2013	4,402
2014 and after	<u>2,378</u>
Total	<u>32,807</u>

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. Extraordinary Items - None

B. Troubled Debt Restructuring – None

C. The Company holds \$ 85,597,278 at June 30, 2009 in segregated escrow bank accounts pending the closing of real estate transactions. This results in a contingent liability to the Company. These accounts are excluded from the financial statements of admitted assets, liabilities and surplus as regards policyholders.

Assets in the amount of \$ 115,926,177 and \$ 108,624,997 at June 30, 2009 and December 31, 2008, respectively, were on deposit with government authorities or trustees as required by law.

D. – E None or Not Applicable

F. State Transferable Tax Credits – The Company has \$42,441 in Massachusetts state tax credits which will be utilized in 2010.

G. – Hybrid Securities - None

H. – Subprime Mortgage Related Risk Exposure

We have reviewed our investment portfolio as of June 30, 2009 and determined that we do not hold any investments that we believe will be materially impaired as a result of the decline in financing activity related to the subprime lending market or being backed by subprime loans. In addition, for the six months ended June 30, 2009, we have recorded a \$796,876 other-than-temporary

NOTES TO FINANCIAL STATEMENTS

impairments on equity securities held for investments.

I. 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**

Known claims reserves as of December 31, 2008 were \$117.6 million. As of June 30, 2009, \$58.7 million has been paid for incurred losses and loss adjustment expenses attributable to prior policy years. Incurred losses on prior policy years were \$57.0 million in 2009. Incurred losses on prior policy years are the result of prior policy year claims that were reported in the current year, as well as increases and decreases made to original estimates that result from additional information as it becomes known regarding the individual claims.

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

25. **Intercompany Pooling Arrangements** – Not Applicable

26. **Structured Settlements** – None

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

GENERAL INTERROGATORIES

(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 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....

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

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. _____ 12/31/2005 _____

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. _____ 12/31/2005 _____

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). _____ 06/11/2007 _____

6.4 By what department or departments?
Texas, California and Ohio
.....
.....
.....

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 [X] No [] N/A []

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]

GENERAL INTERROGATORIES

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

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, 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 [X] No []

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

.....

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

Yes [] No [X]

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

.....

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

Yes [] No [X]

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

.....

FINANCIAL

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

Yes [X] No []

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

\$ 0

INVESTMENT

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

Yes [] No [X]

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

.....

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

\$ 0

GENERAL INTERROGATORIES

13. Amount of real estate and mortgages held in short-term investments: \$ 0

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 Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$ _____	\$ _____
14.22 Preferred Stock	\$ <u>201,443</u>	\$ <u>195,842</u>
14.23 Common Stock	\$ <u>307,742,565</u>	\$ <u>326,199,220</u>
14.24 Short-Term Investments	\$ _____	\$ _____
14.25 Mortgage Loans on Real Estate	\$ _____	\$ _____
14.26 All Other	\$ _____	\$ _____
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$ <u>307,944,008</u>	\$ <u>326,395,062</u>
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$ <u> 0</u>	\$ <u> 0</u>

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? Yes No
If no, attach a description with this statement.

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F – Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes No

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

1 Name of Custodian(s)	2 Custodian Address
Compass Bank	P. O. Box 4886, Houston, TX 77210-4886
Trust Company of Montreal	1 First Canadian Place, P. O. Box 150, Toronto, ON M5X

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

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

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

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

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

GENERAL INTERROGATORIES

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

1 Central Registration Depository	2 Name(s)	3 Address
16100	Wells Fargo	1000 Louisiana, 6th Floor, Houston, TX 77002
1069875	Vaughan, Nelson, Scarborough	600 Travis, Suite 6300, Houston, TX 77002

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

Yes No

17.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES

PART 2 - TITLE

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

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

3.2 If yes, give full and complete information thereto:

.....

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

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	Total Discount				Discount Taken During Period			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
.....	0	.....	.....	.....	0
.....	0	.....	.....	.....	0
.....	0	.....	.....	.....	0
.....	0	.....	.....	.....	0
Total			0	0	0	0	0	0	0	0

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

5.11 Bonds	\$ <u>323,992,761</u>
5.12 Short-term investments	\$ _____
5.13 Mortgages	\$ _____
5.14 Cash	\$ <u>8,127,538</u>
5.15 Other admissible invested assets	\$ <u>0</u>
5.16 Total	\$ <u>332,120,299</u>

5.2 List below segregated funds held for others by the reporting entity, set apart in special accounts and excluded from entity assets and liabilities. (These funds are also included in Schedule E - Part 1 and the "From Separate Accounts, Segregated Accounts and Protected Cell Accounts" line on Page 2 except for escrow funds held by Title insurers)

5.21 Custodial funds not included in this statement were held pursuant to the governing agreements of custody in the amount of:	\$ <u>85,597,278</u>
These funds consist of:	
5.22 In cash on deposit	\$ <u>85,597,278</u>
5.23 Other forms of security	\$ _____

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year To Date - Allocated by States and Territories

