

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

June 30, 2011

TITLE

2011



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QUARTERLY STATEMENT

AS OF JUNE 30, 2011
OF THE CONDITION AND AFFAIRS OF THE

Stewart Title Guaranty Company

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

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

Country of Domicile United States of America

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

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

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

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

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

Internet Website Address: www.stewart.com

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

OFFICERS

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

VICE-PRESIDENTS

Name	Title	Name	Title
<u>Alison R Evers</u>	<u>Senior Vice-President</u>	<u>Allen Berryman</u>	<u>Executive Vice-President</u>
<u>John Killea</u>	<u>Executive Vice-President</u>	<u>George Houghton</u>	<u>Executive Vice-President</u>
<u>Murshid Kahn</u>	<u>Senior Vice- President</u>	<u>Paul Sands</u>	<u>Executive Vice-President</u>
<u>John Arcidiacono</u>	<u>Senior Vice-President</u>	<u>Brian Glaze</u>	<u>Senior Vice-President</u>
<u>Ted C Jones</u>	<u>Senior Vice-President</u>	<u>Susan McLaughlan</u>	<u>Senior Vice-President</u>
<u>James Peryman</u>	<u>Senior Vice-President</u>	<u>Rand Zimmerman</u>	<u>Vice-President</u>
<u>Jason Nadeau</u>	<u>Assistant Vice-President</u>	<u>Lou A Ysaquarre</u>	<u>Vice-President</u>

DIRECTORS OR TRUSTEES

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

State of Texas

County of Harris ss

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

_____ (Signature) <u>Michael B Skalka</u> (Printed Name) 1. President (Title)	_____ (Signature) <u>Denise Carraux</u> (Printed Name) 2. Secretary (Title)	_____ (Signature) <u>Ken Anderson Jr.</u> (Printed Name) 3. Treasurer (Title)
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Subscribed and sworn to before me this _____ day of _____, 2011

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

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	357,762,000		357,762,000	356,874,184
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	417,007,175		417,007,175	417,231,358
3. Mortgage loans on real estate:				
3.1 First liens	949,180	44,818	904,362	867,562
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)	1,982,510		1,982,510	1,949,908
4.3 Properties held for sale (less \$ 0 encumbrances)	423,328		423,328	1,326,816
5. Cash (\$ 51,093,147), cash equivalents (\$ 0), and short-term investments (\$ 171,512)	51,269,656	4,997	51,264,659	71,130,242
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets	1,383,083	41,818	1,341,265	1,491,882
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	830,776,932	91,633	830,685,299	850,871,952
13. Title plants less \$ 0 charged off (for Title insurers only)	7,738,645	100,001	7,638,644	7,638,645
14. Investment income due and accrued	3,086,304	21,881	3,064,423	3,230,321
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	44,566,301	12,704,316	31,861,985	31,460,263
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts	328,364	89,426	238,938	781,286
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon	2,537,108		2,537,108	1,125,026
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	610,064	256,513	353,551	385,478
21. Furniture and equipment, including health care delivery assets (\$ 0)	3,434,192	3,331,668	102,524	137,551
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	1,013,000	306,439	706,561	1,397,457
24. Health care (\$ 0) and other amounts receivable	3,213,742	728,474	2,485,268	2,792,211
25. Aggregate write-ins for other than invested assets	5,897,718	3,461,478	2,436,240	1,448,123
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	903,202,370	21,091,829	882,110,541	901,268,313
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	903,202,370	21,091,829	882,110,541	901,268,313

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Other Assets & deposits	3,145,840	709,600	2,436,240	1,448,123
2502. Other nonadmitted assets	2,751,878	2,751,878		
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	5,897,718	3,461,478	2,436,240	1,448,123

