

QUARTERLY STATEMENT

OF THE

STEWART

Title Guaranty Company

of _____ **Houston**

in the state of _____ **Texas**

TO THE

Insurance Department

OF THE

STATE OF

FOR THE QUARTER ENDED

September 30, 2009

TITLE

2009



50121200920100103

QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2009
OF THE CONDITION AND AFFAIRS OF THE

Stewart Title Guaranty Company

NAIC Group Code 0340 (Current Period) 0340 (Prior Period) NAIC Company Code 50121 Employer's ID Number 74-0924290

Organized under the Laws of Texas, State of Domicile or Port of Entry Texas

Country of Domicile United States of America

Incorporated/Organized: February 20, 1908 Commenced Business: March 11, 1913

Statutory Home Office: 1980 Post Oak Boulevard, Houston, TX 77056
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office: 1980 Post Oak Boulevard
(Street and Number)
Houston, TX 77056 713-625-8599
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address: P. O. Box 2029, Houston, TX 77252
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records: 1980 Post Oak Boulevard Houston, TX 77056 713-625-8040
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address: www.stewart.com

Statutory Statement Contact: Alison R. Evers 713-625-8036
(Name) (Area Code) (Telephone Number) (Extension)
AEvers@stewart.com 713-629-2330
(E-Mail Address) (Fax Number)

OFFICERS

	Name	Title
1.	<u>Michael B. Skalka</u>	<u>President</u>
2.	<u>Denise Carraux</u>	<u>Secretary</u>
3.	<u>Ken Anderson Jr.</u>	<u>Treasurer</u>

VICE-PRESIDENTS

Name	Title	Name	Title
<u>Alison R. Evers</u>	<u>Senior Vice-President</u>	<u>Allen Berryman</u>	<u>Executive Vice-President</u>
<u>Larry Davis</u>	<u>Senior Vice-President</u>	<u>John Killea</u>	<u>Executive Vice-President</u>
<u>George Houghton</u>	<u>Executive Vice-President</u>	<u>Murshid Kahn</u>	<u>Senior Vice-President</u>
<u>Paul Sands</u>	<u>Executive Vice-President</u>	<u>John Arcidiacono</u>	<u>Senior Vice-President</u>
<u>Brian Glaze</u>	<u>Senior Vice-President</u>	<u>Elizabeth Henshaw</u>	<u>Senior Vice-President</u>
<u>Ted C Jones</u>	<u>Senior Vice-President</u>	<u>Bruce Levine #</u>	<u>Senior Vice-President</u>
<u>David Stutts</u>	<u>Senior Vice-President</u>	<u>Stanley Speer</u>	<u>Vice-President</u>
<u>Jason Nadeau #</u>	<u>Assistant Vice-President</u>	<u>Lou A Ysaquirre</u>	<u>Vice-President</u>

DIRECTORS OR TRUSTEES

<u>Bruce Belin</u>	<u>Malcolm S Morris</u>	<u>Charles F Howard</u>	<u>Michael B Skalka</u>
<u>Matthew Morris</u>	<u>Stewart Morris</u>	<u>Stewart Morris Jr</u>	

State of Texas

County of Harris ss

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

<u>(Signature)</u> <u>Michael B. Skalka</u> <u>(Printed Name)</u> <u>1.</u> <u>President</u> <u>(Title)</u>	<u>(Signature)</u> <u>Denise Carraux</u> <u>(Printed Name)</u> <u>2.</u> <u>Secretary</u> <u>(Title)</u>	<u>(Signature)</u> <u>Ken Anderson Jr.</u> <u>(Printed Name)</u> <u>3.</u> <u>Treasurer</u> <u>(Title)</u>
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Subscribed and sworn to before me this _____ day of _____, 2009

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

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	359,769,215		359,769,215	410,577,506
2. Stocks:				
2.1 Preferred stocks	191,874		191,874	9,625,943
2.2 Common stocks	327,603,062		327,603,062	311,072,240
3. Mortgage loans on real estate:				
3.1 First liens	742,655	45,625	697,030	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 (\$ 38,405,770), cash equivalents (\$ 0), and short-term investments (\$ 1,126,989)	39,532,759		39,532,759	38,339,176
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets	1,813,131	212,275	1,600,856	1,694,632
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	731,093,928	257,900	730,836,028	774,485,801
11. Title plants less \$ 0 charged off (for Title insurers only)	7,665,612	4,184,419	3,481,193	3,481,193
12. Investment income due and accrued	5,152,035	11,642	5,140,393	4,972,155
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	35,249,966	8,107,608	27,142,358	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	552,639	475,699	76,940	699,593
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon	4,630,462		4,630,462	5,754,321
16.2 Net deferred tax asset	70,262,079	70,262,079		
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software	741,008	495,317	245,691	417,828
19. Furniture and equipment, including health care delivery assets (\$ 0)	3,583,286	3,350,863	232,423	336,821
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	4,858,555	2,281,402	2,577,153	4,497,400
22. Health care (\$ 0) and other amounts receivable	8,072,530	1,532,996	6,539,534	1,985,418
23. Aggregate write-ins for other than invested assets	4,909,351	4,368,323	541,028	492,529
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	876,771,451	95,328,248	781,443,203	818,319,621
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	876,771,451	95,328,248	781,443,203	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	2,269,457	1,728,429	541,028	492,529
2302. Other nonadmitted assets	2,639,894	2,639,894		
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	4,909,351	4,368,323	541,028	492,529