States, Etc.	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		Active Status	2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date
1. Alabama	AL	L	6,053,182	5,732,631	613,939	2,449,556	714,188	950,395
2. Alaska	AK	L	6,370,218	4,112,075	43,292	135,760	166,311	39,743
3. Arizona	AZ	L	12,559,535	8,347,596	(99,768)	301,787	480,048	118,192
4. Arkansas	AR	L	2,193,665	1,337,136	331,228	58,692	1,852,875	222,379
5. California	CA	L	55,560,953	53,453,279	4,629,461	7,691,053	26,236,411	17,990,260
6. Colorado	CO	L	16,140,336	15,628,855	2,130,610	466,613	657,460	1,191,473
7. Connecticut	CT	L	742,855	1,886,973	(86,982)	49,560	334,746	391,006
8. Delaware	DE	L	2,119,586	2,804,187	266,473	164,274	725,125	258,866
9. District of Columbia	DC	L	2,142,151	1,765,483	894,174	177,195	313,995	68,653
10. Florida	FL	L	27,581,672	42,477,564	8,378,835	7,548,177	18,613,257	12,695,869
11. Georgia	GA	L	8,977,596	9,827,606	1,269,711	1,218,285	1,260,024	968,262
12. Hawaii	HI	L	1,867,353	2,466,258	113,691	71,164	120,074	81,196
13. Idaho	ID	L	5,665,422	6,272,567	178,490	334,733	2,563,460	219,273
14. Illinois	IL	L	9,637,808	10,811,908	2,002,436	1,702,312	3,625,038	1,382,880
15. Indiana	IN	L	5,187,238	5,970,903	590,863	1,582,362	851,601	848,082
16. Iowa	IA	N	191,414	228,767	64,697	21,321	38,424	32,362
17. Kansas	KS	L	3,697,649	2,888,798	108,108	73,478	102,288	69,372
18. Kentucky	KY	L	3,957,007	4,191,362	416,834	574,300	363,525	461,154
19. Louisiana	LA	L	8,573,137	9,011,264	410,733	155,032	531,908	209,549
20. Maine	ME	L	1,167,416	1,101,633	181,535	508,668	119,579	165,701
21. Maryland	MD	L	12,147,876	16,588,071	2,115,104	2,069,478	2,937,485	1,559,414
22. Massachusetts	MA	L	12,646,743	11,948,327	1,426,519	305,505	790,295	2,540,134
23. Michigan	MI	L	7,292,307	7,210,448	2,564,441	1,205,421	3,817,021	4,248,258
24. Minnesota	MN	L	7,437,119	6,156,441	3,120,852	2,412,376	5,483,409	2,778,383
25. Mississippi	MS	L	1,914,232	1,789,014	510,849	333,933	265,379	300,786
26. Missouri	MO	L	4,413,035	7,587,194	959,742	1,137,470	1,328,442	1,003,596
27. Montana	MT	L	5,210,297	4,578,482	169,630	23,744	97,319	81,007
28. Nebraska	NE	L	2,340,841	1,472,410	40,927	121,544	56,284	59,668
29. Nevada	NV	L	4,692,630	5,904,549	1,379,469	219,022	858,224	487,899
30. New Hampshire	NH	L	1,933,673	1,574,701	119,021	56,278	452,543	174,151
31. New Jersey	NJ	L	23,016,244	27,211,470	2,351,301	3,186,755	3,214,583	3,753,763
32. New Mexico	NM	L	6,989,846	4,709,232	102,809	31,380	244,116	251,287
33. New York	NY	Q						
34. North Carolina	NC	L	5,756,411	5,512,597	3,102,172	1,787,375	2,160,532	3,341,919
35. North Dakota	ND	L	1,494,177	527,184	7,181		16,335	
36. Ohio	OH	L	13,604,440	17,689,295	1,825,902	1,488,846	3,878,340	2,680,859
37. Oklahoma	OK	L	3,319,345	2,917,479	115,976	120,518	382,072	270,253
38. Oregon	OR	L	6,211,101	189,638	(2,500)	888	137,338	86,127
39. Pennsylvania	PA	L	12,043,137	15,754,969	3,427,500	2,434,308	3,156,980	3,053,957
40. Rhode Island	RI	L	1,546,842	1,239,214	576,846	72,942	617,199	510,927
41. South Carolina	SC	L	6,033,640	6,659,876	789,113	379,197	481,707	2,813,071
42. South Dakota	SD	L	1,461,762	1,404,091	16,428	47,522	55,092	25,046
43. Tennessee	TN	L	5,852,516	5,665,832	(2,066,781)	1,065,516	1,162,976	4,387,565
44. Texas	TX	L	101,807,900	119,876,218	3,576,757	2,155,496	5,966,940	3,247,625
45. Utah	UT	L	19,286,779	18,042,300	864,901	996,292	883,971	320,845
46. Vermont	VT	L	543,213	580,182	1,716,236	(146,265)	41,874	2,042,781
47. Virginia	VA	L	18,327,143	23,616,156	1,021,915	649,647	1,476,032	2,226,949
48. Washington	WA	L	12,006,225	12,837,841	950,168	910,503	1,581,573	511,218
49. West Virginia	WV	L	1,138,076	1,308,245	490,346	40,029	180,836	197,760
50. Wisconsin	WI	L	6,097,137	5,887,358	(768,267)	2,810,247	590,996	804,149
51. Wyoming	WY	L	2,875,853	2,958,200	73,847	287,878	6,182	59,339
52. American Samoa	AS	N						
53. Guam	GU	L	1,591,251	2,324,093	35,170	82,340	345,944	27,708
54. Puerto Rico	PR	L	4,459,678	4,330,036	245,643	462,937	1,720,227	908,015
55. U.S. Virgin Islands	VI	L	177,442	216,031		22,607		3,838
56. Northern Mariana Islands	MP	L	(210,007)	310,749				
57. Canada	CN	L	23,516,029	33,981,200	7,467,581	5,650,111	9,400,260	7,480,858
58. Aggregate Other Alien	OT	X X X	554,941	1,004,935	36,523	5,984	14,696,365	11,404,633
59. Totals	(a)	53	519,916,067	571,880,903	60,801,681	57,712,146	128,155,208	102,008,455

DETAILS OF WRITE-INS								
5801. Mexico	X X X		500	10,678	(1,148)		3,626,653	380,034
5802. Costa Rica	X X X		276,160	859,829	17,350	5,984	358,319	340,599
5803. Bahamas	X X X		273,281	120,752				
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X		5,000	13,676	20,321		10,711,393	10,684,000
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X		554,941	1,004,935	36,523	5,984	14,696,365	11,404,633

(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	Stewart	00000	DE	74-1677330	Stewart Information Services Corp-SISCO
0340	Stewart	50121	TX	74-0924290	Stewart Title Guaranty CO.-STG(SISCO)
0340	Stewart	50035	FL	65-0685696	Alliance Title of America(SISCO)(STG)
0340	Stewart	50156	IL	34-0805709	National Land Title Insurance-NLTIC(STG)
0340	Stewart	50725	AR	71-0560086	Arkansas Title Insurance Company(NLTIC)
0340	Stewart	51420	NY	76-0233294	Stewart Title Insurance Co.-STIC(STG)
0340	Stewart	50036	OR	91-1800766	Stewart Title In Co. of Oregon(STG)
0000		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 (UK)(STG)
0000		00000	TX	74-0923770	Stewart Title Co. of Galveston-STC(STG)
0000		00000	TX	74-2823956	Gracy Title (STC)
0000		00000	OK	73-1093494	Stewart Abstract of Oklahoma(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	77-0354503	Asset Preservation, Inc.(STC)
0000		00000	CA	95-4607898	Stewart Title of California (STC)
0000		00000	UT	46-0467452	Bonneville Superior Title Co.(STC)
0000		00000	CO	84-1517419	Stewart Water Information LLC(STC)
0000		00000	WA	68-0304246	Stewart Transaction Solutions, NW (STC)
0000		00000	FL	59-3138251	Tampa Cypress Partners(STC)
0000		00000	NV	20-8217543	Stewart Title Nevada Holdings, Inc.(STC)
0000		00000	PL	99-9999999	Stewart Intl 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(STC)
0000		00000	TX	03-0575225	Stewart REI Group Inc.(STC)
0000		00000	TX	20-8586758	SLJ Holdings(STC)
0000		00000	CO	20-2815427	Stewart Title of Colorado(STC)
0000		00000	TX	47-0941826	Home Retention Services, Inc.(STC)
0000		00000	VG	98-0371673	Stewart Latin America Inc.(STC)

PART 1 – LOSS EXPERIENCE

	Current Year to Date				5 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Written	2 Other Income (Page 4, Lines 1.2 + 1.3 + 2)	3 Direct Losses Incurred	4 Direct Loss Percentage Cols. 3 / (1 + 2)	
1. Direct operations	43,004,503	11,614,066	12,901,248	23.60	13.64
2. Agency operations:					
2.1 Non-affiliated agency operations	298,385,559	12,242,215	49,128,404	15.80	13.25
2.2 Affiliated agency operations	178,526,005	346,478	13,633,693	7.60	9.82
3. Totals	519,916,067	24,202,759	75,663,345	13.90	12.14

PART 2 – DIRECT PREMIUMS WRITTEN

	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Direct operations	26,886,597	43,004,503	67,411,294
2. Agency operations:			
2.1 Non-affiliated agency operations	170,896,618	298,385,559	304,014,744
2.2 Affiliated agency operations	101,769,142	178,526,005	200,454,865
3. Totals	299,552,357	519,916,067	571,880,903

OVERFLOW PAGE FOR WRITE-INS

Page 10 - Continuation

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year To Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date

REMAINING WRITE-INS AGGREGATED AT LINE 58 FOR OTHER ALIEN

5804. Dominican Republic	X X X		13,676	20,321		27,393	
5805. Panama	X X X	5,000					
5806. Bulk Reserves	X X X					10,684,000	10,684,000
5807.	X X X						
5808.	X X X						
5809.	X X X						
5810.	X X X						
5811.	X X X						
5812.	X X X						
5813.	X X X						
5814.	X X X						
5815.	X X X						
5816.	X X X						
5817.	X X X						
5818.	X X X						
5819.	X X X						
5820.	X X X						
5821.	X X X						
5822.	X X X						
5823.	X X X						
5824.	X X X						
5825.	X X X						
5897. Totals (Lines 5804 through 5825) (Page 10, Line 5898)	X X X	5,000	13,676	20,321		10,711,393	10,684,000