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31 Prior Year
1. Known claims reserve	126,883,855	127,686,718
2. Statutory premium reserve	356,570,282	360,952,282
3. Aggregate of other reserves required by law		
4. Supplemental reserve		
5. Commissions, brokerage and other charges due or accrued to attorneys, agents and real estate brokers		
6. Other expenses (excluding taxes, licenses and fees)	14,100,286	17,133,912
7. Taxes, licenses and fees (excluding federal and foreign income taxes)	876,122	2,683,610
8.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
8.2 Net deferred tax liability	7,702,614	9,849,889
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	340,491	327,206
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	12,821,651	10,929,463
17. Drafts outstanding		
18. Payable to parent, subsidiaries and affiliates	2,478,541	1,703,993
19. Derivatives		
20. Payable for securities		
21. Payable for securities lending		
22. Aggregate write-ins for other liabilities	412,735	490,251
23. Total liabilities (Lines 1 through 22)	522,186,577	531,757,324
24. Aggregate write-ins for special surplus funds	501,409	501,409
25. Common capital stock	8,500,000	8,500,000
26. Preferred capital stock		
27. Aggregate write-ins for other than special surplus funds		
28. Surplus notes		
29. Gross paid in and contributed surplus	186,465,772	181,197,573
30. Unassigned funds (surplus)	164,456,783	179,312,007
31. Less treasury stock, at cost:		
31.1 0 shares common (value included in Line 25 \$ 0)		
31.2 0 shares preferred (value included in Line 26 \$ 0)		
32. Surplus as regards policyholders (Lines 24 to 30 less 31)	359,923,964	369,510,989
33. Totals (Page 2, Line 28, Col. 3)	882,110,541	901,268,313

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)		
2201. Reinsurance payable	412,735	490,251
2202.		
2203.		
2298. Summary of remaining write-ins for Line 22 from overflow page		
2299. Totals (Lines 2201 through 2203 plus 2298) (Line 22 above)	412,735	490,251
2401. Surplus arising from increase in book value of title plants	501,384	501,384
2402. Mineral interest-assigned value	25	25
2403.		
2498. Summary of remaining write-ins for Line 24 from overflow page		
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	501,409	501,409
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 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	529,276,897	569,977,690	1,177,956,972
1.2 Escrow and settlement services	1,303,560	998,751	1,984,498
1.3 Other title fees and service charges	28,569,447	24,776,867	59,118,921
2. Aggregate write-ins for other operating income	1,198,404	1,028,864	2,376,597
3. Total Operating Income (Lines 1 through 2)	560,348,308	596,782,172	1,241,436,988
DEDUCT:			
4. Losses and loss adjustment expenses incurred	60,633,341	69,781,950	131,631,989
5. Operating expenses incurred	523,695,129	566,221,074	1,163,083,155
6. Aggregate write-ins for other operating deductions			
7. Total Operating Deductions	584,328,470	636,003,024	1,294,715,144
8. Net operating gain or (loss) (Lines 3 minus 7)	(23,980,162)	(39,220,852)	(53,278,156)
INVESTMENT INCOME			
9. Net investment income earned	15,483,981	23,806,407	29,599,731
10. Net realized capital gains (losses) less capital gains tax of \$ 838,893	924,146	1,665,004	5,973,108
11. Net investment gain (loss) (Lines 9 + 10)	16,408,127	25,471,411	35,572,839
OTHER INCOME			
12. Aggregate write-ins for miscellaneous income or (loss)	338,361	6,518,559	6,744,000
13. Net income, after capital gains tax and before all other federal income taxes (Lines 8 + 11 + 12)	(7,233,674)	(7,230,882)	(10,961,317)
14. Federal and foreign income taxes incurred	2,341,243	921,142	(8,955,030)
15. Net income (Lines 13 minus 14)	(9,574,917)	(8,152,024)	(2,006,287)
CAPITAL AND SURPLUS ACCOUNT			
16. Surplus as regards policyholders, December 31 prior year	369,510,989	385,794,144	385,794,144
17. Net income (from Line 15)	(9,574,917)	(8,152,024)	(2,006,287)
18. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	(9,971,237)	(22,978,325)	(9,498,994)
19. Change in net unrealized foreign exchange capital gain (loss)	1,869,505	(280,144)	3,905,042
20. Change in net deferred income taxes	2,147,275	(75,508,425)	(85,784,589)
21. Change in nonadmitted assets	674,150	77,211,875	77,472,274
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	5,268,199	(498,503)	(370,531)
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)	(70)
31. Change in surplus as regards policyholders (Lines 17 through 30)	(9,587,025)	(30,205,616)	(16,283,155)
32. Surplus as regards policyholders as of statement date (Lines 16 plus 31)	359,923,964	355,588,528	369,510,989
DETAILS OF WRITE-IN LINES			
0201. Title plant rent	657,882	366,385	1,097,041
0202. Ceded reimbursements from agents	540,522	662,479	1,279,556
0203.			
0298. Summary of remaining write-ins for Line 02 from overflow page			
0299. Totals (Lines 0201 through 0203 plus 0298) (Line 02 above)	1,198,404	1,028,864	2,376,597
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 assets	174,276	6,476,794	6,556,432
1202. Computer support fees	131,866	12,777	132,214
1203. Miscellaneous fees	32,219	28,988	55,354
1298. Summary of remaining write-ins for Line 12 from overflow page			
1299. Totals (Lines 1201 through 1203 plus 1298) (Line 12 above)	338,361	6,518,559	6,744,000
3001. Goodwill			
3002. Surplus change in real estate		(70)	(70)
3003.			
3098. Summary of remaining write-ins for Line 30 from overflow page			
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		(70)	(70)