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31 Prior Year
1. Known claims reserve	135,504,480	117,640,556
2. Statutory premium reserve	337,263,000	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)	17,326,804	19,101,070
7. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,628,466	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	395,325	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	10,734,343	3,116,959
17. Drafts outstanding		
18. Payable to parent, subsidiaries and affiliates	3,069,731	5,460,634
19. Payable for securities		
20. Aggregate write-ins for other liabilities	952,518	1,860,292
21. Total liabilities (Lines 1 through 20)	506,874,667	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	115,078,154	111,596,543
28. Unassigned funds (surplus)	150,488,973	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)	274,568,536	332,264,809
31. Totals	781,443,203	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	952,518	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)	952,518	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	852,284,669	866,298,241	1,202,559,106
1.2 Escrow and settlement services	1,090,323	1,521,135	2,065,938
1.3 Other title fees and service charges	38,945,377	24,220,514	37,025,658
2. Aggregate write-ins for other operating income	1,236,614	1,622,708	1,948,931
3. Total Operating Income (Lines 1 through 2)	893,556,983	893,662,598	1,243,599,633
DEDUCT:			
4. Losses and loss adjustment expenses incurred	117,636,369	106,208,836	152,082,944
5. Operating expenses incurred	855,740,208	865,274,087	1,121,143,684
6. Aggregate write-ins for other operating deductions			
7. Total Operating Deductions	973,376,577	971,482,923	1,273,226,628
8. Net operating gain or (loss) (Lines 3 minus 7)	(79,819,594)	(77,820,325)	(29,626,995)
INVESTMENT INCOME			
9. Net investment income earned	11,525,869	16,496,892	20,540,971
10. Net realized capital gains (losses) less capital gains tax of \$ 478,799	889,197	(1,655,141)	(1,351,389)
11. Net investment gain (loss) (Lines 9 + 10)	12,415,066	14,841,751	19,189,582
OTHER INCOME			
12. Aggregate write-ins for miscellaneous income or (loss)	948,628	1,761,957	1,650,057
13. Net income, after capital gains tax and before all other federal income taxes (Lines 8 + 11 + 12)	(66,455,900)	(61,216,617)	(8,787,356)
14. Federal and foreign income taxes incurred	3,228,464	(22,840,000)	496,947
15. Net income (Lines 13 minus 14)	(69,684,364)	(38,376,617)	(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)	(69,684,364)	(38,376,617)	(9,284,303)
18. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	377,234	(3,298,534)	(149,042,473)
19. Change in net unrealized foreign exchange capital gain (loss)	5,696,189	(2,590,936)	(17,586,355)
20. Change in net deferred income taxes	1,488,006	(4,206,147)	29,901,619
21. Change in nonadmitted assets	945,051	(637,121)	(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	3,481,611	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)	(57,696,273)	(48,465,236)	(183,636,206)
32. Surplus as regards policyholders as of statement date (Lines 16 plus 31)	274,568,536	467,435,779	332,264,809

DETAILS OF WRITE-IN LINES			
0201. Title plant rent	952,473	879,067	1,009,605
0202. Ceded reimbursements from agents	284,141	743,641	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)	1,236,614	1,622,708	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	618,945	1,673,183	1,846,240
1202. Miscellaneous Fees	161,727	69,252	243,483
1203. Realized gains(loss) on other assets	167,956	19,522	(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)	948,628	1,761,957	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	853,856,287	1,118,801,901
2. Net investment income	13,679,588	26,703,687
3. Miscellaneous income	42,220,942	42,690,583
4. Total (Lines 1 to 3)	909,756,817	1,188,196,171
5. Benefit and loss related payments	99,772,444	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	862,454,494	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)	2,583,404	(6,270,208)
10. Total (Lines 5 through 9)	964,810,342	1,241,413,116
11. Net cash from operations (Line 4 minus Line 10)	(55,053,525)	(53,216,945)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	172,359,311	392,834,240
12.2 Stocks	13,512,706	36,246,360
12.3 Mortgage loans	971,037	361,757
12.4 Real estate	971,701	
12.5 Other invested assets	17,347	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)	187,832,102	429,442,702
13. Cost of investments acquired (long-term only):		
13.1 Bonds	109,969,074	352,864,140
13.2 Stocks	21,229,147	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	299,119	
13.6 Miscellaneous applications	200,000	609,372
13.7 Total investments acquired (Lines 13.1 to 13.6)	133,264,180	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)	54,567,922	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	3,481,611	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)	(1,802,425)	(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)	1,679,186	(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)	1,193,583	(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)	39,532,759	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	3,229,147	96,077
20.0002	Line 12.4 and line 12.3 includes transfer of note foreclosed to real estate	958,800	308,320
20.0003	Line 16.2 includes non-cash capital contribution from parent	3,481,611	644,119
20.0004	Line 2 and 13.7 includes property dividend from affiliate in prior year		546,872

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>9/30/2009</u>	<u>12/31/2008</u>
Net Income, Texas State Basis	\$ (69,684,364)	\$ (9,284,303)
State Prescribed Practices	0	0
State Permitted Practices;	0	0
Net Income, NAIC SAP	\$ (69,684,364)	\$ (9,284,303)
Statutory Surplus, Texas State Basis	\$ 274,568,536	\$ 332,264,809
State Prescribed Practices:		
(1)Furniture & Fixtures	(232,423)	(336,821)
(2)Real Estate	(4,423)	(4,423)
State Permitted Practices:		
Statutory Surplus, NAIC SAP	\$ 274,331,690	\$ 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 September 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 \$ 11,642.

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:

	9/30/2009	12/31/2008	Change
(1) Total gross deferred tax assets	70,262,079	68,809,148	1,452,931
(2) Total deferred tax liabilities	-		0
(3) Net deferred tax asset (liability)	70,262,079	68,809,148	1,452,931
(4) Deferred tax assets nonadmitted in accordance with SSAP No. 10	(70,262,079)	(68,809,148)	(1,452,931)
(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:

	9/30/2009	12/31/2008	Change
(1) Net deferred tax asset (liability)	70,262,079	68,809,148	1,452,931
(2) Tax-effect of unrealized gains and losses	28,210	63,285	(35,075)
(3) Net tax effect without unrealized gains and losses	70,233,869	68,745,863	1,488,006
(4) Change in deferred income tax			1,488,006

- 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:

	9/30/2009	12/31/2008
(1) Current year tax expenses (benefit) (exclusive of items 2 and 3 below)	3,228,464	(1,454,057)
(2) Tax credits		
(3) Federal income tax on net capital gains	478,799	(973,450)
(4) Prior year adjustments	0	1,951,003
(5) Current income taxes incurred	3,707,263	(476,503)