SCHEDULE A - VERIFICATION**Real Estate**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	1,812,387	1,504,067
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	1,398,840	308,320
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals	(113,339)	
5. Deduct amounts received on disposals	971,701	
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized	684,955	
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)	1,441,232	1,812,387
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	1,441,232	1,812,387

SCHEDULE B - VERIFICATION**Mortgage Loans**

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	1,986,892	1,871,615
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	168,000	477,034
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	(441,200)	
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals	967,108	361,757
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)	746,584	1,986,892
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)	746,584	1,986,892
14. Deduct total nonadmitted amounts	55,629	622,975
15. Statement value at end of current period (Line 13 minus Line 14)	690,955	1,363,917

SCHEDULE BA - VERIFICATION**Other Long-Term Invested Assets**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	1,756,132	2,012,591
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	160,000	
2.2 Additional investment made after acquisition	70,000	
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	13,932	24,159
8. Deduct amortization of premium and depreciation	116,150	232,300
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)	1,856,050	1,756,132
12. Deduct total nonadmitted amounts	215,350	61,500
13. Statement value at end of current period (Line 11 minus Line 12)	1,640,700	1,694,632

SCHEDULE D - VERIFICATION**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	731,275,689	944,994,446
2. Cost of bonds and stocks acquired	110,867,103	393,941,436
3. Accrual of discount	58,423	189,297
4. Unrealized valuation increase (decrease)	(1,975,349)	(151,596,109)
5. Total gain (loss) on disposals	2,587,265	1,544,997
6. Deduct consideration for bonds and stocks disposed of	148,869,642	429,080,600
7. Deduct amortization of premium	1,470,411	3,623,859
8. Total foreign exchange change in book/adjusted carrying value	5,226,974	(21,045,585)
9. Deduct current year's other than temporary impairment recognized	796,876	4,048,334
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	696,903,176	731,275,689
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	696,903,176	731,275,689

SCHEDULE D - PART 1B

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	350,193,286	69,805,170	96,487,031	(3,794,115)	350,193,286	319,717,310		376,251,888
2. Class 2 (a)	34,189,749	9,480,002	3,745,313	10,314,177	34,189,749	50,238,615		34,325,618
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	384,383,035	79,285,172	100,232,344	6,520,062	384,383,035	369,955,925		410,577,506
PREFERRED STOCK								
8. Class 1	9,625,943		9,942,737	512,636	9,625,943	195,842		9,625,943
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	9,625,943		9,942,737	512,636	9,625,943	195,842		9,625,943
15. Total Bonds & Preferred Stock	394,008,978	79,285,172	110,175,081	7,032,698	394,008,978	370,151,767		420,203,449

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

SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	2,126,583	X X X	2,126,583	5,558	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	3,404,367	14,698,606
2. Cost of short-term investments acquired	6,005,558	3,428,181
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		(23,814)
6. Deduct consideration received on disposals	7,283,342	14,698,606
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	2,126,583	3,404,367
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	2,126,583	3,404,367

NONE Schedule DB - Part F - Section 1

NONE Schedule DB - Part F - Section 2

NONE Schedule E Verification

SCHEDULE A - PART 2

Showing All Real Estate ACQUIRED and Additions Made During the Current Quarter

1 Description of Property	Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	2 City	3 State						
29209 Perdido Beach Blvd, Condo 303	Orange Beach	AL	02/18/2009	Acquired through claim	440,040	0	440,040	0
0199999 Acquired by Purchase					440,040	0	440,040	0
1855 Sullivan Lane	Sparks	NV	04/30/2009	Foeclosure on note receivable	958,800	0	958,800	0
0299999 Acquired by Internal Transfer					958,800	0	958,800	0
0399999 Totals					1,398,840	0	1,398,840	0

EO1

SCHEDULE A - PART 3

Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract"

1 Description of Property	Location		4 Disposal Date	5 Name of Purchaser	6 Actual Cost	7 Expended for Additions, Permanent Improvements and Changes in Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances Prior Year	Change in Book/Adjusted Carrying Value Less Encumbrances					14 Book/Adjusted Carrying Value Less Encumbrances on Disposal	15 Amounts Received During Year	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal	19 Gross Income Earned Less Interest Incurred on Encumbrances	20 Taxes, Repairs and Expenses Incurred
	2 City	3 State						9 Current Year's Depreciation	10 Current Year's Other Than Temporary Impairment Recognized	11 Current Year's Change in Encumbrances	12 Total Change in B./A.C.V. (11 - 9 - 10)	13 Total Foreign Exchange Change in B./A.C.V.							
29209 Perdido Beach Blvd	Orange Beach	AL	03/30/2009	Harold Wallace	440,040	0	0	0	0	0	0	0	440,040	440,040	0	0	0	0	873
Lot 6 BIK N Connors Vand	Naples	FL	06/30/2009	Douglas Ostergaard	1,329,955	0	1,329,955	0	684,955	0	(684,955)	0	645,000	531,661	0	(113,339)	(113,339)	0	2,175
0199999 Property Sold					1,769,995	0	1,329,955	0	684,955	0	(684,955)	0	1,085,040	971,701	0	(113,339)	(113,339)	0	3,048
0399999 Total					1,769,995	0	1,329,955	0	684,955	0	(684,955)	0	1,085,040	971,701	0	(113,339)	(113,339)	0	3,048

SCHEDULE B - PART 2

Showing All Mortgage Loans ACQUIRED During the Current Quarter

1	Location		4	5	6	7	8	9
Loan Number	2 City	3 State	Loan Type	Date Acquired	Rate of Interest	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisitions	Value of Land and Buildings
280002	Fernley	NV		06/14/2009	6.000	168,000		185,000
0399999 Mortgages in good standing - Residential mortgages - all other				X X X	X X X	168,000		185,000
0899999 Total Mortgages in good standing				X X X	X X X	168,000		185,000
<div style="position: absolute; left: -40px; top: 50%; transform: translateY(-50%); font-weight: bold;">E02</div>								
3399999 Totals				X X X	X X X	168,000		185,000

SCHEDULE B - PART 3

Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Disposal Date	7 Book Value/ Recorded Investment Excluding Accrued Interest Prior Year	Change in Book Value/Recorded Investment					14 Book Value/ Recorded Investment Excluding Accrued Interest on Disposal	15 Consideration	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal
	2 City	3 State					8 Unrealized Valuation Increase (Decrease)	9 Current Year's (Amortization) / Accretion	10 Current Year's Other than Temporary Impairment Recognized	11 Capitalized Deferred Interest and Other	12 Total Change in Book Value (8+9-10+11)						13 Total Foreign Exchange Change in Book Value
210040	Norwell	MA		12/06/1994	06/30/2009	42,375						38,785	3,590			
300080	Plainfield	NJ		10/28/2008	06/30/2009	123,688						122,316	1,372			
310001	Ruidoso	NM		12/28/2007	06/30/2009	135,829						134,938	891			
280002	Fernley	NV		06/14/2009	06/30/2009							165,545	2,455			
0299999 Mortgages with partial repayments						301,892						461,584	8,308			
50110	Hillsborough	CA		09/28/2007	04/30/2009	1,400,000	(441,200)				(441,200)	958,800	958,800			
0499999 Mortgages transferred						1,400,000	(441,200)				(441,200)	958,800	958,800			
0599999 Totals						1,701,892	(441,200)				(441,200)	1,420,384	967,108			

