

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, 2010

TITLE

2010



50121201020100103

QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2010
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

Main Administrative Office: 1980 Post Oak Boulevard, Houston, TX 77056, 713-625-8599

Mail Address: P. O. Box 2029, Houston, TX 77252

Primary Location of Books and Records: 1980 Post Oak Boulevard, Houston, TX 77056, 713-625-8040

Internet Website Address: www.stewart.com

Statutory Statement Contact: Alison R. Evers, 713-625-8036, AEverson@stewart.com, 713-629-2330

OFFICERS

Table with 2 columns: Name, Title. Officers listed include Michael B. Skalka (President), Denise Carraux (Secretary), Ken Anderson Jr. (Treasurer).

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Lists various Vice-Presidents such as Alison R. Evers, Larry Davis, George Houghton, etc.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Lists Directors or Trustees such as Bruce Belin, Matthew Morris, Charles F Howard, Michael B Skalka.

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...

(Signature) Michael B. Skalka, Denise Carraux, Ken Anderson Jr.
(Printed Name)
1. President, 2. Secretary, 3. Treasurer
(Title)

Subscribed and sworn to before me this day of , 2010

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

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	345,952,187		345,952,187	374,877,071
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	407,289,065		407,289,065	431,555,000
3. Mortgage loans on real estate:				
3.1 First liens	952,302	83,193	869,109	909,226
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)	1,901,659		1,901,659	
4.3 Properties held for sale (less \$ 0 encumbrances)	1,226,816		1,226,816	1,581,762
5. Cash (\$ 66,500,781), cash equivalents (\$ 0), and short-term investments (\$ 1,194,777)	67,695,558		67,695,558	62,135,223
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets	1,612,644	152,493	1,460,151	1,538,891
9. Receivables for securities				
10. Aggregate write-ins for invested assets				
11. Subtotals, cash and invested assets (Lines 1 to 10)	826,630,231	235,686	826,394,545	872,597,173
12. Title plants less \$ 0 charged off (for Title insurers only)	7,692,708	54,063	7,638,645	7,638,645
13. Investment income due and accrued	4,289,481	20,338	4,269,143	4,768,638
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	45,483,544	13,211,828	32,271,716	28,421,682
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
14.3 Accrued retrospective premiums				
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers				
15.2 Funds held by or deposited with reinsured companies				
15.3 Other amounts receivable under reinsurance contracts	77,159	64,210	12,949	57,348
16. Amounts receivable relating to uninsured plans				
17.1 Current federal and foreign income tax recoverable and interest thereon				
17.2 Net deferred tax asset				53,501
18. Guaranty funds receivable or on deposit				
19. Electronic data processing equipment and software	669,695	279,931	389,764	386,861
20. Furniture and equipment, including health care delivery assets (\$ 0)	4,114,504	3,968,169	146,335	210,875
21. Net adjustment in assets and liabilities due to foreign exchange rates				
22. Receivables from parent, subsidiaries and affiliates	2,784,133	106,650	2,677,483	4,043,313
23. Health care (\$ 0) and other amounts receivable	3,930,371	1,022,772	2,907,599	7,173,528
24. Aggregate write-ins for other than invested assets	4,521,472	3,535,024	986,448	556,872
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 to 24)	900,193,298	22,498,671	877,694,627	925,908,436
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
27. Total (Lines 25 and 26)	900,193,298	22,498,671	877,694,627	925,908,436

DETAILS OF WRITE-IN LINES				
1001.				
1002.				
1003.				
1098. Summary of remaining write-ins for Line 10 from overflow page				
1099. Totals (Lines 1001 through 1003 plus 1098) (Line 10 above)				
2401. Other nonadmitted assets	2,769,629	2,769,629		
2402. Other Assets & deposits	1,751,843	765,395	986,448	556,872
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	4,521,472	3,535,024	986,448	556,872

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31 Prior Year
1. Known claims reserve	131,856,465	142,473,824
2. Statutory premium reserve	355,942,537	357,962,059
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)	16,254,599	20,124,125
7. Taxes, licenses and fees (excluding federal and foreign income taxes)	714,826	5,408,497
8.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	7,759,413	3,000,789
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	373,447	349,688
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	9,440,917	8,000,888
17. Drafts outstanding		
18. Payable to parent, subsidiaries and affiliates	1,675,138	1,515,323
19. Derivatives		
20. Payable for securities		
21. Aggregate write-ins for other liabilities	754,905	1,279,099
22. Total liabilities (Lines 1 through 21)	524,772,247	540,114,292
23. Aggregate write-ins for special surplus funds	501,409	501,409
24. Common capital stock	8,500,000	8,500,000
25. Preferred capital stock		
26. Aggregate write-ins for other than special surplus funds		
27. Surplus notes		
28. Gross paid in and contributed surplus	181,172,376	181,568,104
29. Unassigned funds (surplus)	162,748,595	195,224,631
30. Less treasury stock, at cost:		
30.1 0 shares common (value included in Line 24 \$ 0)		
30.2 0 shares preferred (value included in Line 25 \$ 0)		
31. Surplus as regards policyholders (Lines 23 to 29 less 30)	352,922,380	385,794,144
32. Totals	877,694,627	925,908,436

DETAILS OF WRITE-INS		
0301.		
0302.		
0303.		
0398. Summary of remaining write-ins for Line 03 from overflow page		
0399. Totals (Lines 0301 through 0303 plus 0398) (Line 03 above)		
2101. Reinsurance payable	754,905	1,139,033
2102. Rent abatement		140,066
2103.		
2198. Summary of remaining write-ins for Line 21 from overflow page		
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	754,905	1,279,099
2301. Surplus arising from increase in book value of title plants	501,384	501,384
2302. Mineral interest-assigned value	25	25
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	501,409	501,409
2601.		
2602.		
2603.		
2698. Summary of remaining write-ins for Line 26 from overflow page		
2699. Totals (Lines 2601 through 2603 plus 2698) (Line 26 above)		

OPERATIONS AND INVESTMENT EXHIBIT

STATEMENT OF INCOME	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
OPERATING INCOME			
1. Title insurance and related income:			
1.1 Title insurance premiums earned	879,179,841	852,284,669	1,228,001,513
1.2 Escrow and settlement services	1,432,108	1,090,323	1,548,823
1.3 Other title fees and service charges	38,357,328	38,945,377	49,267,388
2. Aggregate write-ins for other operating income	1,854,952	1,236,614	1,873,675
3. Total Operating Income (Lines 1 through 2)	920,824,229	893,556,983	1,280,691,399
DEDUCT:			
4. Losses and loss adjustment expenses incurred	99,561,949	117,636,369	160,174,789
5. Operating expenses incurred	870,035,716	855,740,208	1,226,610,559
6. Aggregate write-ins for other operating deductions			
7. Total Operating Deductions	969,597,665	973,376,577	1,386,785,348
8. Net operating gain or (loss) (Lines 3 minus 7)	(48,773,436)	(79,819,594)	(106,093,949)
INVESTMENT INCOME			
9. Net investment income earned	26,810,720	11,525,869	15,481,212
10. Net realized capital gains (losses) less capital gains tax of \$ 0	2,168,695	889,197	7,433,384
11. Net investment gain (loss) (Lines 9 + 10)	28,979,415	12,415,066	22,914,596
OTHER INCOME			
12. Aggregate write-ins for miscellaneous income or (loss)	6,619,566	948,628	580,801
13. Net income, after capital gains tax and before all other federal income taxes (Lines 8 + 11 + 12)	(13,174,455)	(66,455,900)	(82,598,552)
14. Federal and foreign income taxes incurred	1,456,200	3,228,464	2,546,304
15. Net income (Lines 13 minus 14)	(14,630,655)	(69,684,364)	(85,144,856)
CAPITAL AND SURPLUS ACCOUNT			
16. Surplus as regards policyholders, December 31 prior year	385,794,145	342,106,569	342,106,569
17. Net income (from Line 15)	(14,630,655)	(69,684,364)	(85,144,856)
18. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	(19,672,176)	377,234	41,384,339
19. Change in net unrealized foreign exchange capital gain (loss)	1,021,983	5,696,189	12,888,069
20. Change in net deferred income taxes	(75,541,217)	1,488,006	8,611,640
21. Change in nonadmitted assets	76,346,098	945,051	(4,439,977)
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	(395,728)	3,481,611	73,121,561
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	(70)		(2,733,200)
31. Change in surplus as regards policyholders (Lines 17 through 30)	(32,871,765)	(57,696,273)	43,687,576
32. Surplus as regards policyholders as of statement date (Lines 16 plus 31)	352,922,380	284,410,296	385,794,145