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

	9/30/2009	12/31/2008
Deferred tax assets:		
(1) Discounting of Reserves	22,730,539	49,989,295
(2) Fixed Assets	3,229,886	3,706,731
(3) Foreign Tax Credit	8,990,178	5,282,915
(4) NOL carryforward	23,257,549	0
(5) Accruals not currently deductible	3,776,814	5,107,947
(6) Other	8,277,113	4,722,261
(7) Total deferred tax assets	70,262,079	68,809,148
(8) Nonadmitted deferred tax assets	(70,262,079)	(68,809,148)
(9) Admitted deferred tax assets	0	0
Deferred tax liabilities:		
(10) Deferred tax liabilities:		
(11) Stock unrealized gains	0	0
(12) Other	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:

	9/30/2009
(1) Income before taxes	(65,977,101)
(2) Income tax expense (benefit) at 35% statutory rate	(23,091,985)
(3) Increase (decrease) in tax resulting from:	
a. Dividends received deduction	(24,114)
b. Non-deductible expenses for meals, penalties and lobbying	350,796
c. Tax-exempt income	(466,352)
d. Deferred tax benefit on nonadmitted assets	20,959,352
e. Foreign income taxes	3,707,263
f. Federal income taxes on capital gains	478,799
g. Other	305,499
(4) Total income tax expected	2,219,257
(5) Current income taxes incurred (without tax on realized gains and losses)	3,707,263
(6) Change in deferred income tax (without tax on unrealized gains and losses)	(1,488,006)
(7) Total income tax reported	2,219,257

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- E. Operating loss and tax credit carryforwards
1. As of September 30, 2009, the Company had \$66,450,141 net operating loss and \$8,990,178 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 has not made a dividend.

During the year our parent, Stewart Information Services Corporation, made a capital contribution to us in the amount of \$ 3,481,611.

- 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 \$3,150,000.

- D. Amounts due from and amounts payable to related parties at September 30, 2009 are \$ 5,410,214 and \$3,069,731, 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

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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.

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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, as amended by Amendment No. 1 under HCS # 37726, dated July 9, 2009.

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.

The Company has entered into a service agreement with Abstract and Title Company, an Oregon corporation, as described in the agreement dated July 1, 2009. Such agreement was filed with the Texas Insurance Department, under Holding Company Section # 37924.

- 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

NOTES TO FINANCIAL STATEMENTS

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 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 September 30, 2009 plan assets totaled \$ 196,922,198 including vested benefits of \$ 196,014,463.

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 \$ 103,612,317.

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.

NOTES TO FINANCIAL STATEMENTS

E. All other Contingencies-

Regulatory developments – In California, regulations became effective on September 3, 2009 to eliminate a previously proposed interim rate reduction and a maximum rate formula and substantially scale back the proposed financial data requirements on 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.

Due to 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 indicative of other states' assessments of the title insurance industry and the need for the industry to continue to provide title protection for real property. 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 the Company's financial condition or results of operations.

The Company is subject to administrative actions and litigation relating to the basis on which premium taxes are paid in certain states. Additionally, the Company has received various other inquiries from governmental regulators concerning practices in the insurance industry. Many of these practices do not concern title insurance and the Company does not anticipate that the outcome of these inquiries will materially affect its financial condition or results of operations.

The Company is also subject to various other administrative actions and inquiries into its conduct of business in certain of the states in which it operates. While the Company cannot predict the outcome of the various regulatory and administrative matters, it believes that it has adequately reserved for these matters referenced above and that any outcome will not materially affect its financial condition or 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 and Hurst has filed for bankruptcy. The Company demurred to the original complaint, and the plaintiffs amended their complaint in response. The Company demurred to the amended complaint, and the Court sustained the Company's demurrer to the first amended complaint with leave to amend. The plaintiffs' second amended complaint adds Stewart Title Company as a defendant and purports to assert causes of action for (1) breach of contract; (2) negligence; (3) fraud and conspiracy; and (4) breach of covenant of good faith and fair dealing; and (5) financial elder abuse. The Company has demurred to the second amended complaint, and demurrer hearing is scheduled for November, 2009. 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; (8) conversion and (9) conspiracy. The Company has demurred to the amended complaint, and the demurrer hearing is scheduled for November 2009. 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 has demurred to the complaint, and the demurrer hearing is scheduled for December 2009. 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 February 2008, an antitrust class action was filed in the United States District Court for the Eastern District

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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. To date, 78 such complaints have been filed, each of which names the Company and/or one or more of its affiliates as a defendant (and have been consolidated in the aforementioned states), of which seven have been voluntarily dismissed.

As of October 12, 2009, the Company has obtained dismissals of the claims in Arkansas, California (where plaintiffs the filed an amended complaint), Delaware (where plaintiffs may file an amended complaint for injunctive relief only), Florida, Massachusetts, New Jersey (where plaintiffs were granted leave to file an amended complaint), New York, Pennsylvania (where plaintiffs may pursue injunctive relief only), Texas and Washington. The Company is awaiting decisions on motions to dismiss in Ohio (where the Magistrate Judge has recommended dismissal) and West Virginia (where all proceedings have been stayed). The plaintiffs in New York and Texas have filed appeals in the United States Court of Appeals for the Second and Fifth Circuits, respectively. 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	2,378
Total	32,807

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

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- C. The Company holds \$ 118,605,899 at September 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 \$ 122,733,997 and \$ 108,624,997 at September 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 September 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 nine months ended September 30, 2009, we have recorded a \$796,876 other-than-temporary impairments on equity securities held for investments.

- I. None

21. Events Subsequent –

On October 8, 2009, our parent, Stewart Information Services Corporation, entered into an agreement providing for the sale of \$60 million aggregate principal amount of 6.0% Convertible Senior Notes due 2014 to an initial purchaser for resale to certain qualified institutional buyers in compliance with Rule 144A under the Securities Act of 1933, as amended. A portion of the proceeds from this transaction will be used to pay off the debt owed by our affiliate, Stewart Title Company(STC), a non-insurance company. As a result, our investment in STC will increase our surplus by approximately \$60 million.