E02.1

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1 CUSIP Ident- ification	2 Name or Description	Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Change in Book/Adjusted Carrying Value						15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income
		3 City	4 State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) or (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B./A.C.V. (9+10-11+12)	14 Total Foreign Exchange Change in B./A.C.V.						
000000-00-0	New England Title, LLC	Portland	ME	New England Title, LLC	11/22/2006	06/30/2009	212,472							202,492	9,980				4,006
2399999	Collateral Loans - Unaffiliated						212,472							202,492	9,980				4,006
000000-00-0	ST Georgia Fund IV LLC	Atlanta	GA	SunTrust Community Dev	08/10/2004	06/30/2009	61,500		(6,150)			(6,150)		55,350					
3399999	State Low Income Housing Tax Credit - Unaffiliated						61,500		(6,150)			(6,150)		55,350					
000000-00-0	ST Geogia Fund V LLC	Atlanta	GA	SunTrust Community Dev	11/02/2005	06/30/2009	1,320,000		(110,000)			(110,000)		1,210,000					
3499999	State Low Income Housing Tax Credit - Affiliated						1,320,000		(110,000)			(110,000)		1,210,000					
000000-00-0	Jefferson Pilot Annuity	Houston	TX	Fresdondale, Inc.	08/25/2004	01/22/2009	12,159							8,206	3,952				
3799999	Any Other Class of Admitted Assets - Unaffiliated						12,159							8,206	3,952				
3999999	Total Unaffiliated						286,131		(6,150)			(6,150)		266,048	13,932				4,006
4099999	Total Affiliated						1,320,000		(110,000)			(110,000)		1,210,000					
4199999	Totals						1,606,131		(116,150)			(116,150)		1,476,048	13,932				4,006

E03.1

SCHEDULE D - PART 3

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

1 CUSIP Ident- ification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
3128X8-TZ-5	Freddie Mac Co:2 Lot:1		04/14/2009	Bank of America		1,575,000	1,575,000.00	766	1FE
0399999	Total Bonds U. S. Government				X X X	1,575,000	1,575,000.00	766	X X X
135087-YR-9	Canadian Govt Bond, Lot 1	C	06/02/2009	HBSC Securities		4,680,814	4,555,980.00	1,872	1FE
1099999	Total Bonds All Other Governments				X X X	4,680,814	4,555,980.00	1,872	X X X
018105-6G-6	ALLEN ISD, TX Lot:1		04/27/2009	Stepens Inc		569,880	500,000.00	5,208	1FE
964559-NB-0	WHITE SETTLEMENT ISD, TX Lot:1		04/08/2009	Samco Service Asset		974,724	875,000.00	7,170	1FE
2499999	U.S. Total Bonds Political Subdivisions of States, Territories and Possessions				X X X	1,544,604	1,375,000.00	12,378	X X X
05565Q-BH-0	BP CAPITAL MARKETS PLC Lot:1	0	05/21/2009	Jefferies		2,509,774	2,475,000.00	20,513	1FE
02003M-BQ-6	ALLSTATE LF GLB Lot:1		05/04/2009	JP Morgan		1,974,260	2,000,000.00	2,090	1FE
001814-AR-3	ANR PIPELINE Lot:1		05/08/2009	First Tennessee Corporate		1,393,472	1,144,000.00	3,670	1FE
037411-AS-4	APACHE CORPORATION Lot:2		05/20/2009	First Tennessee Corporate		1,040,490	1,000,000.00	20,469	1FE
06406H-BK-4	BANK OF NEW YORK MELLON Lot:1		06/05/2009	First Tennessee Corporate		4,140,040	4,000,000.00	58,653	1FE
079860-AG-7	BELLSOUTH CORP Lot:1		05/04/2009	First Tennessee Corporate		2,102,160	2,000,000.00	15,022	1FE
079860-AJ-1	BELLSOUTH CORP Lot:3		05/07/2009	Cantor Fitzgerald		2,903,880	2,800,000.00	65,392	1FE
084664-BD-2	BERKSHIRE HATHAWAY Lot:1		06/02/2009	First Tennessee Corporate		1,573,290	1,500,000.00	3,833	1FE
133131-AQ-5	CAMDEN PROPERTY TRUST Lot:1		06/18/2009	Merrill Lynch		1,056,048	1,200,000.00	7,220	2FE
191219-AP-9	COCA-COLA ENTERPRISES Lot:1		05/05/2009	Cantor Fitzgerald		1,799,083	1,430,000.00	32,751	1FE
20825C-AT-1	CONOCO-PHILLIPS Lot:1		05/19/2009	Cantor Fitzgerald		1,626,736	1,600,000.00	204	1FE
22546Q-AA-5	CREDIT SUISSE NEW YORK Lot:1		05/06/2009	Cantor Fitzgerald		1,924,757	1,900,000.00	2,032	1FE
22546Q-AA-5	CREDIT SUISSE NEW YORK Lot:2		06/03/2009	Jefferies		1,412,936	1,375,000.00	7,142	1FE
25179S-AC-4	DEVON FING CORP Lot:2		06/23/2009	Jefferies		1,897,052	1,740,000.00	28,577	2FE
25179S-AC-4	DEVON FING CORP Lot:3		06/25/2009	Jefferies		1,698,701	1,556,000.00	26,744	2FE
26875P-AC-5	EOG RESOURCES INC Lot:1		05/18/2009	JP Morgan		2,072,344	1,875,000.00	17,904	1FE
607059-AT-9	EXXON MOBIL CORP Lot:1		05/20/2009	First Tennessee Corporate		4,580,786	3,400,000.00	82,273	1FE
36962G-XS-8	General Elec Cap Corp Lot:3		06/18/2009	First Tennessee Corporate		1,807,024	1,725,000.00	36,033	1FE
369604-BC-6	General Electric Co. Lot:1		04/14/2009	First Tennessee Corporate		1,714,554	1,800,000.00	34,388	1FE
38141G-DQ-4	GOLDMAN SACHS GROUP Lot:2		06/17/2009	JP Morgan		1,522,590	1,500,000.00	14,656	1FE
406216-AH-4	HALLIBURTON COMPANY Lot:3		05/05/2009	Weller, Anderson, & Chene		2,469,200	2,000,000.00	40,347	1FE
46625H-GT-1	JP MORGAN CHASE Lot:1		06/01/2009	JP Morgan		5,242,400	5,000,000.00	47,031	1FE
487836-BB-3	KELLOGG CO. Lot:1		06/17/2009	Cantor Fitzgerald		4,239,767	4,255,000.00	16,305	2FE
59217E-AU-8	MET LIFE GLOBE Lot:1		05/06/2009	First Tennessee Corporate		2,350,071	2,350,000.00	24,757	1FE
893526-BY-8	TRANS-CANADA PIPELINES Lot:3		06/08/2009	First Tennessee Corporate		958,380	750,000.00	32,917	1FE
907834-AJ-4	UNION PAC RES GROUP INC Lot:2		05/04/2009	Jefferies		588,434	710,000.00	3,449	2FE
913017-AS-8	UNITED TECHNOLOGIES CORP Lot:1		05/08/2009	JP Morgan		3,996,406	3,125,000.00	54,688	1FE
90331H-KP-7	US BANK NA Lot:2		06/23/2009	Weller, Anderson, & Chene		2,315,138	2,250,000.00	17,325	1FE
90333W-AA-6	US BANK NA Lot:1		06/18/2009	Wells Fargo Brokerage		1,871,415	1,750,000.00	44,005	1FE