DETAILS OF WRITE-IN LINES			
0201. Ceded reimbursements from agents	984,494	284,141	641,023
0202. Title plant rent	870,458	952,473	1,158,635
0203. Miscellaneous income			74,017
0298. Summary of remaining write-ins for Line 02 from overflow page			
0299. Totals (Lines 0201 through 0203 plus 0298) (Line 02 above)	1,854,952	1,236,614	1,873,675
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. Realized gains(loss) on other assets	6,496,627	618,945	203,649
1202. Computer support fees	78,024	167,956	148,791
1203. Miscellaneous Fees	44,915	161,727	228,361
1298. Summary of remaining write-ins for Line 12 from overflow page			
1299. Totals (Lines 1201 through 1203 plus 1298) (Line 12 above)	6,619,566	948,628	580,801
3001. Surplus increase due to liquidation of subsidiary			167,251
3002. Goodwill			(2,900,451)
3003. Surplus change in real estate	(70)		
3098. Summary of remaining write-ins for Line 30 from overflow page			
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	(70)		(2,733,200)

CASH FLOW

Cash from Operations	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1. Premiums collected net of reinsurance	873,326,339	867,953,356	1,238,144,838
2. Net investment income	30,372,247	13,973,586	19,006,541
3. Miscellaneous income	48,263,955	42,242,879	53,270,687
4. Total (Lines 1 to 3)	951,962,541	924,169,821	1,310,422,066
5. Benefit and loss related payments	110,179,308	101,112,829	136,738,957
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	878,612,627	875,054,166	1,230,713,932
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	(3,302,424)	2,677,360	(1,682,410)
10. Total (Lines 5 through 9)	985,489,511	978,844,355	1,365,770,479
11. Net cash from operations (Line 4 minus Line 10)	(33,526,970)	(54,674,534)	(55,348,413)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	121,986,401	174,309,311	375,722,739
12.2 Stocks	45,681	13,512,706	13,982,118
12.3 Mortgage loans	42,009	971,037	974,400
12.4 Real estate	253,203	971,701	971,701
12.5 Other invested assets	191,775	17,347	24,311
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds			
12.8 Total investment proceeds (Lines 12.1 to 12.7)	122,519,069	189,782,102	391,675,269
13. Cost of investments acquired (long-term only):			
13.1 Bonds	91,225,421	109,969,074	307,830,616
13.2 Stocks	207,939	21,229,147	82,534,468
13.3 Mortgage loans	38,272	168,000	384,063
13.4 Real estate	1,861,865	1,398,840	1,539,370
13.5 Other invested assets		299,119	529,160
13.6 Miscellaneous applications		200,000	200,000
13.7 Total investments acquired (Lines 13.1 to 13.6)	93,333,497	133,264,180	393,017,677
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)	29,185,572	56,517,922	(1,342,408)
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	1,904,272	6,631,611	73,121,561
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	7,997,461	(1,833,596)	(622,283)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	9,901,733	4,798,015	72,499,278
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)	5,560,335	6,641,403	15,808,457
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	62,135,223	46,326,766	46,326,766
19.2 End of period (Line 18 plus Line 19.1)	67,695,558	52,968,169	62,135,223

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

20.0001	Line 12.2 and 13.2 includes non-cash contribution to affiliate	207,939	3,229,147	61,384,497
20.0002	Line 12.3 and line 13.4 includes transfer of note foreclosed to real estate		958,800	958,800
20.0003	Line 16.2 includes non-cash capital contribution from parent	1,904,272	3,481,611	69,603,562
20.0004	Line 16.6 goodwill written off			(2,900,451)

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. (C) Texas Insurance Code, Section 2551.258 grants the Commissioner the authority to change the statutory premium reserve, based on an actuarial review. The Commissioner gave an Order to change the statutory premium reserves in 2008 and 2009. NAIC SAP statutory premium reserve is a defined formula.

	<u>9/30/2010</u>	<u>12/31/2009</u>
Net Income, Texas State Basis	(14,630,655)	(85,144,857)
State Prescribed Practices	0	0
(1) Statutory Premium Reserve reduction	0	21,684,161
State Permitted Practices:	0	0
Net Income, NAIC SAP	(14,630,655)	(63,460,696)
Statutory Surplus, Texas State Basis	352,922,380	385,794,144
State Prescribed Practices:		
(1) Furniture & Fixtures	(146,335)	(210,875)
(2) Real Estate	(4,423)	(4,423)
(3) Statutory Premium Reserve reduction	21,684,161	21,684,161
State Permitted Practices:		
Statutory Surplus, NAIC SAP	374,455,783	407,263,007

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.

NOTES TO FINANCIAL STATEMENTS

- (4) Investments in Preferred stock, excluding investments in preferred stock of subsidiary, controlled, or affiliated entities – None.
- (5) Mortgage loans on real estate are stated at the aggregate unpaid balance.
- (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, a title insurance company, which is 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, which is 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 two limited liability companies. 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 \$58 million reduction in the statutory premium reserve as allowed by Section 2551.258 of the Texas Insurance Code for 2009. The 2008 order for a \$79.7million reduction was reversed in 2009. At December

31, 2009 the total of the Company's know claims reserves and statutory premium reserve is more than to the loss reserve by \$4.1 million 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

NOTES TO FINANCIAL STATEMENTS

period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods.

3. Business Combinations and Goodwill

- A. Not applicable
- B. The Company merged with Arkansas Title Insurance Company, National Land Title Insurance Company and Stewart Title Insurance Company of Oregon, wholly owned subsidiaries, on July 1, 2010. The transaction was accounted for as statutory merger. The Company recognized their investment in accordance with SSAP 97, Section 8(b)(i) of the NAIC *Accounting Practices and Procedures Manual*. The prior years' amounts have been restated as if the merger had occurred as of January 1, 2010 and as a result the Company reported an increase in assets of \$12,394,604, an increase of liabilities of 12,420,915 and a decrease in surplus of \$26,311.
- C. None

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, 2010, the Company held mortgage with interest more than 180 days past due with a recorded investment excluding accrued interest of:	316,062	316,062
Total interest due on mortgages with interest more than 180 days past due equals:	-	12,730
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 0.1% 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

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

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

NOTES TO FINANCIAL STATEMENTS

unsecured notes and certificates of deposits.

B. The total amount excluded was 20,338.

8. Derivative Instruments- None

9. Income Taxes

A. The net deferred tax asset/(liability) at September 30, 2010 and the change from the prior year are comprised of the following

	9/30/2010		12/31/2009
	Ordinary	Capital	
Total gross deferred tax assets	87,438,567	12,233	87,450,800
Statutory valuation allowance adjustment	(87,064,780)	(12,233)	(87,077,014)
Adjusted gross deferred tax assets	373,787	0	373,787
Total gross deferred tax liabilities	(177,444)	(196,343)	(373,787)
Net deferred tax assets /(liabilities)	196,343	(196,343)	(0)
Total Deferred tax assets nonadmitted	0	0	0
Net admitted deferred tax assets / (liabilities)	196,343	(196,343)	(0)

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

	9/30/2010			12/31/2009
	Ordinary	Capital	Total	
Admitted under paragraph 10.a.	0	0	0	0
Admitted under paragraph 10.b.	0	0	0	0
Admitted under paragraph 10.c.	0	0	0	0
Total admitted from the use of paragraph 10.a - 10.c.	0	0	0	0
Admitted under paragraph 10.e.i.	0	0	0	0
Admitted under paragraph 10.e.ii.	0	0	0	0
Admitted under paragraph 10.e.iii.	0	0	0	0
Total admitted from the use of paragraph 10.e.	0	0	0	0
Total admitted adjusted gross deferred tax assets	0	0	0	0