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 September 30, 2009, \$90.0 million has been paid for incurred losses and loss adjustment expenses attributable to prior policy years. Incurred losses on prior policy years were \$103.6 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.

NOTES TO FINANCIAL STATEMENTS

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:

\$ 810,840

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>191,874</u>
14.23 Common Stock	\$ <u>307,742,565</u>	\$ <u>327,563,939</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>327,755,813</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, CN 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>329,069,137</u>
5.12 Short-term investments	\$ _____
5.13 Mortgages	\$ _____
5.14 Cash	\$ <u>8,273,050</u>
5.15 Other admissible invested assets	\$ <u>0</u>
5.16 Total	\$ <u>337,342,187</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>118,605,899</u>
These funds consist of:	
5.22 In cash on deposit	\$ <u>118,605,899</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	11,146,080	9,344,228	1,587,829	2,986,238	1,263,115	891,086
2. Alaska	AK	L	12,080,626	7,210,490	19,257	133,869	270,346	178,035
3. Arizona	AZ	L	20,872,535	12,554,033	503,466	505,574	101,422	104,254
4. Arkansas	AR	L	3,630,505	2,598,861	1,127,147	129,369	1,115,175	201,536
5. California	CA	L	94,623,167	78,166,431	14,422,614	11,724,697	20,775,167	21,366,397
6. Colorado	CO	L	25,712,875	23,691,399	2,313,997	1,038,388	783,939	1,264,890
7. Connecticut	CT	L	1,408,719	2,501,947	(37,482)	83,709	303,447	355,336
8. Delaware	DE	L	4,272,227	4,129,734	336,131	299,873	957,676	397,961
9. District of Columbia	DC	L	3,068,400	2,399,112	958,666	256,603	477,441	68,617
10. Florida	FL	L	43,994,833	57,584,948	10,338,344	7,643,057	19,865,934	13,683,723
11. Georgia	GA	L	14,726,529	17,931,083	2,194,112	2,828,770	1,201,496	1,404,965
12. Hawaii	HI	L	3,078,818	3,015,638	145,246	166,510	134,892	94,720
13. Idaho	ID	L	10,857,311	9,745,074	713,123	395,252	2,357,988	171,317
14. Illinois	IL	L	15,601,881	14,981,791	3,049,197	2,167,699	5,891,321	1,460,170
15. Indiana	IN	L	8,971,240	8,720,264	969,904	4,583,659	859,531	685,759
16. Iowa	IA	N	400,796	276,319	94,120	30,580	25,502	33,634
17. Kansas	KS	L	5,480,863	3,954,722	142,320	62,301	120,220	84,269
18. Kentucky	KY	L	6,490,366	6,478,804	590,355	774,190	507,435	466,040
19. Louisiana	LA	L	14,716,952	13,490,723	410,905	196,280	614,953	202,994
20. Maine	ME	L	1,871,810	1,570,556	268,176	649,732	125,316	145,737
21. Maryland	MD	L	20,019,589	22,093,860	2,896,334	3,408,087	3,319,571	1,366,715
22. Massachusetts	MA	L	20,078,514	18,805,400	1,706,910	(2,762,879)	853,382	2,188,010
23. Michigan	MI	L	11,406,845	9,190,282	3,197,312	3,490,032	3,615,481	2,904,607
24. Minnesota	MN	L	12,143,273	10,327,957	4,516,700	3,270,361	6,415,919	6,976,959
25. Mississippi	MS	L	2,371,997	2,786,271	775,654	423,029	151,967	197,500
26. Missouri	MO	L	6,435,022	11,547,070	1,318,187	1,530,496	1,483,763	865,421
27. Montana	MT	L	8,338,017	6,809,300	331,234	97,732	101,815	146,799
28. Nebraska	NE	L	3,541,638	2,154,702	38,127	173,055	50,663	56,511
29. Nevada	NV	L	7,470,775	8,331,163	1,946,122	504,526	869,725	427,642
30. New Hampshire	NH	L	2,699,256	2,244,236	154,688	49,296	401,182	349,142
31. New Jersey	NJ	L	37,348,611	38,688,097	2,785,276	5,001,652	3,859,709	3,002,324
32. New Mexico	NM	L	11,098,889	7,925,062	183,508	124,503	246,634	242,852
33. New York	NY	Q						
34. North Carolina	NC	L	9,217,418	8,092,686	4,035,993	2,058,921	1,947,038	2,131,612
35. North Dakota	ND	L	2,890,638	853,053	7,719		16,335	
36. Ohio	OH	L	22,859,868	27,079,170	3,051,900	2,095,976	3,450,107	3,581,353
37. Oklahoma	OK	L	5,120,369	4,199,617	297,556	166,194	379,304	289,775
38. Oregon	OR	L	10,058,545	189,638	48,000	932	1,211,434	97,310
39. Pennsylvania	PA	L	22,139,952	23,700,286	4,740,854	3,199,716	2,227,866	3,072,006
40. Rhode Island	RI	L	3,555,666	1,574,875	709,923	392,337	222,800	250,031
41. South Carolina	SC	L	9,727,408	10,238,304	989,945	2,455,908	672,858	708,759
42. South Dakota	SD	L	2,168,597	2,088,856	20,693	50,965	58,327	31,572
43. Tennessee	TN	L	9,214,479	8,221,368	(1,766,903)	4,321,717	1,155,882	1,416,469
44. Texas	TX	L	155,788,819	180,261,064	4,867,388	3,332,974	6,756,167	6,195,578
45. Utah	UT	L	30,980,177	28,004,298	1,126,453	1,447,314	1,787,283	672,541
46. Vermont	VT	L	1,294,731	836,726	1,714,672	(134,544)	26,195	1,993,475
47. Virginia	VA	L	33,527,727	36,994,060	1,633,471	1,214,050	1,605,820	1,874,359
48. Washington	WA	L	20,255,523	17,933,631	1,277,377	1,125,231	1,365,702	316,765
49. West Virginia	WV	L	2,343,190	2,083,351	543,664	220,668	136,049	181,508
50. Wisconsin	WI	L	9,463,011	8,476,860	(661,629)	3,042,498	855,299	949,066
51. Wyoming	WY	L	4,223,846	4,235,766	80,416	345,034	36,929	54,514
52. American Samoa	AS	N						
53. Guam	GU	L	2,467,923	3,615,950	77,680	87,378	383,434	22,671
54. Puerto Rico	PR	L	6,591,477	6,891,049	328,444	857,495	2,042,625	713,726
55. U.S. Virgin Islands	VI	L	162,729	284,800		43,175		15,920
56. Northern Mariana Islands	MP	L	(161,775)	388,422				
57. Canada	CN	L	44,095,503	56,076,239	10,076,183	9,133,949	12,174,540	7,128,318
58. Aggregate Other Alien	OT	X X X	958,579	1,439,113	181,990	28,123	17,870,359	11,387,396
59. Totals	(a) 53		854,903,359	855,008,739	93,379,268	87,452,251	135,504,480	105,070,646