E4

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

SCHEDULE D - PART 3

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

1 CUSIP Ident- ification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
92976W-BJ-4	WACHOVIA CORP Lot:1		06/23/2009	First Tennessee Corporate		5,018,053	4,850,000.00	40,753	1FE
931142-CB-7	WAL-MART STORES Lot:1		06/17/2009	Cantor Fitzgerald		1,685,513	1,750,000.00	28,328	1FE
3899999	Total Bonds Industrial and Miscellaneous (Unaffiliated)				X X X	71,484,754	66,810,000.00	829,471	X X X
8399997	Total Bonds Part 3				X X X	79,285,172	74,315,980.00	844,487	X X X
8399998	Summary Item from Part 5 for Bonds				X X X	X X X	X X X	X X X	X X X
8399999	Total Bonds				X X X	79,285,172	74,315,980.00	844,487	X X X
86046#-10-1	Stewart Title Company		06/19/2009	Capital contribution		18,000,000			K
63666#-10-9	National Land Title Insurance Company		06/30/2009	Capital contribution		2,900,000			K
9199999	Total Common Stock Parent, Subsidiaries and Affiliates				X X X	20,900,000	X X X		X X X
9799997	Total Common Stock Part 3				X X X	20,900,000	X X X		X X X
9799998	Summary Item from Part 5 for Common Stocks				X X X	X X X	X X X	X X X	X X X
9799999	Total Common Stock				X X X	20,900,000	X X X		X X X
9899999	Total Preferred and Common Stock				X X X	20,900,000	X X X		X X X
9999999	Totals				X X X	100,185,172	X X X	844,487	X X X

E04.1

(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	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	For e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
912828-HU-7	U S Treasury Note Lot:1		04/27/2009	Weller, Anderson & Che		5,058,594	5,000,000.00	5,008,594	5,007,174		(1,822)		(1,822)		5,005,352		53,242	53,242	50,444	03/31/2010	1
912828-HU-7	U S Treasury Note Lot:1		05/07/2009	JP Morgan		5,459,063	5,400,000.00	5,409,281	5,407,747		(2,136)		(2,136)		5,405,611		53,451	53,451	57,836	03/31/2010	1
912828-HU-7	U S Treasury Note Lot:1		05/12/2009	Weller, Anderson & Che		5,407,262	5,350,000.00	5,359,195	5,357,676		(2,200)		(2,200)		5,355,476		51,786	51,786	57,812	03/31/2010	1
912828-HU-7	U S Treasury Note Lot:1		05/13/2009	JP Morgan		247,699	245,000.00	245,421	245,352		(102)		(102)		245,250		2,449	2,449	2,647	03/31/2010	1
912828-HU-7	U S Treasury Note Lot:1		05/20/2009	Bank of America		10,871,777	10,750,000.0	10,768,477	10,765,423		(4,689)		(4,689)		10,760,734		111,044	111,044	120,277	03/31/2010	1
912828-HU-7	U S Treasury Note Lot:1		05/21/2009	JP Morgan		2,528,418	2,500,000.00	2,504,297	2,503,587		(1,098)		(1,098)		2,502,488		25,929	25,929	28,689	03/31/2010	1
912828-HU-7	U S Treasury Note Lot:1		05/26/2009	JP Morgan		3,639,516	3,600,000.00	3,606,188	3,605,165		(1,638)		(1,638)		3,603,527		35,989	35,989	41,311	03/31/2010	1
912828-HU-7	U S Treasury Note Lot:1		06/01/2009	JP Morgan		5,306,191	5,250,000.00	5,259,023	5,257,532		(2,487)		(2,487)		5,255,045		51,147	51,147	62,254	03/31/2010	1
912828-HU-7	U S Treasury Note Lot:1		06/08/2009	JP Morgan		1,009,297	1,000,000.00	1,001,719	1,001,435		(496)		(496)		1,000,939		8,358	8,358	12,193	03/31/2010	1
912828-HU-7	U S Treasury Note Lot:1		06/08/2009	HSBC Securities		4,213,162	4,175,000.00	4,182,176	4,180,990		(2,070)		(2,070)		4,178,920		34,242	34,242	50,705	03/31/2010	1
912828-HU-7	U S Treasury Note Lot:1		06/15/2009	Deutsche Bank		18,009,516	17,825,000.0	17,855,637	17,850,574		(9,228)		(9,228)		17,841,345		168,171	168,171	221,595	03/31/2010	1
912828-HU-7	U S Treasury Note Lot:1		06/26/2009	HSBC Securities		5,050,586	5,000,000.00	5,008,594	5,007,174		(2,761)		(2,761)		5,004,412		46,173	46,173	65,266	03/31/2010	1
0399999	Total - Bonds - U.S. Governments				X X X	66,801,081	66,095,000.0	66,208,602	66,189,829		(30,727)		(30,727)		66,159,099		641,981	641,981	771,029	X X X	X X X
135087-WR-1	Canadian Govt Bond lot 1	C	06/01/2009	Matured		91,640	91,640.00	66,106	81,643		191		191	9,807	91,640				2,520	06/01/2009	1FE
135087-WR-1	Canadian Govt Bond lot 2	C	06/01/2009	Matured		160,370	160,370.00	116,164	143,274		(72)		(72)	17,169	160,370				4,410	06/01/2009	1FE
135087-WR-1	Canadian Govt Bond lot 3	C	06/01/2009	Matured		504,020	504,020.00	351,926	450,645		(589)		(589)	53,964	504,020				13,859	06/01/2009	1FE
135087-WR-1	Canadian Govt Bond lot 4	C	06/01/2009	Matured		36,656	36,656.00	26,433	32,689		44		44	3,923	36,656				1,008	06/01/2009	1FE
135087-WR-1	Canadian Govt Bond lot 5	C	06/01/2009	Matured		64,148	64,148.00	46,035	57,191		91		91	6,866	64,148				1,764	06/01/2009	1FE
135087-WR-1	Canadian Govt Bond lot 6	C	06/01/2009	Matured		458,200	458,200.00	393,374	411,586		(2,476)		(2,476)	49,090	458,200				12,599	06/01/2009	1FE
135087-WR-1	Canadian Govt Bond lot 7	C	06/01/2009	Matured		687,300	687,300.00	600,846	616,417		(2,736)		(2,736)	73,619	687,300				18,899	06/01/2009	1FE
1099999	Total - Bonds - All Other Governments				X X X	2,002,334	2,002,334.00	1,600,884	1,793,445		(5,547)		(5,547)	214,438	2,002,334				55,059	X X X	X X X
748148-QP-1	Quebec Lot 1, Canada	C	06/01/2009	Matured		458,200	458,200.00	350,174	409,915		(775)		(775)	49,060	458,200				12,599	06/01/2009	1FE
1799999	U.S. Total - Bonds - States, Territories and Possessions				X X X	458,200	458,200.00	350,174	409,915		(775)		(775)	49,060	458,200				12,599	X X X	X X X
184540-D2-5	CLEAR CREEK TX ISD Lot:1		06/22/2009	Dain Rauscher		1,253,637	1,155,000.00	1,255,151	1,217,399		(4,317)		(4,317)		1,213,081		40,556	40,556	49,729	02/15/2015	1FE
303820-Z7-2	FAIRFAX PUB IMPT-A Lot:1		06/17/2009	Hutchinson, Shockey, E		2,002,963	1,775,000.00	1,979,196	1,964,505		(8,027)		(8,027)		1,956,478		46,486	46,486	64,344	04/01/2019	1FE
414004-PZ-8	HARRIS COUNTY TEX Lot:1		06/22/2009	UBS-TOM ROSS		819,375	750,000.00	842,063	795,679		(5,461)		(5,461)		790,218		29,157	29,157	28,875	10/01/2013	1FE
414004-GD-7	HARRIS COUNTY TX Lot:1		04/01/2009	REFUNDED		1,000,000	1,000,000.00	1,043,110	1,017,100		(813)		(813)		1,016,287		(16,287)	(16,287)	25,625	10/01/2013	1FE
452151-ZM-8	ILLINOIS ST, SER A Lot:1		06/24/2009	Hutchinson, Shockey, E		753,718	700,000.00	742,000	736,757		(1,767)		(1,767)		734,990		18,728	18,728	20,222	06/01/2017	1FE
498530-A2-0	KLEIN ISD Lot:1		06/18/2009	Hutchinson, Shockey, E		918,291	825,000.00	966,653	894,372		(6,592)		(6,592)		887,779		30,512	30,512	36,896	08/01/2013	1FE
559686-PQ-7	MAGNOLIA ISD REF Lot:1		06/17/2009	Hutchinson, Shockey, E		1,946,277	1,740,000.00	1,882,871	1,866,958		(5,748)		(5,748)		1,861,210		85,067	85,067	74,192	08/15/2017	1FE
597854-CB-2	MIDLOTHIAN TEX WTR DISTRICT Lot:		06/22/2009	UBS-TOM ROSS		1,232,385	1,155,000.00	1,283,448	1,201,965		(8,056)		(8,056)		1,193,909		38,476	38,476	47,163	09/01/2011	1FE
806640-QL-5	SCHERTZ-CIBOLO-UNVL CITY TEX IS		06/18/2009	Hutchinson, Shockey, E		659,460	600,000.00	652,092	639,923		(2,734)		(2,734)		637,189		22,271	22,271	26,833	02/01/2016	1FE
910678-SU-6	UNITED ISD TEX LAREDO Lot:1		06/18/2009	Hutchinson, Shockey, E		1,389,113	1,250,000.00	1,384,050	1,344,525		(5,897)		(5,897)		1,338,628		50,484	50,484	53,472	08/15/2016	1FE