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

	9/30/2010			12/31/2009
	Ordinary	Capital	Total	
Net deferred tax asset (liability)	196,343	(196,343)	(0)	0
Tax-effect of unrealized gains and losses	0	0	0	0
Net tax effect without unrealized gains and losses	196,343	(196,343)	(0)	0
Change in deferred income tax				(0)

B. Unrecognized deferred tax liabilities

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

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

	9/30/2010	12/31/2009
Current year tax expense (benefit)	4,508,891	6,572,289
Federal income tax on net capital gains	0	0
Prior year adjustments	(3,052,690)	0
Current income taxes incurred	1,456,201	6,572,289

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

	9/30/2010	12/31/2009	Change
Deferred tax assets:			
Unearned Premium Reserve	22,799,700	22,314,410	485,291
Loss Reserve Discounting	1,155,658	1,189,286	(33,628)
Investments	484,042	440,584	43,458
Fixed Assets	2,686,898	1,690,645	996,253
Unrealized <Gains> Losses	-	29,027	(29,027)
Pending Litigation Payable	2,609,439	3,395,690	(786,252)
Foreign Tax Credits	13,343,605	11,887,404	1,456,201
Net Operating Loss Carryforwards	36,110,384	25,930,894	10,179,490
Nonadmitted assets	7,548,989	8,144,711	(595,722)
Other	712,086	872,148	(160,063)
Valuation Allowance	(87,077,014)	(75,541,217)	(11,535,796)
Total adjusted gross deferred tax assets	373,787	353,583	20,203
Nonadmitted deferred tax assets	-	-	-
Admitted deferred tax assets	373,787	353,583	20,203
Deferred tax liabilities:			
Title Plants	(373,787)	(353,583)	(20,203)
Other	-	-	-
Total deferred tax liabilities	(373,787)	(353,583)	(20,203)
Net admitted deferred tax asset (liability)	0	(0)	0

NOTES TO FINANCIAL STATEMENTS

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

	<u>9/30/2010</u>	<u>12/31/2009</u>
Current income taxes incurred	1,456,201	6,572,289
Change in deferred income tax (without tax on unrealized gains and losses)	0	40,919,692
Total income tax reported	<u>1,456,201</u>	<u>47,491,981</u>
Income before taxes	(13,174,453)	(74,357,105)
	35%	35%
Expected Income tax expense (benefit) at 35% statutory	(4,611,059)	(26,024,987)
Increase (decrease) in actual tax reported resulting from:		
a. Dividends received deduction	(6,160,065)	(24,156)
b. Nondeductible expenses for meals, penalties, and lob	637,799	576,123
c. Tax-exempt income	(200,597)	(590,707)
d. Deferred tax benefit on nonadmitted assets	0	(13,514,480)
e. Foreign income taxes	1,456,201	6,604,489
f. Federal income taxes on capital gains	0	4,432,442
g. Change in statutory valuation adjustment	11,535,796	75,541,217
h. Recovered federal income taxes	0	(32,200)
i. Other	(1,201,874)	524,240
Total income tax reported	<u>1,456,201</u>	<u>47,491,980</u>

E. Operating loss carryforward

- (1) As of September 30, 2010, there are \$103,172,526 operating losses and \$13,343,605 foreign tax credit carryforwards which will expire in 2030 and 2019-2020 respectively
- (2) There are no Federal income taxes incurred that are available for recoupment in the event of future net operating losses.

- F. (1) The Company's federal Income Tax return is consolidated with the following entities: Stewart Information Services Corporation, Ortem Investments, Inc., SLJ's Holdings and subsidiaries denoted with an I on Schedule D-Part 6, Section 1 and 2 in the 2009 Annual Statement.
- (2) The method of allocation is detailed in the 7th Restated Federal Income Tax Return Settlement Agreement dated July 2, 2010. Such Agreement was filed with the Texas Insurance Commissioner on July 6, 2010, under Holding Company Section #38801.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. The Company has not made a dividend.

During the first nine months our parent, Stewart Information Services Corporation, made a capital contribution to us in the amount of \$1,904,271.

- B and C. –

During the first six months, the Company made a capital contribution to Stewart Title Company in the amount of \$207,937.

- D. Amounts due from and amounts payable to related parties at September 30, 2010 are \$ 2,860,312 and \$ 1,675,138, 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, Amendment No. 6, dated June 6, 2005 (HCS # 34302) and Amendment No. 7, dated September 8, 2010 (HCS# 38937).

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, Amendment No. 5,

NOTES TO FINANCIAL STATEMENTS

dated January 1, 2006 (HCS # 34529) and Amendment No. 6, dated September 10, 2010 (HCS# 38936).

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 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 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.

NOTES TO FINANCIAL STATEMENTS

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.

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 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 a shared service agreement with Stewart Lender Services, Inc.. Such agreement was filed with the Texas Insurance Department on April 21, 2010, under Holding Company Section # 38524, dated January 28, 2010.

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.

The Company has entered into a title plant agreement with PropertyInfo Corporation dated August 27, 2010. Such agreement was approved with the Texas Insurance Department on September 28, 2010, under Holding Company Section # 38962.

- 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 12/31/2009 and 12/31/2008 was \$ 373,619,179 and \$ 250,966,179.
- J. The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.
- K. and L. – Not applicable

11. **Debt** – None

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

NOTES TO FINANCIAL STATEMENTS

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

In general, a participant in the defined contribution plan may elect to defer on a tax-free basis, in accordance 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, 2010 plan assets totaled \$ 201,233,427 including vested benefits of \$ 200,411,562.

- 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, 2009 is \$ 385,794,144 the maximum dividend payout that may be made without prior approval in 2010 is \$ 77,158,829.

5.-9. Not applicable

10. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$ 141,283,311.

11.-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

NOTES TO FINANCIAL STATEMENTS

totaling more than \$400,000.

E. All other Contingencies-

Regulatory developments

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.

In February 2008, an antitrust class action was filed in the United States District Court for the Eastern District of New York against Stewart Title Guaranty Company, Stewart Title Insurance Company, Monroe Title Insurance Corporation, Stewart Information Services Corporation, several other unaffiliated title insurance companies and the Title Insurance Rate Service Association, Inc. (TIRSA). The complaint alleges that the defendants violated Section 1 of the Sherman Antitrust 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 United States District Courts for the Eastern and Southern Districts of New York and in the United States District Courts in Pennsylvania, New Jersey, Ohio, Florida, Massachusetts, Arkansas, California, Washington, West Virginia, Texas and Delaware. All of the complaints make similar allegations, except that certain of the complaints also allege violations of the Real Estate Settlement Procedures Act (RESPA) and various state antitrust and consumer protection laws. The complaints generally request treble damages in 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 18, 2010 the Company has obtained dismissals of the claims in Arkansas, California, Delaware, Florida, Massachusetts, New Jersey, New York, Ohio, Pennsylvania (where plaintiffs may pursue injunctive relief only), Texas and Washington. The Company filed a motion to dismiss in West Virginia (where all proceedings have been stayed and the docket closed) and has moved for summary judgement on the claims for injunctive relief in Pennsylvania. The plaintiffs have appealed the dismissal in Ohio to the United States Court of Appeals for the Sixth Circuit and the dismissal in New Jersey to the United States Court of Appeals for the Third Circuit. The dismissals in New York and Texas have been affirmed by the United States Courts of Appeals for the Second and Fifth Circuits, respectively, and on October 4, 2010, the United States Supreme Court denied the plaintiffs' petitions for review of those decisions. The Company has also moved to dismiss the remaining RESPA claims which are pending in New York. 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.