DETAILS OF WRITE-INS							
5801. Bulk Reserves	X X X					10,684,000	10,684,000
5802. Mexico	X X X	2,400	19,303	(1,147)		6,955,411	380,524
5803. Costa Rica	X X X	665,411	1,281,684	162,817	28,123	203,555	302,872
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X	290,768	138,126	20,320		27,393	20,000
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X	958,579	1,439,113	181,990	28,123	17,870,359	11,387,396

(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	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	75,365,527	19,130,702	25,276,403	26.70	13.26
2. Agency operations:					
2.1 Non-affiliated agency operations	508,947,614	21,597,537	71,526,849	13.50	12.40
2.2 Affiliated agency operations	270,590,218	544,075	20,833,117	7.70	10.97
3. Totals	854,903,359	41,272,314	117,636,369	13.10	12.04

PART 2 – DIRECT PREMIUMS WRITTEN

	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Direct operations	32,361,024	75,365,527	102,603,415
2. Agency operations:			
2.1 Non-affiliated agency operations	210,562,055	508,947,614	459,992,045
2.2 Affiliated agency operations	92,064,213	270,590,218	292,413,279
3. Totals	334,987,292	854,903,359	855,008,739

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.	Bahamas	X X X	272,870	120,753				
5805.	Dominican Republic	X X X		17,373	20,320		27,393	20,000
5806.	Panama	X X X	12,000					
5807.	Argentina	X X X	5,898					
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	290,768	138,126	20,320		27,393	20,000

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	971,037	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)	742,655	1,986,892
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)	742,655	1,986,892
14. Deduct total nonadmitted amounts	45,625	622,975
15. Statement value at end of current period (Line 13 minus Line 14)	697,030	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	139,119	
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	(50,547)	
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals	17,348	24,159
8. Deduct amortization of premium and depreciation	174,225	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)	1,813,131	1,756,132
12. Deduct total nonadmitted amounts	212,275	61,500
13. Statement value at end of current period (Line 11 minus Line 12)	1,600,856	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	131,198,217	393,941,436
3. Accrual of discount	83,440	189,297
4. Unrealized valuation increase (decrease)	(798,891)	(151,596,109)
5. Total gain (loss) on disposals	2,963,145	1,544,997
6. Deduct consideration for bonds and stocks disposed of	185,871,967	429,080,600
7. Deduct amortization of premium	2,221,255	3,623,859
8. Total foreign exchange change in book/adjusted carrying value	11,732,649	(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)	687,564,151	731,275,689
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	687,564,151	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)	319,717,310	20,081,115	33,547,701	7,136,183	350,193,286	319,717,310	313,386,907	376,251,888
2. Class 2 (a)	50,238,615		2,500,000	(1,356,307)	34,189,749	50,238,615	46,382,308	34,325,618
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	369,955,925	20,081,115	36,047,701	5,779,876	384,383,035	369,955,925	359,769,215	410,577,506
PREFERRED STOCK								
8. Class 1	195,842			(3,968)	9,625,943	195,842	191,874	9,625,943
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	195,842			(3,968)	9,625,943	195,842	191,874	9,625,943
15. Total Bonds & Preferred Stock	370,151,767	20,081,115	36,047,701	5,775,908	394,008,978	370,151,767	359,961,089	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	1,126,989	X X X	1,126,989	5,964	

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	6,005,964	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	8,283,342	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)	1,126,989	3,404,367
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	1,126,989	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	Foreclosure 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 Blk N Conner 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	2,976
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	3,849
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	3,849

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> Empty rows for the table body								
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	09/30/2009	42,375						36,951	5,424			
300080	Plainfield	NJ		10/28/2008	09/30/2009	123,688						119,493	4,195			
310001	Ruidoso	NM		12/28/2007	09/30/2009	135,829						134,481	1,348			
280002	Fernley	NV		06/14/2009	09/30/2009							166,729	1,270			
0299999 Mortgages with partial repayments						301,892						457,654	12,237			
050110	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)	1,416,454	971,037			

E02.1

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED During the Current Quarter

1 CUSIP Ident- ification	2 Name or Description	Location		5 Name of Vendor or General Partner	6 NAIC Desig- nation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made After Acquisition	11 Amount of Encumbrances	12 Commitment for Additional Investment	13 Percentage of Ownership
		3 City	4 State									
000000-00-0	Aslan II Realty Partners	Chicago	IL	Aslan II Realty Partners		05/29/2002	1	139,119	139,119		49,752	0.001
1399999 Fixed Income Instruments - Joint Venture, Partnership or Limited Liability Interests - Unaffiliated								139,119	139,119		49,752	X X X
000000-00-0	Cuesta Title	Modesto	CA	Cuesta Title		06/22/2009		160,000				80.000
2499999 Collateral Loans - Affiliated								160,000				X X X
3999999 Subtotal Unaffiliated								139,119	139,119		49,752	X X X
4099999 Subtotal Affiliated								160,000				X X X
4199999 Totals								299,119	139,119		49,752	X X X