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

SCHEDULE D - PART 4

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

1 CUSIP Ident- ification	2 Description	3 F o r e i g n Disposal Date	4 Name of Purchaser	5 Number of Shares of Stock	6 Consid- eration	7 Par Value	8 Actual Cost	9 Prior Year Book/ Adjusted Carrying Value	10 Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Desig- nation or Market Indicator (a)
									11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
929828-XT-3 969887-KA-5	WACO TEXAS G.O. Lot:1 WILLIAMSON CNTY TX Lot:1	04/30/2009 06/18/2009	CALLED UBS-TOM ROSS		785,000 955,215	785,000.00 900,000.00	808,252 981,090	791,034 927,809			(606) (5,890)		(606) (5,890)	790,428 921,920		(5,428) 33,295	(5,428) 33,295	28,742 40,425	02/01/2012 02/15/2011	1FE 1FE
2499999	U.S. Total - Bonds - Political Subdivisions of States, Territories and Possessions			X X X	13,715,434	12,635,000.0	13,819,976	13,398,026			(55,908)		(55,908)	13,342,117		373,317	373,317	496,518	X X X	X X X
052476-HW-1 31371Q-7K-8 442368-FT-8 442368-GE-0 71883R-GN-7 723215-EY-1 796253-VX-7	AUSTIN TEX WTR & WASTEWATER S FNMA Pool #259298 HOUSTON TEX CMNTY COLLEGE Lot: HOUSTON TEX CMNTY COLLEGE Lot: PHOENIX ARIZ CIVIC IMPT CORP Lot: PINELLAS CNTY FLA SWR REV Lot:1 SAN ANTONIO TEX ELECTRIC & GAS	06/17/2009 06/25/2009 04/15/2009 04/15/2009 06/24/2009 06/22/2009 06/18/2009	Hutchinson, Shockey, E PRINCIPAL RECEIPT MATURITY MATURITY Wells Fargo Brokerage Griffin, Kubik, Steppen UBS-TOM ROSS		1,035,681 370 180,000 195,000 976,500 958,950 818,478	950,000.00 370.09 180,000.00 195,000.00 900,000.00 900,000.00 775,000.00	1,005,518 519 189,436 205,222 974,709 1,020,942 848,524	992,008 519 181,225 196,327 959,945 956,112 797,650			(2,681) (149) (1,225) (1,327) (3,942) (6,739) (4,898)		(2,681) (149) (1,225) (1,327) (3,942) (6,739) (4,898)	989,326 370 180,000 195,000 956,003 949,372 792,752		46,354 370 4,500 4,875 20,497 9,578 25,725	46,354 10 4,500 4,875 20,497 9,578 25,725	28,632 10 4,500 4,875 44,750 33,000 34,660	05/15/2015 10/01/2031 04/15/2009 04/15/2009 07/01/2016 10/01/2012 02/01/2011	1FE 1 1FE 1FE 1FE 1FE 1FE
3199999	U.S. Total - Bonds - Special Revenue and Special Assessment Non-Guaranteed Obl			X X X	4,164,979	3,900,370.09	4,244,870	4,083,786			(20,961)		(20,961)	4,062,823		102,154	102,154	150,427	X X X	X X X
201615-BS-9 201615-BS-9 369622-DN-2 369622-DN-2 33738M-AE-1 925524-AJ-9 949748-AE-7	COMMERCIAL CREDIT GROUP Lot:1 COMMERCIAL CREDIT GROUP Lot:2 GENERAL ELECTRIC CAPITAL CORP. GENERAL ELECTRIC CAPITAL CORP IST UNION NATL BANK CHARLOTTE VIACOM INC Lot:1 WELLS FARGO BANK Lot:1	05/15/2009 05/15/2009 04/10/2009 04/10/2009 06/23/2009 05/18/2009 06/23/2009	MATURITY MATURITY Tender Offer Tender Offer First Tennessee Corpor Tender Offer First Tennessee Corpor		1,300,000 1,000,000 1,120,000 2,240,000 3,592,722 3,726,000 1,450,788	1,300,000.00 1,000,000.00 1,000,000.00 2,000,000.00 3,425,000.00 3,600,000.00 1,385,000.00	1,660,724 1,277,020 1,234,650 2,355,820 3,951,525 4,305,528 1,584,869	1,317,023 1,013,076 1,076,604 2,118,779 3,605,962 3,789,785 1,446,994			(17,023) (13,076) (5,729) (8,808) (51,653) (44,472) (19,693)		(17,023) (13,076) (5,729) (8,808) (51,653) (44,472) (19,693)	1,300,000 1,000,000 1,070,875 2,109,971 3,554,310 3,745,313 1,427,302		49,125 130,029 38,413 (19,313) 23,486	49,125 130,029 38,413 (19,313) 23,486	65,000 50,000 32,500 65,000 228,562 221,760 53,736	05/15/2009 05/15/2009 05/15/2012 05/15/2012 08/18/2010 07/30/2010 06/21/2010	1FE 1FE 1FE 1FE 1FE 2FE 1FE
3899999	Total - Bonds - Industrial and Miscellaneous (Unaffiliated)			X X X	14,429,510	13,710,000.0	16,370,136	14,368,223			(160,454)		(160,454)	14,207,771		221,740	221,740	716,558	X X X	X X X
8399997	Total - Bonds - Part 4			X X X	101,571,538	98,800,904.0	102,594,642	100,243,224			(274,372)		(274,372)	263,498		1,339,192	1,339,192	2,202,190	X X X	X X X
8399998	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
8399999	Total Bonds			X X X	101,571,538	98,800,904.0	102,594,642	100,243,224			(274,372)		(274,372)	263,498		1,339,192	1,339,192	2,202,190	X X X	X X X
23325P-40-1	DNP Select Inc. Series C	04/29/2009	DNP Select Inc.	103.00	10,300,000	10,300,000.0	9,942,737	9,942,737						9,942,737		357,263	357,263	59,934		P1UF
8499999	Total - Preferred Stock - Industrial and Miscellaneous (Unaffiliated)			X X X	10,300,000	X X X	9,942,737	9,942,737						9,942,737		357,263	357,263	59,934	X X X	X X X
8999997	Total - Preferred Stock - Part 4			X X X	10,300,000	X X X	9,942,737	9,942,737						9,942,737		357,263	357,263	59,934	X X X	X X X