In January 2009, an action was filed by 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 alleging that the plaintiffs have 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 have filed for bankruptcy. Thereafter, several other lawsuits making similar allegations, including a lawsuit filed by several hundred individuals, were filed in San Luis Obispo Superior Court, and one such lawsuit was removed to the United States District Court for the Central District of California. The defendants vary from case to case, but Stewart Information Services Corporation, Stewart Title Company and Stewart Title Insurance Company have each been sued in a least one of the cases. Each of the complaints alleges some combination of the following purported causes of action: breach of contract, negligence, fraud, aiding and abetting fraud, constructive fraud, breach of fiduciary duty, breach of implied covenant of good faith and fair dealing, financial elder abuse, violation of California Business and Professions Code Section 17200, violation of the Racketeer Influenced and Corrupt Organizations Act, conversion, conspiracy, alter ego, specific performance and declaratory relief. The Company has demurred to or moved to dismiss the complaints in the actions where responses to the complaints have been due. Although the San Luis Obispo Superior Court has sustained demurrers to certain causes of action and certain individuals and entities and dismissed Stewart Information Services Corporation from one case without leave to amend, the Court has overruled the demurrers as to some causes of action. Accordingly, the cases will proceed into discovery. No trial dates have been set. The United States District Court for the Central District of California granted the Company's motion to dismiss and allowed the plaintiffs leave to amend; the Company's motion to dismiss the amended complaint is pending. The Company intends to

NOTES TO FINANCIAL STATEMENTS

vigorously defend itself against the allegations and does not believe that the outcome of these matters will materially affect its 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 the matters referenced above and does not anticipate that the outcome of any of these matters 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. The Company does not expect that any of these proceedings will have a material adverse effect on its financial conditions 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 \$ 11,626,008 in 2009 and \$11,386,113 in 2008. 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).

2010	11,046
2011	9,264
2012	6,867
2013	6,450
2014	6,590
2015 and after	10,684
Total	50,901

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk – None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities - None

18. Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans – Not Applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators.

Not Applicable

20. Other Items

A. Extraordinary Items - None

B. Troubled Debt Restructuring – None

C. The Company holds \$ 50,510,814 at September 30, 2010 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 \$ 143,978,373 and \$ 138,534,136 at September 30, 2010 and December 31, 2009, respectively, were on deposit with government authorities or trustees as required by law.

D. – E None or Not Applicable

NOTES TO FINANCIAL STATEMENTS

F. State Transferable Tax Credits – None

G. – Hybrid Securities - None

H. – Subprime Mortgage Related Risk Exposure

We have reviewed our investment portfolio as of September 30, 2010 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, 2010, we have recorded a \$ 92,420 other-than-temporary impairments on real estate held for investments.

I. None

21. Events Subsequent - None

22. Reinsurance

(A) Unsecured Reinsurance Recoverables – None

(B) Reinsurance Recoverable in Dispute - None

(C) Reinsurance Assumed and Ceded – None

(D) Uncollectible Reinsurance – None

(E) Commutation of Ceded Reinsurance – None

(F) Retroactive Reinsurance – None

(G) Reinsurance Accounted for as a Deposit - None

23. Retrospectively Rated Contracts- Not Applicable

24. Changes in Incurred Losses and Loss Adjustment Expenses

Known claims reserves as of December 31, 2009 were \$120.8 million. As of September 30, 2010, \$99.8 million has been paid for losses and loss adjustment expenses attributable to prior policy years. Incurred losses on prior policy years were \$92.0 million in the first three quarters of 2010. Incurred losses on prior policy years are the result of prior policy year claims that were reported in the current year, as well as increases and decreases made to original estimates that result from additional information as it becomes known regarding the individual claims.

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

25. Intercompany Pooling Arrangements – Not Applicable

26. Structured Settlements – None

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

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]

2.2 If yes, date of change: _____

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [X] No []
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 [X] No []

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
Stewart Title Insurance Company of Oregon	50036	OR
National Land Title Insurance Company	50156	IL
Arkansas Title Insurance Company	50725	AR

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. _____ 12/31/2010

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, persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

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

Yes [X] No []

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

.....

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

Yes [] No [X]

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

.....

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

Yes [] No [X]

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

.....

FINANCIAL

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

Yes [X] No []

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

\$ _____ 0

INVESTMENT

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

Yes [] No [X]

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

.....

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

\$ _____ 0

GENERAL INTERROGATORIES

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

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

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$ 0	\$ 0
14.22 Preferred Stock	\$ 0	\$ 0
14.23 Common Stock	\$ 438,011,145	\$ 407,289,065
14.24 Short-Term Investments	\$ 0	\$ 0
14.25 Mortgage Loans on Real Estate	\$ 0	\$ 0
14.26 All Other	\$ 0	\$ 0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$ 438,011,145	\$ 407,289,065
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$ 0	\$ 0

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

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

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

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

1 Name of Custodian(s)	2 Custodian Address
Compass Bank	P. O. Box 4886, Houston, TX 77210-4886
Trust Company of Montreal	1 First Canadian Place, P. O. Box 150, Toronto, ON M5X
JP Morgan Chase	P. O. Box 710634, Columbus, OH 43271

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

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

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

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
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
.....
.....
.....
Total										

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

5.11 Bonds	\$ <u>345,841,249</u>
5.12 Short-term investments	\$ _____
5.13 Mortgages	\$ _____
5.14 Cash	\$ <u>10,227,896</u>
5.15 Other admissible invested assets	\$ _____
5.16 Total	\$ <u>356,069,145</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>50,510,814</u>
These funds consist of:	
5.22 In cash on deposit	\$ <u>50,510,814</u>
5.23 Other forms of security	\$ _____

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1	2	3	4	5
NAIC Company Code	Federal ID Number	Name of Reinsurer	Location	Is Insurer Authorized? (Yes or No)
<div style="font-size: 48pt; font-weight: bold; margin: 0 auto;">NONE</div>				

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year To Date - By States and Territories