E03

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	09/30/2009	212,472							199,078	13,396				21,039
2399999	Collateral Loans - Unaffiliated						212,472							199,078	13,396				21,039
000000-00-0	ST Georgia Fund IV LLC	Atlanta	GA	SunTrust Community Dev	08/10/2004	09/30/2009	61,500		(9,225)			(9,225)		52,275					
3399999	State Low Income Housing Tax Credit - Unaffiliated						61,500		(9,225)			(9,225)		52,275					
000000-00-0	ST Georgia Fund V LLC	Atlanta	GA	SunTrust Community Dev	11/02/2005	06/30/2009	1,320,000		(165,000)			(165,000)		1,155,000					
3499999	State Low Income Housing Tax Credit - Affiliated						1,320,000		(165,000)			(165,000)		1,155,000					
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		(9,225)			(9,225)		259,559	17,348				21,039
4099999	Total Affiliated						1,320,000		(165,000)			(165,000)		1,155,000					
4199999	Totals						1,606,131		(174,225)			(174,225)		1,414,559	17,348				21,039

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)
912828-JY-7	U S Treasury Note Lot:1		08/03/2009	JP Morgan		2,933,624	2,935,000.00	279	1
912828-JY-7	U S Treasury Note Lot:2		08/21/2009	JP Morgan		2,651,613	2,645,000.00	1,572	1
912828-JY-7	U S Treasury Note Lot:3		09/03/2009	JP Morgan		2,043,426	2,035,000.00	1,694	1
0399999	Total Bonds U. S. Government				X X X	7,628,663	7,615,000.00	3,545	X X X
135087-YN-8	Canadian Govt Bond	C	09/03/2009	HSBC Securities		3,886,099	3,713,780.00	35,612	1FE
135087-YR-9	Canadian Govt Bond	C	09/03/2009	HSBC Securities		2,825,788	2,735,516.00	28,105	1FE
1099999	Total Bonds All Other Governments				X X X	6,711,887	6,449,296.00	63,717	X X X
745145-UX-8	PUERTO RICO COMWLTH PUB Lot:1		07/01/2009	Weller, Anderson, & Chene		10,819	10,000.00	9	2FE
2499999	U.S. Total Bonds Political Subdivisions of States, Territories and Possessions				X X X	10,819	10,000.00	9	X X X
171232-AR-2	CHUBB CORP Lot:1		08/18/2009	First Tennessee Corporate		3,097,637	2,850,000.00	43,700	1FE
64952W-AJ-2	NEW YORK LIFE GLOBAL Lot:1		07/14/2009	Wells Fargo Brokerage		2,632,109	2,450,000.00	32,514	1FE
3899999	Total Bonds Industrial and Miscellaneous (Unaffiliated)				X X X	5,729,746	5,300,000.00	76,214	X X X
8399997	Total Bonds Part 3				X X X	20,081,115	19,374,296.00	143,485	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	20,081,115	19,374,296.00	143,485	X X X
63666#-10-9	National Land Title Insurance Company		09/30/2009	Capital Contribution		250,000			K
9199999	Total Common Stock Parent, Subsidiaries and Affiliates				X X X	250,000	X X X		X X X
9799997	Total Common Stock Part 3				X X X	250,000	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	250,000	X X X		X X X
9899999	Total Preferred and Common Stock				X X X	250,000	X X X		X X X
9999999	Totals				X X X	20,331,115	X X X	143,485	X X X