(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	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22	
										11	12	13	14	15								
CUSIP Identification	Description	For e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)	
8999998	Summary Item from Part 5 for Preferred Stocks					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
8999999	Total Preferred Stocks					X X X	10,300,000	X X X	9,942,737	9,942,737					9,942,737		357,263	357,263	59,934	X X X	X X X	
025816-10-9	AMERICAN EXPRESS Lot:7		06/17/2009	Credit Suisse/1st Bosto	2,300.00	55,842		31,349	42,665			11,316	(11,316)	31,349		24,493	24,493	828			L	
025816-10-9	AMERICAN EXPRESS Lot:8		06/17/2009	Credit Suisse/1st Bosto	4,500.00	109,256		61,335	83,475			22,140	(22,140)	61,335		47,921	47,921	1,620			L	
026874-10-7	AMERICAN INTERNATIONAL GROUP		06/17/2009	Credit Suisse/1st Bosto	4,000.00	5,491		4,000	6,280			2,280	(2,280)	4,000		1,491	1,491				L	
026874-10-7	AMERICAN INTERNATIONAL GROUP		06/17/2009	Credit Suisse/1st Bosto	2,600.00	3,569		2,600	4,082			1,482	(1,482)	2,600		969	969				L	
026874-10-7	AMERICAN INTERNATIONAL GROUP		06/17/2009	Credit Suisse/1st Bosto	500.00	686		500	785			285	(285)	500		186	186				L	
026874-10-7	AMERICAN INTERNATIONAL GROUP		06/17/2009	Credit Suisse/1st Bosto	4,300.00	5,903		4,300	6,751			2,451	(2,451)	4,300		1,603	1,603				L	
026874-10-7	AMERICAN INTERNATIONAL GROUP		06/17/2009	Credit Suisse/1st Bosto	3,425.00	4,702		3,425	5,377			1,952	(1,952)	3,425		1,277	1,277				L	
039483-10-2	ARCHER DANIELS MIDLAND CO Lot:1		06/17/2009	Credit Suisse/1st Bosto	12,400.00	328,594		271,684	357,492	(85,808)			(85,808)	271,684		56,910	56,910	3,472			L	
039483-10-2	ARCHER DANIELS MIDLAND CO Lot:2		06/17/2009	Credit Suisse/1st Bosto	1,300.00	34,449		28,483	37,479	(8,996)			(8,996)	28,483		5,966	5,966	364			L	
167250-10-9	CHICAGO BRIDGE & IRON Lot:1		06/17/2009	Credit Suisse/1st Bosto	7,600.00	94,842		47,652	76,380			28,728	(28,728)	47,652		47,190	47,190				L	
17275R-10-2	CISCO SYSTEMS, INC. Lot:10		06/17/2009	Credit Suisse/1st Bosto	9,200.00	177,933		149,960	149,960					149,960		27,973	27,973				L	
17275R-10-2	CISCO SYSTEMS, INC. Lot:11		06/17/2009	Credit Suisse/1st Bosto	3,625.00	70,109		59,088	59,088					59,088		11,022	11,022				L	
278058-10-2	EATON CORP Lot:1		06/17/2009	Credit Suisse/1st Bosto	1,650.00	75,976		60,819	82,022	10,676		31,878	(21,202)	60,819		15,157	15,157	1,650			L	
G36535-13-9	FOSTER WHEELER LTD Lot:2		06/17/2009	Credit Suisse/1st Bosto	1,700.00	42,236		29,699	39,746			10,047	(10,047)	29,699		12,537	12,537				L	
369604-10-3	GENERAL ELECTRIC Lot:12		06/17/2009	Credit Suisse/1st Bosto	2,875.00	35,424		29,066	46,575			17,509	(17,509)	29,066		6,357	6,357	1,783			L	
369604-10-3	GENERAL ELECTRIC Lot:13		06/17/2009	Credit Suisse/1st Bosto	2,350.00	28,955		23,759	38,070			14,312	(14,312)	23,759		5,197	5,197	1,457			L	
369604-10-3	GENERAL ELECTRIC Lot:14		06/17/2009	Credit Suisse/1st Bosto	6,625.00	81,629		66,979	107,325			40,346	(40,346)	66,979		14,650	14,650	4,108			L	
369604-10-3	GENERAL ELECTRIC Lot:15		06/17/2009	Credit Suisse/1st Bosto	3,100.00	38,196		31,341	50,220			18,879	(18,879)	31,341		6,855	6,855	1,922			L	
369604-10-3	GENERAL ELECTRIC Lot:16		06/17/2009	Credit Suisse/1st Bosto	15,275.00	188,208		154,430	247,455			93,025	(93,025)	154,430		33,777	33,777	9,471			L	
369604-10-3	GENERAL ELECTRIC Lot:17		06/17/2009	Credit Suisse/1st Bosto	1,000.00	12,321		10,110	16,200			6,090	(6,090)	10,110		2,211	2,211	620			L	
416515-10-4	HARTFORD FINANCIAL SERVICES Lo		06/17/2009	Credit Suisse/1st Bosto	3,950.00	44,528		31,008	64,859			33,852	(33,852)	31,008		13,520	13,520	1,462			L	
416515-10-4	HARTFORD FINANCIAL SERVICES Lo		06/17/2009	Credit Suisse/1st Bosto	350.00	3,946		2,748	5,747			3,000	(3,000)	2,748		1,198	1,198	130			L	
416515-10-4	HARTFORD FINANCIAL SERVICES Lo		06/17/2009	Credit Suisse/1st Bosto	500.00	5,636		3,925	8,210			4,285	(4,285)	3,925		1,711	1,711	185			L	
59156R-10-8	METLIFE INC Lot:1		06/17/2009	Credit Suisse/1st Bosto	4,150.00	121,160		94,496	144,669			50,174	(50,174)	94,496		26,664	26,664				L	
59156R-10-8	METLIFE INC Lot:2		06/17/2009	Credit Suisse/1st Bosto	725.00	21,166		16,508	25,274			8,765	(8,765)	16,508		4,658	4,658				L	
59156R-10-8	METLIFE INC Lot:3		06/17/2009	Credit Suisse/1st Bosto	2,000.00	58,390		45,540	69,720			24,180	(24,180)	45,540		12,850	12,850				L	
59156R-10-8	METLIFE INC Lot:4		06/17/2009	Credit Suisse/1st Bosto	600.00	17,517		13,662	20,916			7,254	(7,254)	13,662		3,855	3,855				L	
594918-10-4	MICROSOFT CORP Lot:7		06/17/2009	Credit Suisse/1st Bosto	12,400.00	292,685		241,056	241,056					241,056		51,629	51,629	3,224			L	
717081-10-3	PFIZER INCORPORATED Lot:9		06/17/2009	Credit Suisse/1st Bosto	4,200.00	61,107		57,204	74,382	25,061		42,239	(17,178)	57,204		3,903	3,903	2,016			L	
717081-10-3	PFIZER INCORPORATED Lot:10		06/17/2009	Credit Suisse/1st Bosto	9,575.00	139,310		130,412	169,573	46,755		85,916	(39,161)	130,412		8,898	8,898	4,596			L	
726505-10-0	PLAINS EXPLORATION & PRODUCT L		06/17/2009	Credit Suisse/1st Bosto	3,050.00	87,942		52,552	70,882			18,331	(18,331)	52,552		35,391	35,391				L	
773903-10-9	ROCKWELL AUTOMATION INC Lot:1		06/17/2009	Credit Suisse/1st Bosto	2,375.00	71,856		51,870	76,570	12,113		36,813	(24,700)	51,870		19,986	19,986	1,378			L	
773903-10-9	ROCKWELL AUTOMATION INC Lot:2		06/17/2009	Credit Suisse/1st Bosto	1,275.00	38,575		27,846	41,106	6,503		19,763	(13,260)	27,846		10,729	10,729	740			L	