		1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Known Claim Reserve	
			2	3	4	5	6	7
States, Etc.		Active Status	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date
1. Alabama	AL	L	6,919,007	11,146,080	808,849	1,587,829	1,232,387	1,263,115
2. Alaska	AK	L	8,979,966	12,080,626	240,927	19,257	3,000	270,346
3. Arizona	AZ	L	22,140,378	20,872,535	722,672	503,466	147,737	101,422
4. Arkansas	AR	L	8,409,342	3,630,505	1,244,606	1,127,147	596,271	1,115,175
5. California	CA	L	126,424,376	94,623,167	15,343,032	14,422,614	18,597,985	20,775,167
6. Colorado	CO	L	29,542,972	25,712,875	584,279	2,313,997	720,550	783,939
7. Connecticut	CT	L	1,700,650	1,408,719	283,720	(37,482)	274,802	303,447
8. Delaware	DE	L	5,722,099	4,272,227	61,029	336,131	490,460	957,676
9. District of Columbia	DC	L	2,745,213	3,068,400	506,938	958,666	658,893	477,441
10. Florida	FL	L	41,691,060	43,994,833	18,125,780	10,338,344	21,684,710	19,865,934
11. Georgia	GA	L	13,136,532	14,726,529	1,920,298	2,194,112	1,675,076	1,201,496
12. Hawaii	HI	L	2,380,942	3,078,818	186,629	145,246	494,961	134,892
13. Idaho	ID	L	8,653,636	10,857,311	1,087,881	713,123	1,837,612	2,357,988
14. Illinois	IL	L	18,325,594	15,601,881	4,482,242	3,049,197	11,468,313	5,891,321
15. Indiana	IN	L	8,673,491	8,971,240	1,121,666	969,904	1,657,090	859,531
16. Iowa	IA	N	350,098	400,796	9,131	94,120	18,500	25,502
17. Kansas	KS	L	4,173,950	5,480,863	319,167	142,320	69,892	120,220
18. Kentucky	KY	L	4,707,569	6,490,366	440,441	590,355	193,608	507,435
19. Louisiana	LA	L	12,234,098	14,716,952	589,355	410,905	679,459	614,953
20. Maine	ME	L	1,899,264	1,871,810	85,161	268,176	113,970	125,316
21. Maryland	MD	L	23,126,655	20,019,589	2,522,461	2,896,334	3,063,046	3,319,571
22. Massachusetts	MA	L	19,507,963	20,078,514	1,383,918	1,706,910	1,296,981	853,382
23. Michigan	MI	L	11,629,277	11,406,845	2,952,512	3,197,312	2,113,227	3,615,481
24. Minnesota	MN	L	14,619,240	12,143,273	1,963,193	4,516,700	3,861,856	6,415,919
25. Mississippi	MS	L	1,645,557	2,371,997	661,024	775,654	265,621	151,967
26. Missouri	MO	L	3,158,130	6,435,022	1,726,840	1,318,187	924,976	1,483,763
27. Montana	MT	L	6,554,390	8,338,017	106,183	331,234	128,949	101,815
28. Nebraska	NE	L	3,878,513	3,541,638	64,197	38,127	322,816	50,663
29. Nevada	NV	L	7,038,079	7,470,775	2,925,810	1,946,122	2,637,475	869,725
30. New Hampshire	NH	L	2,039,887	2,699,256	229,665	154,688	266,516	401,182
31. New Jersey	NJ	L	42,728,912	37,348,611	3,931,913	2,785,276	3,167,976	3,859,709
32. New Mexico	NM	L	9,897,780	11,098,889	253,356	183,508	471,876	246,634
33. New York	NY	Q						
34. North Carolina	NC	L	7,501,101	9,217,418	1,923,537	4,035,993	1,266,009	1,947,038
35. North Dakota	ND	L	1,386,869	2,890,638	5,300	7,719	16,335	16,335
36. Ohio	OH	L	20,886,952	22,859,868	2,665,713	3,051,900	2,282,854	3,450,107
37. Oklahoma	OK	L	4,558,461	5,120,369	610,743	297,556	344,432	379,304
38. Oregon	OR	L	9,688,344	10,058,545	1,357,939	48,000	588,478	1,211,434
39. Pennsylvania	PA	L	23,240,675	22,139,952	1,901,963	4,740,854	2,614,688	2,227,866
40. Rhode Island	RI	L	670,232	3,555,666	444,061	709,923	262,673	222,800
41. South Carolina	SC	L	8,645,147	9,727,408	772,253	989,945	1,049,139	672,858
42. South Dakota	SD	L	1,655,970	2,168,597	103,719	20,693	71,119	58,327
43. Tennessee	TN	L	7,500,764	9,214,479	681,630	(1,766,903)	988,479	1,155,882
44. Texas	TX	L	153,975,838	155,788,819	4,156,448	4,867,388	5,432,931	6,756,167
45. Utah	UT	L	26,172,276	30,980,177	1,514,096	1,126,453	2,188,535	1,787,283
46. Vermont	VT	L	810,739	1,294,731	23,093	1,714,672	13,435	26,195
47. Virginia	VA	L	32,957,858	33,527,727	972,864	1,633,471	1,362,057	1,605,820
48. Washington	WA	L	23,666,470	20,255,523	2,648,875	1,277,377	2,438,455	1,365,702
49. West Virginia	WV	L	1,662,904	2,343,190	200,393	543,664	137,266	136,049
50. Wisconsin	WI	L	9,085,843	9,463,011	338,821	(661,629)	146,239	855,299
51. Wyoming	WY	L	2,707,081	4,223,846	237,860	80,416	4,216	36,929
52. American Samoa	AS	N						
53. Guam	GU	L	2,889,455	2,467,923	13,411	77,680	369,934	383,434
54. Puerto Rico	PR	L	5,437,897	6,591,477	687,898	328,444	1,681,638	2,042,625
55. U.S. Virgin Islands	VI	L	236,500	162,729	750			
56. Northern Mariana Islands	MP	L	(791,488)	(161,775)			500	
57. Canada	CN	L	56,617,442	44,095,503	13,737,688	10,076,183	9,758,318	12,174,540
58. Aggregate Other Alien	OT	X X X	(587,083)	958,579	35,610	181,990	17,702,144	17,870,359
59. Totals		(a) 53	875,210,867	854,903,359	101,919,540	93,379,268	131,856,465	135,504,480

DETAILS OF WRITE-INS								
5801. Mexico	X X X	9,750	2,400			(1,147)	6,844,313	6,955,411
5802. Bulk Reserves	X X X						10,684,000	10,684,000
5803. Costa Rica	X X X		665,411	35,610	162,817	156,914	203,555	
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X	(596,833)	290,768		20,320	16,917	27,393	
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X	(587,083)	958,579	35,610	181,990	17,702,144	17,870,359	

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

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

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

PART 1 - ORGANIZATIONAL CHART

NAIC Group Code	Group Name	NAIC Company Code	State of Domicile	Federal ID Number	Company Name
0000		00000	DE	74-1677330	Stewart Information Services Corporation-SISCO
0340	Stewart	50121	TX	74-0924290	Stewart Title Guaranty Company-STG(SISCO)
0340	Stewart	51420	NY	76-0233294	Stewart Title Insurance Company-STIC(STG)
0340	Stewart	32336	VT	03-0311175	Title Reinsurance Company(STG)
0000		00000	MX	AA-2734105	Stewart Title Guaranty De Mexico(STG)
0000		00000	EN	AA-1124112	Stewart Title Limited (United Kingdom)(STG)
0000		00000	TX	74-0923770	Stewart Title Co. of Galveston-STC(STG)
0000		00000	OK	73-1093494	Stewart Abstract of Oklahoma(STC)
0000		00000	NM	85-0446018	Stewart Title of Albuquerque,LLC (STC)
0000		00000	DE	76-0570062	Electronic Closing Services, Inc. (STC)
0000		00000	AZ	86-0223200	Stewart Title & Trust of Phoenix(STC)
0000		00000	CA	95-4607898	Stewart Title of California (STC)
0000		00000	TX	74-2823956	Gracy Title(STC)
0000		00000	FL	59-3138251	Tampa Cypress Partners(STC)
0000		00000	PL	99-9999999	Stewart International Spolka Z Organizona(STC)
0000		00000	TX	76-0450977	Stewart Lender Services(STC)
0000		00000	TX	20-5764898	Property Information Corporation
0000		00000	TX	47-0941826	Home Retention Services, Inc.
0000		00000	CO	84-1517419	Stewart Water Information, LLC(STC)
0000		00000	TX	27-1283880	Startex Title Company, LLC (STC)
0000		00000	UT	46-0467452	Bonneville Superior Title Co. (STC)
0000		00000	VG	98-0371673	Stewart Latin America, Inc.(STC)

PART 1 – LOSS EXPERIENCE

	Current Year to Date				5 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Written	2 Other Income (Page 4, Lines 1.2 + 1.3 + 2)	3 Direct Losses Incurred	4 Direct Loss Percentage Cols. 3 / (1 + 2)	
1. Direct operations	93,960,346	24,628,335	23,251,946	19.60	26.70
2. Agency operations:					
2.1 Non-affiliated agency operations	540,651,838	16,498,937	51,981,983	9.30	13.50
2.2 Affiliated agency operations	240,598,683	517,116	24,328,020	10.10	7.70
3. Totals	875,210,867	41,644,388	99,561,949	10.90	13.10

PART 2 – DIRECT PREMIUMS WRITTEN

	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Direct operations	32,745,752	93,960,346	75,365,527
2. Agency operations:			
2.1 Non-affiliated agency operations	198,694,096	540,651,838	508,947,614
2.2 Affiliated agency operations	86,474,813	240,598,683	270,590,218
3. Totals	317,914,661	875,210,867	854,903,359

OVERFLOW PAGE FOR WRITE-INS

Page 10 - Continuation

	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Known Claim Reserve	
		2	3	4	5	6	7
States, Etc.	Active Status	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date
5804. Argentina	X X X		5,898				
5805. Panama	X X X	(8,906)	12,000				
5806. Dominican Republic	X X X	(73,693)			20,320	16,917	27,393
5807. Bahamas	X X X	(514,234)	272,870				
5897. Totals (Lines 5804 through 5896) (Page 10, Line 5898)	X X X	(596,833)	290,768		20,320	16,917	27,393

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	1,581,762	1,812,387
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	1,823,593	1,539,370
2.2 Additional investment made after acquisition	38,272	
3. Current year change in encumbrances		
4. Total gain (loss) on disposals	(9,253)	(113,339)
5. Deduct amounts received on disposals	253,203	971,701
6. Total foreign exchange change in book/adjusted carrying value	42,039	
7. Deduct current year's other than temporary impairment recognized	92,490	684,955
8. Deduct current year's depreciation	2,244	
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)	3,128,476	1,581,762
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	3,128,476	1,581,762