E4

(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)
3128X8-TZ-5	Freddie Mac Co:2 Lot:1		09/22/2009	Cantor Fitzgerald		1,583,121	1,575,000.00	1,575,000							1,575,000		8,121	8,121	18,047	04/08/2013	1FE
912828-HU-7	U S Treasury Note Lot:1		07/28/2009	JP Morgan		5,047,461	5,000,000.00	5,008,594	5,007,173		(3,264)		(3,264)		5,003,909		43,552	43,552	72,439	03/31/2010	1
912828-HU-7	U S Treasury Note Lot:1		08/20/2009	JP Morgan		85,757	85,000.00	85,146	85,122		(62)		(62)		85,060		697	697	1,325	03/31/2010	1
912828-HU-7	U S Treasury Note Lot:2		08/20/2009	JP Morgan		3,697,641	3,665,000.00	3,715,966			(23,956)		(23,956)		3,692,011		5,631	5,631	57,128	03/31/2010	1
912828-JY-7	U S Treasury Note Lot:1		08/20/2009	JP Morgan		1,252,832	1,250,000.00	1,249,414			18		18		1,249,432		3,400	3,400	624	01/31/2011	1
912828-JY-7	U S Treasury Note Lot:1		08/27/2009	HSBC Securities		1,689,147	1,685,000.00	1,684,210			34		34		1,684,244		4,902	4,902	1,082	01/31/2011	1
912828-JY-7	U S Treasury Note Lot:2		09/22/2009	JP Morgan		2,338,374	2,330,000.00	2,335,825			(349)		(349)		2,335,476		2,897	2,897	2,992	01/31/2011	1
912828-JY-7	U S Treasury Note Lot:2		08/27/2009	HSBC Securities		315,775	315,000.00	315,788			(9)		(9)		315,779		(3)	(3)	202	01/31/2011	1
912828-JY-7	U S Treasury Note Lot:3		09/22/2009	JP Morgan		1,073,845	1,070,000.00	1,074,430			(162)		(162)		1,074,269		(423)	(423)	1,374	01/31/2011	1
0399999	Total - Bonds - U.S. Governments				X X X	17,083,953	16,975,000.0	17,044,373	5,092,295		(27,750)		(27,750)		17,015,180		68,774	68,774	155,213	X X X	X X X
135087-XT-6	Canadian Govt Bond	C	09/01/2009	Maturity		455,800	455,800.00	428,087	410,457		(1,358)		(1,358)	46,701	455,800				18,121	09/01/2009	1FE
135087-XT-6	Canadian Govt Bond	C	09/01/2009	Maturity		1,504,140	1,504,140.00	1,456,937	1,356,473		(6,523)		(6,523)	154,190	1,504,140				59,799	09/01/2009	1FE
135087-XT-6	Canadian Govt Bond	C	09/01/2009	Maturity		1,093,920	1,093,920.00	1,030,062	984,815		(2,967)		(2,967)	112,072	1,093,920				43,490	09/01/2009	1FE
135087-XT-6	Canadian Govt Bond	C	09/01/2009	Maturity		478,590	478,590.00	453,381	430,878		(1,321)		(1,321)	49,032	478,590				19,027	09/01/2009	1FE
135087-XT-6	Canadian Govt Bond	C	09/01/2009	Maturity		911,600	911,600.00	888,799	820,826		(2,625)		(2,625)	93,399	911,600				36,242	09/01/2009	1FE
135087-XT-6	Canadian Govt Bond	C	09/01/2009	Maturity		1,823,200	1,823,200.00	1,894,224	1,635,365		1,284		1,284	186,552	1,823,200				72,484	09/01/2009	1FE
1099999	Total - Bonds - All Other Governments				X X X	6,267,250	6,267,250.00	6,151,490	5,638,814		(13,510)		(13,510)	641,946	6,267,250				249,163	X X X	X X X
421110-YZ-4	HAYS TEX CONS ISD Lot:1		08/17/2009	MATURITY		225,000	225,000.00	253,128	229,266		(4,266)		(4,266)		225,000				12,375	08/15/2009	1FE
796236-7J-0	SAN ANTONIO, TX Lot:2		08/03/2009	MATURITY		20,000	20,000.00	22,028	20,241		(241)		(241)		20,000				1,000	08/01/2009	1FE
839856-G2-1	SOUTH SAN ANTONIO TX ISD Lot:1		08/17/2009	CALLED @ 100.000000		140,000	140,000.00	151,556	141,536		(1,536)		(1,536)		140,000				8,225	08/15/2012	1FE
2499999	U.S. Total - Bonds - Political Subdivisions of States, Territories and Possessions				X X X	385,000	385,000.00	426,712	391,043		(6,043)		(6,043)		385,000				21,600	X X X	X X X
31371Q-7K-8	FNMA Pool #259298 Lot:2		09/25/2009	PRINCIPAL RECEIPT		377	376.69	483	483		(107)		(107)		377					10/01/2031	1
745181-LX-3	PUERTO RICO COMWLTH HWY Lot:1		07/01/2009	MATURITY		10,000	10,000.00	11,244	10,099		(99)		(99)		10,000				550	07/01/2009	1FE
3199999	U.S. Total - Bonds - Special Revenue and Special Assessment Non-Guaranteed Obl				X X X	10,377	10,376.69	11,727	10,582		(206)		(206)		10,377				550	X X X	X X X
20825C-AT-1	CONOCO-PHILLIPS Lot:1		08/18/2009	First Tennessee Corpor		1,704,048	1,600,000.00	1,626,736			(1,028)		(1,028)		1,625,708		78,340	78,340	18,400	01/15/2015	1FE
36962G-R4-8	GENERAL ELECTRIC CAP CORP Lot:1		09/01/2009	MATURITY		2,050,000	2,050,000.00	2,066,728	2,065,395		(15,395)		(15,395)		2,050,000				84,563	09/01/2009	1FE
44949R-AC-6	INTERSTATE P & I CO Lot:1		08/03/2009	MATURITY		2,500,000	2,500,000.00	2,521,175	2,517,758		(17,758)		(17,758)		2,500,000				165,625	08/01/2009	2FE
63534P-AC-1	NATIONAL CITY BK CLEVELAND Lot:1		07/14/2009	Cantor Fitzgerald		2,071,820	2,000,000.00	2,187,180	2,091,194		(15,646)		(15,646)		2,075,548		(3,728)	(3,728)	73,022	12/15/2011	1FE
63534P-AC-1	NATIONAL CITY BK CLEVELAND Lot:2		07/14/2009	Cantor Fitzgerald		616,366	595,000.00	610,922	606,560		(1,960)		(1,960)		604,599		11,767	11,767	21,724	12/15/2011	1FE
871829-AL-1	SYSCO CORPORATION Lot:1		08/20/2009	BB&T Capital Markets		2,655,850	2,500,000.00	2,523,950	2,522,289		(1,246)		(1,246)		2,521,044		134,806	134,806	135,990	02/12/2018	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	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.							
931142-BF-9	Wal-Mart Stores Lot:1		08/18/2009	First Tennessee Corpor		1,078,132	850,000.00	997,943	995,191		(2,196)		(2,196)		992,995		85,136	85,136	65,245	02/15/2030	1FE
3899999	Total - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	12,676,216	12,095,000.0	12,534,634	10,798,387		(55,229)		(55,229)		12,369,894		306,321	306,321	564,569	X X X	X X X
8399997	Total - Bonds - Part 4				X X X	36,422,796	35,732,626.6	36,168,936	21,931,121		(102,738)		(102,738)	641,946	36,047,701		375,095	375,095	991,095	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	36,422,796	35,732,626.6	36,168,936	21,931,121		(102,738)		(102,738)	641,946	36,047,701		375,095	375,095	991,095	X X X	X X X
032511-10-7	ANADARKO PETROLEUM CORP Lot:1		07/27/2009	Instinet	3,975.00	192,951		192,827	153,236	39,591			39,591		192,827		124	124	716		L
548661-10-7	LOWES, INC. Lot:5		07/28/2009	Instinet	4,700.00	101,247		101,144	101,144						101,144		103	103	1,222		L
548661-10-7	LOWES, INC. Lot:6		07/28/2009	Instinet	3,675.00	79,167		79,086	79,086						79,086		81	81	956		L
548661-10-7	LOWES, INC. Lot:7		07/28/2009	Instinet	2,100.00	45,238		45,192	45,192						45,192		46	46	546		L
724479-10-0	PITNEY BOWES INC Lot:1		09/18/2009	Instinet	3,375.00	86,237		85,995	85,995						85,995		242	242	3,645		L
724479-10-0	PITNEY BOWES INC Lot:2		09/18/2009	Instinet	1,500.00	38,328		38,220	38,220						38,220		108	108	1,620		L
724479-10-0	PITNEY BOWES INC Lot:3		09/18/2009	Instinet	1,425.00	36,411		36,309	36,309						36,309		102	102	1,539		L
9099999	Total - Common Stock - Industrial and Miscellaneous (Unaffiliated)				X X X	579,579		578,773	539,182	39,591			39,591		578,773		806	806	10,244	X X X	X X X
9799997	Total - Common Stock - Part 4				X X X	579,579	X X X	578,773	539,182	39,591			39,591		578,773		806	806	10,244	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	579,579	X X X	578,773	539,182	39,591			39,591		578,773		806	806	10,244	X X X	X X X
9899999	Total Preferred and Common Stocks				X X X	579,579	X X X	578,773	539,182	39,591			39,591		578,773		806	806	10,244	X X X	X X X
9999999	Totals					37,002,375	X X X	36,747,709	22,470,303	39,591	(102,738)		(63,147)	641,946	36,626,474		375,901	375,901	1,001,339	X X X	X X X