E05.2

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

SCHEDULE D - PART 4

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

1 CUSIP Ident- ification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Desig- nation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
257867-10-1	RR DONNELLEY & SONS Lot:3		06/17/2009	Credit Suisse/1st Bosto	4,350.00	54,832		31,886	59,073			27,188	(27,188)		31,886		22,947	22,947	2,262		L
74971X-10-7	RRI ENERGY, INC Lot:1		06/17/2009	Credit Suisse/1st Bosto	12,875.00	64,933		41,071	74,418	20,214		53,560	(33,346)		41,071		23,862	23,862			L
74971X-10-7	RRI ENERGY, INC Lot:2		06/17/2009	Credit Suisse/1st Bosto	7,100.00	35,808		22,649	41,038	11,147		29,536	(18,389)		22,649		13,159	13,159			L
74971X-10-7	RRI ENERGY, INC Lot:3		06/17/2009	Credit Suisse/1st Bosto	1,000.00	5,043		3,190	5,780	1,570		4,160	(2,590)		3,190		1,853	1,853			L
882508-10-4	TEXAS INSTRUMENTS INCORPORAT		06/17/2009	Credit Suisse/1st Bosto	3,075.00	66,175		47,724	47,724						47,724		18,451	18,451	677		L
949746-10-1	WELLS FARGO & CO Lot:7		06/17/2009	Credit Suisse/1st Bosto	1,050.00	24,686		14,952	30,954	6,542		22,544	(16,002)		14,952		9,734	9,734	410		L
949746-10-1	WELLS FARGO & CO Lot:8		06/17/2009	Credit Suisse/1st Bosto	1,000.00	23,511		14,240	29,480	7,360		22,600	(15,240)		14,240		9,271	9,271	390		L
9099999	Total - Common Stock - Industrial and Miscellaneous (Unaffiliated)				X X X	2,633,127		2,015,118	2,758,858	53,137		796,880	(743,743)		2,015,118		618,011	618,011	44,765	X X X	X X X
9799997	Total - Common Stock - Part 4				X X X	2,633,127	X X X	2,015,118	2,758,858	53,137		796,880	(743,743)		2,015,118		618,011	618,011	44,765	X X X	X X X
9799998	Summary Item from Part 5 for Common Stocks				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
9799999	Total Common Stocks				X X X	2,633,127	X X X	2,015,118	2,758,858	53,137		796,880	(743,743)		2,015,118		618,011	618,011	44,765	X X X	X X X
9899999	Total Preferred and Common Stocks				X X X	12,933,127	X X X	11,957,855	12,701,595	53,137		796,880	(743,743)		11,957,855		975,274	975,274	104,699	X X X	X X X
9999999	Totals					114,504,665	X X X	114,552,497	112,944,819	53,137	(274,372)	796,880	(1,018,115)	263,498	112,190,199		2,314,466	2,314,466	2,306,889	X X X	X X X

E 053

(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 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
Open Depositories - Section (A) - Segregated Funds Held for Others								
JP Morgan Chase					9,621,240	8,011,120	16,070,540	
Wells Fargo Bank					11,510,111	9,875,012	13,906,463	
Jefferson Bank					133,989	623,502	13,751,843	
Wells Fargo Bank					11,814,940	10,368,426	12,262,305	
Bank of America					6,696,438	6,697,845	6,533,255	
Wachovia Bank					3,990,596	6,842,814	5,486,244	
Wells Fargo Bank					1,863,651	2,969,246	2,993,821	
JP Morgan Chase					2,661,322	2,945,054	2,703,824	
Wells Fargo Bank					1,747,892	1,649,945	1,623,945	
Bank of America					1,072,621	1,058,730	1,202,284	
Fifth Third Bank					58,730	44,641	1,030,819	
Wells Fargo Bank					764,806	586,418	987,426	
Bank of America					1,779,791	829,672	879,461	
JP Morgan Chase					1,164,974	107,475	840,777	
Commerce National Bank					697,053	696,893	696,043	
Wells Fargo Bank					153,432	127,581	613,061	
Wells Fargo Bank					9,433,838	2,719,348	534,211	
Commerce Bank					413,878	380,251	489,273	
Bank of America					125,816	73,512	445,349	
Bank of America					111,014	109,712	389,953	
Wells Fargo Bank					479,153	655,207	354,779	
Wells Fargo Bank					207,603	377,024	300,047	
Wells Fargo Bank					277,216	263,142	267,481	
JP Morgan Chase					239,970	239,970	239,970	
First Republic Bank					159,000	159,000	159,000	
Wachovia Bank					231,142	236,364	142,026	
Wells Fargo Bank					49,969	1,154,180	128,209	
0199998 Deposits in (	X X X	X X X			4,951,287	520,059	564,869	X
36) depositories which do								
not exceed the allowable limit in any one depository								
(see Instructions) - Open Depositories								
0199999 Total - Segregated Funds Held for Others	X X X	X X X			72,411,472	60,322,143	85,597,278	X
Open Depositories - Section (B) - General Funds								
Bank of America					96,347	112,064	156,690	
Bank of Montreal			702		3,050,244	3,051,616	3,649,336	
Bank of Montreal					918,247	495,171	1,830,656	
Bank of Montreal					258,600	1,570,026	447,044	
Bank of Montreal					140,224	66,665	294,238	
Bank of Montreal					76,899	85,727	238,005	
Bankcorp South					133,101	119,525	132,957	
Compass Bank-Prime Investme		0.797	516		193,977	194,149	198,965	
Heritage Bank		1.000	553		221,890	222,072	222,249	
J.P. Morgan Chase		0.140	428		675,729	965,345	920,988	
J.P. Morgan Chase		0.004	475		2,278,232	(447,824)	(880,284)	
Republic Bank		0.750	3,862		2,042,901	2,044,161	2,045,463	
U. S. Bank					50,000	240,906	240,906	
Wells Fargo Bank		0.100	189		2,785,196	3,488,064	4,659,068	
Citizens Savings (CDARS)		2.750	2,429	870	350,000	350,000	350,000	
First National Bk Anchorage		2.400		1,604	100,000	100,000	100,000	
First National Bk Anchorage		2.250	274	176	50,000	50,000	50,000	
Peoples Bank & Trust		1.840		2,962	250,000	250,000	250,000	
US Bank of Oregon		2.960		3,197	110,000	110,000	110,000	
Wells Fargo						3,564,351	3,564,351	
0299998 Deposits in (	X X X	X X X	16,730	7,460	13,891,517	5,855,069	1,983,970	X
75) depositories which do								
not exceed the allowable limit in any one depository								
(see Instructions) - Open Depositories								
0299999 Total - General Funds	X X X	X X X	26,158	16,269	27,673,104	22,487,087	20,564,602	X
Open Depositories - Section (C) - Reinsurance Reserve Funds								
Amegy Bank					379,957	379,957	379,957	
0399998 Deposits in (	X X X	X X X						X
0) depositories which do								
not exceed the allowable limit in any one depository								
(see Instructions) - Open Depositories								
0399999 Total - Reinsurance Reserve Funds	X X X	X X X			379,957	379,957	379,957	X
0499999 Total - Open Depositories	X X X	X X X	26,158	16,269	100,464,533	83,189,187	106,541,837	X
Suspended Depositories - Section (A) - Seg. Funds Held for Others								
0599998 Deposits in (	X X X	X X X						X
0) depositories which do								
not exceed the allowable limit in any one depository								
(see Instructions) - Suspended Depositories								
0599999 Total - Segregated Funds Held for Others	X X X	X X X						X
Suspended Depositories - Section (B) - General Funds								
0699998 Deposits in (	X X X	X X X						X
0) depositories which do								

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
NONE							
8699999 Total Cash Equivalents							

E09