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	955,355	1,986,892
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	35,000	353,000
2.2 Additional investment made after acquisition	3,956	31,063
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	42,009	974,400
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)	952,302	955,355
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)	952,302	955,355
14. Deduct total nonadmitted amounts	83,193	46,129
15. Statement value at end of current period (Line 13 minus Line 14)	869,109	909,226

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	1,871,959	1,756,132
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		465,000
2.2 Additional investment made after acquisition		189,160
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	106,687	(280,589)
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals	191,777	25,444
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)	1,612,644	1,871,959
12. Deduct total nonadmitted amounts	152,493	333,067
13. Statement value at end of current period (Line 11 minus Line 12)	1,460,151	1,538,892

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	806,432,071	731,400,772
2. Cost of bonds and stocks acquired	91,433,360	390,365,084
3. Accrual of discount	55,882	81,741
4. Unrealized valuation increase (decrease)	(24,461,657)	49,159,454
5. Total gain (loss) on disposals	2,270,463	13,474,775
6. Deduct consideration for bonds and stocks disposed of	122,031,812	389,704,857
7. Deduct amortization of premium	2,949,479	3,080,861
8. Total foreign exchange change in book/adjusted carrying value	2,492,520	15,532,843
9. Deduct current year's other than temporary impairment recognized	96	796,880
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	753,241,252	806,432,071
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	753,241,252	806,432,071

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)	310,061,180	25,789,237	24,646,422	5,229,604	315,537,892	310,061,180	316,433,599	332,276,372
2. Class 2 (a)	36,045,479	1,197,150	7,603,043	(120,998)	44,098,876	36,045,479	29,518,588	42,600,699
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	346,106,659	26,986,387	32,249,465	5,108,606	359,636,768	346,106,659	345,952,187	374,877,071
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	346,106,659	26,986,387	32,249,465	5,108,606	359,636,768	346,106,659	345,952,187	374,877,071

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

NAIC 1 \$ 0; NAIC 2 \$ 0; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0

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	1,194,777	X X X	1,194,777	1,938	

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	1,379,228	3,604,367
2. Cost of short-term investments acquired	4,064,621	14,248,546
3. Accrual of discount		5,672
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	4,249,072	16,479,357
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)	1,194,777	1,379,228
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	1,194,777	1,379,228

NONE Schedule DB - Part A and B Verification

NONE Schedule DB - Part C - Section 1

NONE Schedule DB - Part C - Section 2

NONE Schedule DB - Verification

NONE Schedule E Verification

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						
218 Stratford Road	Hill Island, Ontario	CN	08/19/2010	Clark, Wright, In Trust	1,823,593		1,823,593	38,272
0199999 Acquired by Purchase					1,823,593		1,823,593	38,272
0399999 Totals					1,823,593		1,823,593	38,272

EM

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.							
NONE																			
0399999 Total																			

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)					
280001	Fernley	NV		06/01/2009		166,172						164,836	1,336			
300080	Plainfield	NJ		10/28/2008		119,012						114,542	4,470			
310001	Ruidoso	NM		12/28/2007		134,017						132,905	1,112			
0299999 Mortgages with partial repayments						419,201						412,283	6,918			
210040	Norvell	MA		04/28/1999	09/13/2010	35,091							35,091			
0399999 Mortgages disposed						35,091							35,091			
0599999 Totals						454,292						412,283	42,009			

E02.1

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE 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									
NONE												
<div style="position: absolute; left: -100px; top: 50%; transform: translateY(-50%); font-size: 10px;">E03</div>												
4199999 Totals												XXX

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	Aslan II Realty Partners	Chicago	IL	Aslan II Realty Partners	05/09/2002	09/30/2010	88,572	106,687				106,687		195,259						
1999999	Other - Joint Venture/Partnership Interests - Unaffiliated						88,572	106,687				106,687		195,259						
000000-00-0	Clay County Abstract & Title	Coming	AR	Clay County Abstract & Title	10/29/2009	09/30/2010	123,867							112,518	11,349				3,551	
000000-00-0	New England Title LLC	Portland	ME	New England Title LLC	11/22/2006	09/30/2010	192,113							175,757	16,355				10,943	
2399999	Collateral Loans - Unaffiliated						315,980							288,275	27,704				14,494	
000000-00-0	Cuesta Title	Modesta	CA	Cuesta Title	06/22/0209	06/18/2010	160,000							160,000					9,495	
2499999	Collateral Loans - Affiliated						160,000							160,000					9,495	
000000-00-0	ST Georgia Fund IV LLC	Atlanta	GA	SunTrust Community Dev	08/10/2004	09/30/2010	49,200		(9,225)			(9,225)		39,975						
3399999	State Low Income Housing Tax Credit - Unaffiliated						49,200		(9,225)			(9,225)		39,975						
000000-00-0	ST Georgia Fund V LLC	Atlanta	GA	SunTrust Community Dev	11/02/2005	09/30/2010	1,100,000		(165,000)			(165,000)		935,000						
3499999	State Low Income Housing Tax Credit - Affiliated						1,100,000		(165,000)			(165,000)		935,000						
000000-00-0	Jefferson Pilot Annuity	Houston	TX	Fresondale, Inc.	08/25/2004	01/27/2010	8,206							4,135	4,071					
3799999	Any Other Class of Admitted Assets - Unaffiliated						8,206							4,135	4,071					
3999999	Total Unaffiliated						461,958	106,687	(9,225)			97,462		527,644	31,775				14,494	
4099999	Total Affiliated						1,260,000		(165,000)			(165,000)		935,000	160,000				9,495	
4199999	Totals						1,721,958	106,687	(174,225)			(67,538)		1,462,644	191,775				23,989	

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-LW-8	US TREASURY NOTE		08/03/2010	Deutsche Bank		15,114	15,000.00	52	1
0399999	Total Bonds U. S. Government				X X X	15,114	15,000.00	52	X X X
779240-EK-2	Round Rock ISD		07/21/2010	Griffin, Kubik, Steppen		965,312	800,000.00	20,417	1FE
2499999	U.S. Total Bonds Political Subdivisions of States, Territories and Possessions				X X X	965,312	800,000.00	20,417	X X X
914301-J3-1	UNIVERSITY HOUSTON		09/02/2010	Stepens Inc		395,019	340,000.00	1,086	1FE
914729-MP-0	UNIVERSITY NORTH TX UNIV		08/16/2010	Southwest Securities		893,693	750,000.00	104	1FE
914729-MN-5	UNIVERSITY NORTH TX UNIV		08/11/2010	Southwest Securities		838,095	750,000.00		1FE
915137-2D-4	UNIVERSITY TEX UNIV REVS		08/16/2010	BB&T Capital Markets		1,274,086	1,100,000.00	611	1FE
3199999	U.S. Total Bonds Special Revenue and Special Assessment and all Non-Guaranteed Obligations				X X X	3,400,893	2,940,000.00	1,801	X X X
020002-AH-4	ALLSTATE CORP		09/23/2010	Cantor Fitzgerald		1,787,790	1,500,000.00	37,406	1FE
020002-AX-9	ALLSTATE CORP		09/16/2010	Jefferies		2,063,367	1,685,000.00	43,588	1FE
191219-BE-3	Coca-Cola Enterprises		07/15/2010	Jefferies		1,708,097	1,382,000.00	32,391	1FE
36962G-4C-5	General Electric Cap		09/13/2010	Jefferies		901,760	800,000.00	16,127	1FE
48121C-YK-6	JP MORGAN CHAS BANK NA		07/20/2010	Wells Fargo Brokerage		612,282	550,000.00	10,267	1FE
565849-AD-8	MARATHON OIL CORP		09/13/2010	Weller, Anderson, & Chene		1,197,150	1,047,000.00	28,793	2FE
59217E-AG-9	MET LIFE GLOBAL FUNDING		09/13/2010	Jefferies		3,481,246	3,160,000.00	81,247	1FE
592179-JG-1	Metlife Global Funding		07/28/2010	Jefferies		2,348,094	2,165,000.00	33,903	1FE
92976G-AD-3	WACHOVIA BANK NA		07/20/2010	First Tennessee Corporate		4,266,080	4,000,000.00	93,167	1FE
949746-NX-5	WELLS FARGO & COMPANY		09/07/2010	Wells Fargo Brokerage		4,239,202	3,765,000.00	52,357	1FE
3899999	Total Bonds Industrial and Miscellaneous (Unaffiliated)				X X X	22,605,068	20,054,000.00	429,246	X X X
8399997	Total Bonds Part 3				X X X	26,986,387	23,809,000.00	451,516	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	26,986,387	23,809,000.00	451,516	X X X
86046#-10-1	Stewart Title Company of Galveston		08/31/2010	Capital contribution		20,020			K
9199999	Total Common Stock Parent, Subsidiaries and Affiliates				X X X	20,020	X X X		X X X
9799997	Total Common Stock Part 3				X X X	20,020	X X X		X X X
9799998	Summary Item from Part 5 for Common Stocks				X X X	X X X	X X X	X X X	X X X
9799999	Total Common Stock				X X X	20,020	X X X		X X X