E051

(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	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9	
					6	7	8		
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*	
Open Depositories - Section (A) - Segregated Funds Held for Others									
Bank of America	Tampa, FL				1,033,282	1,267,611	28,175,026		
Wells Fargo Bank	Los Angeles, CA				6,260,736	561,504	22,300,117		
Wells Fargo Bank	Houston, TX				11,546,472	12,038,031	17,213,945		
JP Morgan Chase	Houston, TX				12,396,272	15,127,033	12,142,792		
Bank of America	Fairfield, CT				6,386,009	6,612,885	8,624,611		
Wells Fargo Bank	Houston, TX				14,165,042	8,480,900	7,520,241		
Wachovia Bank	Charlotte, NC				4,855,741	3,271,163	5,357,015		
Wells Fargo Bank	Chicago, IL				4,785,650	6,536,135	4,717,390		
JP Morgan Chase	Dallas, TX				2,659,943	2,629,036	3,728,909		
Wells Fargo Bank	Atlanta, GA				1,604,814	1,366,404	1,371,836		
Wells Fargo Bank	San Francisco, CA				2,655,120	511,804	1,356,989		
Bank of America	Stamford, CT				999,721	1,028,714	1,002,695		
TD Bank	Wayne, PA				428,459	431,423	731,276		
Commerce National Bank	Columbus, OH				692,764	691,764	691,764		
JP Morgan Chase	Parsippany, NJ				412,461	526,794	553,773		
Wells Fargo Bank	Boston, MA				653,279	10,231,089	497,059		
Wells Fargo Bank	Chicago, IL				1,873	374,709	438,588		
Wells Fargo Bank	Columbus, OH				174,784	224,720	283,222		
JP Morgan Chase	Houston, TX				236,720	239,220	257,928		
Bank of America	Fairfield, CT				182,181	154,021	230,780		
Jefferson Bank	San Antonio, TX				2,210,954	546,514	213,158		
First Republic Bank	San Francisco, CA				159,000	159,000	159,000		
Republic Bank & Trust Co.	Louisville, KY				70,685	70,644	151,741		
Wachovia Bank	Philadelphia, PA				131,064	130,615	125,964		
Wells Fargo Bank	Houston, TX				466,183	416,115	117,592		
0199998	Deposits in (36) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X			1,926,909	678,588	642,488	X
0199999	Total - Segregated Funds Held for Others	X X X	X X X			77,096,118	74,306,436	118,605,899	X
Open Depositories - Section (B) - General Funds									
Bank of America	Tampa, FL				207,885	276,532	338,394		
Bank of Montreal	Toronto, CN				4,829,816	8,975,726	9,817,466		
Bank of Montreal	Toronto, CN				894,009	630,616	2,123,115		
Bank of Montreal	Toronto, CN				1,918,100	1,103,081	1,769,260		
Bank of Montreal	Toronto, CN				619,154	153,644	176,103		
Bank of Montreal	Toronto, CN				439,443	60,194	110,058		
Bankcorp South	Florence, MS				155,275	174,423	200,191		
Compass Bank-Custody Accou	Houston, TX		281		1,108,217	2,203,306	224,141		
Compass Bank-Prime Investme	Houston, TX	0.747	377		194,429	194,552	194,676		
Heritage Bank	Norfolk, VA	0.810	500		222,425	222,596	222,748		
J.P. Morgan Chase	Houston, TX	0.140	1,014		2,343,386	2,722,294	3,498,797		
J.P. Morgan Chase	Houston, TX				(2,515,086)	(3,899,084)	2,246,031		
Republic Bank	Louisville, KY	0.750	3,869		2,046,724	2,048,027	2,049,332		
Union Bank	Los Angeles, CA						5,000,000		
Wells Fargo Bank	Houston, TX				4,351,595	6,156,344	4,070,689		
First National Bk Anchorage	Anchorage, AK	2.400		2,210	100,000	100,000	100,000		
First National Bk Anchorage	Anchorage, AK	0.950	284	74	50,000	50,000	50,000		
Peoples Bank & Trust	McPherson, KS	1.840	3,384	1,840	250,000	250,000	250,000		
US Bank of Oregon	Portland, OR	2.050	3,290	510	110,000	110,000	110,000		
Wells Fargo	Houston, TX	0.150		1,831	3,564,351	3,564,351	3,564,351		
0299998	Deposits in (77) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X	10,809	5,177	2,249,439	2,076,879	1,890,794	X
0299999	Total - General Funds	X X X	X X X	23,808	11,642	23,139,162	27,173,481	38,006,146	X
Open Depositories - Section (C) - Reinsurance Reserve Funds									
Amegy Bank	Houston, TX				395,313	395,325	395,325		
0399998	Deposits in (0) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X					X	
0399999	Total - Reinsurance Reserve Funds	X X X	X X X			395,313	395,325	395,325	X
0499999	Total - Open Depositories	X X X	X X X	23,808	11,642	100,630,593	101,875,242	157,007,370	X
Suspended Depositories - Section (A) - Seg. Funds Held for Others									
0599998	Deposits in (0) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Suspended Depositories	X X X	X X X					X	
0599999	Total - Segregated Funds Held for Others	X X X	X X X					X	
Suspended Depositories - Section (B) - General Funds									
0699998	Deposits in (0) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Suspended Depositories	X X X	X X X					X	

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