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

E04

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)
9899999	Total Preferred and Common Stock				X X X	20,020	X X X		X X X
9999999	Totals				X X X	27,006,407	X X X	451,516	X X X

E04.1

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

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	For e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amort-ization)/ Accretion	Current 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 Design-ation or Market Indicator (a)
3133XQ-QQ-8	FHLB		09/23/2010	Weller, Anderson		202,896	200,000.00	197,010	198,314		901		901		199,215		3,680	3,680	4,492	05/20/2011	1
31398A-SC-7	FNMA		07/12/2010	Matured		245,000	245,000.00	243,542	244,595		405		405		245,000				7,350	07/12/2010	1
912828-LW-8	US TREASURY NOTE		09/28/2010	Nomura Securities		3,358,840	3,335,000.00	3,353,890		(4,806)		(4,806)		3,349,084		9,756	9,756	16,675	09/30/2011	1	
912828-LW-8	US TREASURY NOTE		09/28/2010	Nomura Securities		498,538	495,000.00	498,094		(654)		(654)		497,439		1,099	1,099	2,475	09/30/2011	1	
912828-LW-8	US TREASURY NOTE		09/28/2010	Nomura Securities		1,641,652	1,630,000.00	1,641,270		(2,250)		(2,250)		1,639,020		2,632	2,632	8,150	09/30/2011	1	
912828-LW-8	US TREASURY NOTE		09/28/2010	Nomura Securities		15,107	15,000.00	15,114		(15)		(15)		15,099		9	9	75	09/30/2011	1	
912828-EQ-9	US TREASURY NOTE		09/23/2010	Deutsche Bank		100,891	100,000.00	100,469	100,099		(77)		(77)	100,022		869	869	3,443	12/15/2010	1	
912828-EQ-9	US TREASURY NOTE		09/23/2010	Deutsche Bank		100,891	100,000.00	97,738	99,345		510		510	99,855		1,035	1,035	3,443	12/15/2010	1	
912828-EX-4	US TREASURY NOTE		09/23/2010	Deutsche Bank		305,449	300,000.00	316,488	307,963		(5,095)		(5,095)	302,868		2,581	2,581	14,544	02/28/2011	1	
912828-MJ-6	US TREASURY NOTE		09/23/2010	Normura Securities		423,019	420,000.00	420,393	420,393		(126)		(126)	420,267		2,751	2,751	2,427	01/31/2012	1	
912828-MM-9	US TREASURY NOTE		09/23/2010	Normura Securities		175,889	175,000.00	174,877	174,877		39		39	174,916		973	973	1,086	11/30/2011	1	
912828-MM-0	US TREASURY NOTE		09/23/2010	Normura Securities		100,508	100,000.00	99,863	99,863		41		41	99,904		604	604	621	11/30/2011	1	
0399999	Total - Bonds - U.S. Governments				X X X	7,168,680	7,115,000.00	7,158,748	1,645,449		(11,127)		(11,127)		7,142,689		25,989	25,989	64,781	X X X	X X X
421110-ZA-8	HAYS TEX CONS ISD		08/16/2010	MATURITY		225,000	225,000.00	245,947	227,675		(2,675)		(2,675)	225,000				12,375	08/15/2010	1FE	
597854-CA-4	MIDLOTHIAN TEX WTR DIST		09/01/2010	MATURITY		400,000	400,000.00	442,252	405,451		(5,451)		(5,451)	400,000				20,000	09/01/2010	1FE	
796236-7K-7	SAN ANTONIO, TX		08/02/2010	MATURITY		20,000	20,000.00	21,891	20,194		(194)		(194)	20,000				1,000	08/01/2010	1FE	
2499999	U.S. Total - Bonds - Political Subdivisions of States, Territories and Possessions				X X X	645,000	645,000.00	710,090	653,320		(8,320)		(8,320)		645,000				33,375	X X X	X X X
040580-EA-6	ARIZONA SCH FACS BRD REV		08/10/2010	Weller, Anderson, & Ch		2,090,000	1,900,000.00	2,136,873	2,032,195		(16,566)		(16,566)	2,015,629		74,371	74,371	116,692	07/01/2014	2FE	
235416-D5-0	DALLAS TEX WTRWKS & SWR SYS R		08/13/2010	CALLED		510,000	510,000.00	531,751	510,000					510,000				22,100	10/01/2011	1FE	
235416-D9-2	DALLAS TEX WTRWKS & SWR SYS R		08/13/2010	CALLED		170,000	170,000.00	174,856	170,000					170,000				7,367	10/01/2015	1FE	
31371Q-7K-8	FNMA Pool #259298		09/25/2010	PRINCIPAL RECEIPT		404	404.44	476	476		(72)		(72)	404				18	10/01/2031	1	
882854-HJ-4	TEXAS WATER DEV BRD		07/15/2010	MATURITY		1,000,000	1,000,000.00	1,114,130	1,000,779		(779)		(779)	1,000,000				55,000	07/15/2010	1FE	
3199999	U.S. Total - Bonds - Special Revenue and Special Assessment Non-Guaranteed Obl				X X X	3,770,404	3,580,404.44	3,958,086	3,713,450		(17,417)		(17,417)		3,696,033		74,371	74,371	201,177	X X X	X X X
020002-AH-4	ALLSTATE CORP		09/16/2010	Jefferies		2,108,844	1,800,000.00	1,949,706	1,924,545		(8,414)		(8,414)	1,916,131		192,713	192,713	103,275	05/15/2018	1FE	
25179M-AG-8	DEVON ENERGY CORP		09/13/2010	Wells Fargo Brokerage		5,718,411	5,130,000.00	5,688,657	5,677,939		(90,526)		(90,526)	5,587,413		130,998	130,998	337,458	01/15/2014	2FE	
59156R-AC-2	METLIFE INC		07/28/2010	Jefferies		2,386,868	2,250,000.00	2,433,848	2,427,077		(52,416)		(52,416)	2,374,661		12,207	12,207	91,492	12/01/2011	1FE	
717081-AQ-6	PFIZER INC		07/15/2010	Jefferies		1,742,528	1,600,000.00	1,660,272	1,659,289		(3,335)		(3,335)	1,655,954		86,574	86,574	65,927	03/01/2018	1FE	
92976G-AD-3	WACHOVIA BANK NA		09/07/2010	Wells Fargo Brokerage		4,296,440	4,000,000.00	4,266,080		(7,108)		(7,108)		4,258,972		37,468	37,468	118,625	02/01/2015	1FE	
949746-CE-9	WELLS FARGO & COMPANY		07/20/2010	First Tennessee Corpor		5,007,545	4,750,000.00	5,107,485	5,090,385		(117,776)		(117,776)	4,972,609		34,936	34,936	296,083	08/01/2011	1FE	
3899999	Total - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	21,260,636	19,530,000.00	21,106,048	16,779,235		(279,575)		(279,575)		20,765,740		494,896	494,896	1,012,860	X X X	X X X
8399997	Total - Bonds - Part 4				X X X	32,844,720	30,870,404.44	32,932,972	22,791,454		(316,439)		(316,439)		32,249,462		595,256	595,256	1,312,193	X X X	X X X

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

SCHEDULE D - PART 4

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

1 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.								
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	32,844,720	30,870,404.4	32,932,972	22,791,454		(316,439)		(316,439)		32,249,462		595,256	595,256	1,312,193	X X X	X X X	
63666#-10-9 86046#-10-1 86047*-10-4	National Land Title Insurance Stewart Title Company of Galveston Stewart Title Insurance Co. of Oregon		07/01/2010 06/30/2010 07/01/2010	Merged into parent return of capital Merged into parent	30,425.00 500,000.00			8,828,406 2,300,000 3,044,359	3,086,910 2,300,000 3,406,021	(5,741,496) (2,300,000) 361,662			(5,741,496) (2,300,000) 361,662		8,828,406 2,300,000 3,044,359							K K K
9199999	Total - Common Stock - Parent, Subsidiaries and Affiliates				X X X		X X X	14,172,765	8,792,931	(7,679,834)			(7,679,834)		14,172,765						X X X	X X X
9799997	Total - Common Stock - Part 4				X X X		X X X	14,172,765	8,792,931	(7,679,834)			(7,679,834)		14,172,765						X X X	X X X
9799998	Summary Item from Part 5 for Common Stocks				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
9799999	Total Common Stocks				X X X		X X X	14,172,765	8,792,931	(7,679,834)			(7,679,834)		14,172,765						X X X	X X X
9899999	Total Preferred and Common Stocks				X X X		X X X	14,172,765	8,792,931	(7,679,834)			(7,679,834)		14,172,765						X X X	X X X
9999999	Totals					32,844,720	X X X	47,105,737	31,584,385	(7,679,834)	(316,439)		(7,996,273)		46,422,227		595,256	595,256	1,312,193	X X X	X X X	

E05.1

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

NONE Schedule DB - Part A - Section 1

NONE Schedule DB - Part B - Section 1

NONE Schedule DB - Part D

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									
Wells Fargo Bank	Houston, TX				13,932,150	15,879,025	14,498,735		
Wells Fargo Bank	Houston, TX				15,225,523	17,349,182	9,260,448		
Wells Fargo Bank	Chicago, IL				5,861,400	6,467,874	5,613,734		
JP Morgan Chase	Dallas, TX				2,944,878	3,208,483	3,664,846		
Wells Fargo Bank	San Francisco, CA				2,469,762	2,584,154	3,453,754		
Wachovia Bank	Tampa, FL				4,298,748	4,160,138	2,737,563		
Wachovia Bank	Charlotte, NC				2,407,239	3,055,029	2,435,654		
Bank of America	Fairfield, CT				2,350,997	1,062,772	1,221,863		
Wells Fargo Bank	Stamford, CT				1,323,655	1,793,593	1,052,916		
Wells Fargo Bank	Columbus, OH				194,970	873,730	938,195		
TD Bank	Wayne, PA				860,512	939,894	919,591		
Wells Fargo Bank	Boston, MA				1,105,885	1,459,377	799,450		
JP Morgan Chase	Houston, TX				9,868,149	8,826,478	609,935		
Wells Fargo Bank	Atlanta, GA				969,643	6,659,094	574,449		
Wells Fargo Bank	Philadelphia, PA				390,795	208,612	312,509		
JP Morgan Chase	Parsippany, NJ				151,818	151,806	304,735		
SunTrust Bank	Nashville, TN				322,018	366,747	265,949		
Bank of America	Fairfield, CT				205,487	296,193	228,822		
Bank of America	Tampa, FL				205,787	227,129	226,841		
JP Morgan Chase	Houston, TX				220,503	219,253	219,253		
Wells Fargo Bank	Bloomington, MN				45,693	9,350,599	153,193		
Wells Fargo Bank	Chicago, IL				978,633	289,440	152,408		
National Bank of South Carolina	Columbia, SC				5,382	5,347	142,971		
Wachovia Bank	Temple Terrace, FL				107,927	107,927	107,927		
Citizens Bank	Boston, MA				12,528	12,528	107,770		
0199998	Deposits in (34) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X			4,547,295	4,793,574	507,303	X
0199999	Total - Segregated Funds Held for Others	X X X	X X X			71,007,377	90,347,978	50,510,814	X
Open Depositories - Section (B) - General Funds									
Bank of America	Tampa, FL				336,069	46,644	193,870		
Bank of Montreal	Toronto, CN				13,533,023	12,381,363	15,458,037		
Bank of Montreal	Toronto, CN				2,534,317	2,984,216	3,537,222		
Bank of Montreal	Toronto, CN				1,490,340	2,058,760	978,687		
Bank of Montreal	Toronto, CN	0.010	6		174,014	170,603	450,753		
Bank of Nova Scotia	Nova Scotia, CN	1.100		3,220	484,500	475,000	485,950		
Bank of Nova Scotia	Nova Scotia, CN	0.850		3,220	484,500	475,000	485,950		
Compass Bank-Custody Accou	Houston, TX	0.020	70		817,127	1,625,115	604,682		
Compass Bank-Prime Investme	Houston, TX	0.499	254		195,541	195,621	195,706		
Heritage Bank	Norfolk, VA	0.800	467		224,232	224,380	224,537		
Iberia Bank	Little Rock, AR	1.260	44,564		22,936,798	15,373,280	10,395,204		
Jefferson State Bank	San Antonio, TX				105,561	141,821	152,151		
J.P. Morgan Chase	Houston, TX				(340,567)	(1,131,952)	5,672,653		
J.P. Morgan Chase	Houston, TX	0.140	970		2,009,975	1,440,570	1,869,858		
LaSalle Bank	Chicago, IL				180,965	280,198	401,807		
Republic Bank	Louisville, KY		3,503		2,062,127	2,063,440	2,064,359		
Union Bank	Los Angeles, CA	0.200	739		1,000,319	1,000,570	1,000,745		
US Bank	Columbus, OH				273,313	273,313	273,985		
US Bank	Portland, OR				200,359	208,947	209,246		
Wells Fargo Bank	Houston, TX				3,671,719	3,879,646	5,650,272		
Bank of the Ozarks	Little Rock, AR	0.230		129	100,000	100,000	100,000		
Bank of the Ozarks	Harrison, AR	1.000	252	30	100,000	100,000	100,000		
Bank of the Ozarks	Van Buren, AR	1.250	157	50	50,000	50,000	50,000		
Bank of the Ozarks	Marshall, AR	1.250	157	48	50,000	50,000	50,000		
First National Bk Anchorage	Anchorage, AK	0.800		736	100,000	100,000	100,000		
First National Bk Anchorage	Anchorage, AK	0.400	120	31	50,000	50,000	50,000		
First Security Bank	Springdale, AR	1.380	348	102	100,000	100,000	100,000		
First Security Bank	Conway, AR	1.280	162	14	50,000	50,000	50,000		
First Security Bank	Heber Springs, AR	1.440	181	41	50,000	50,000	50,000		
Heartland Community Bank	Sheridan, AR	2.100	529	150	100,000	100,000	100,000		
Heartland Community Bank	Bryant, AR	1.000	126	38	50,000	50,000	50,000		
Heartland Community Bank	Sheridan, AR	1.000	178	11	50,000	50,000	50,000		
Heartland Community Bank	Sheridan, AR	1.000	178	11	50,000	50,000	50,000		
Iberia Bank	Houston, TX	0.950		5,102	3,063,202	3,063,202	3,063,202		
Iberia Bank	Houston, TX	0.380		1,145		2,500,000	2,500,000		
Iberia Bank	Houston, TX	0.350		31		86,144	86,144		
Peoples Bank & Trust	McPherson, KS	1.490		1,490	250,000	250,000	250,000		
Simmons First Bank of Northwe	Rogers, AR	1.150	580	164	200,000	200,000	200,000		
US Bank of Oregon	Portland, OR	0.150		25		110,000	110,000		
Wells Fargo	Houston, TX	1.650	14,888	5,801	3,564,776	3,564,776	3,564,776		
Wells Fargo	Houston, TX	1.150	589	473	1,365,000	1,365,000	1,365,000		
0299998	Deposits in (91) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X	19,189	4,714	9,458,838	5,371,298	3,778,306	X
0299999	Total - General Funds	X X X	X X X	88,207	26,776	71,176,048	61,576,955	66,123,102	X
Open Depositories - Section (C) - Reinsurance Reserve Funds									
Amegy Bank	Houston, TX				373,447	373,447	373,447		

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							

E10