CASH FLOW

	1	2	3
Cash from Operations	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
1. Premiums collected net of reinsurance	525,044,575	563,026,884	1,177,287,405
2. Net investment income	17,276,921	26,811,212	35,127,088
3. Miscellaneous income	31,409,772	33,323,040	70,224,016
4. Total (Lines 1 to 3)	573,731,268	623,161,136	1,282,638,509
5. Benefit and loss related payments	61,436,204	69,531,080	146,419,095
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	527,761,692	575,576,583	1,168,749,652
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	4,592,218	(322,387)	(1,563,623)
10. Total (Lines 5 through 9)	593,790,114	644,785,276	1,313,605,124
11. Net cash from operations (Line 4 minus Line 10)	(20,058,846)	(21,624,140)	(30,966,615)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	127,473,316	89,141,412	257,238,978
12.2 Stocks		45,681	45,681
12.3 Mortgage loans	137,846	8,490	80,985
12.4 Real estate	251,275	253,203	253,203
12.5 Other invested assets	17,067	174,867	201,298
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)	127,879,504	89,623,653	257,820,145
13. Cost of investments acquired (long-term only):			
13.1 Bonds	124,301,595	64,239,036	227,504,607
13.2 Stocks	10,203,367	187,919	457,939
13.3 Mortgage loans	173,700	35,000	38,956
13.4 Real estate			1,961,865
13.5 Other invested assets			
13.6 Miscellaneous applications	19,547		50,000
13.7 Total investments acquired (Lines 13.1 to 13.6)	134,698,209	64,461,955	230,013,367
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)	(6,818,705)	25,161,698	27,806,778
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	5,268,199	1,801,497	1,929,469
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)	1,724,222	8,159,652	10,249,931
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	6,992,421	9,961,149	12,179,400
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)	(19,885,130)	13,498,707	9,019,563
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	71,154,786	62,135,223	62,135,223
19.2 End of period (Line 18 plus Line 19.1)	51,269,656	75,633,930	71,154,786

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

20.0001	Line 13.2 includes non-cash contribution to affiliate	4,448,837	187,919	207,939
20.0002	Line 13.3 includes non-cash transfer of real estate to mortgage note			
20.0003	Line 16.2 includes non-cash capital contribution from parent	5,268,199	1,801,497	1,341,059

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 2009 and 2010. Statutory premium reserve is a defined formula in Article 2251.253 of the Texas Insurance Code.

	<u>6/30/11</u>	<u>12/31/2010</u>
Net Income(loss), Texas State Basis	(9,574,917)	(2,006,287)
State Prescribed Practices	0	0
(1) Statutory Premium Reserve reduction	0	(5,386,359)
State Permitted Practices:	0	0
Net Income(loss), NAIC SAP	(9,574,917)	(7,392,646)
Statutory Surplus, Texas State Basis	359,923,964	369,510,989
State Prescribed Practices:		
(1) Furniture & Fixtures	(102,524)	(137,551)
(2) Real Estate	(4,327)	(4,327)
(3) Statutory Premium Reserve reduction	(63,386,359)	(63,386,359)
State Permitted Practices:		
Statutory Surplus, NAIC SAP	296,430,754	305,982,752

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, if any, 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 based on SSAP 97, Section 8(b)i.

The Company owns 30% of Western America Title Service, LLC, which is valued based on SAAP 48 (7).

- (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 \$63.4 million reduction in the statutory premium reserve as allowed by Section 2551.258 of the Texas Insurance Code for 2010. The 2009 order for a \$58 million reduction was reversed in 2010. At December

31, 2010 the total of the Company's known claims reserves and statutory premium reserve is equal to the loss reserve as stated in Schedule P, column 24, which the Company's appointed actuary has provided a loss reserve opinion.

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

2. Accounting Changes and Corrections of Errors

- A. There were no material changes in accounting principles.
- B. The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Texas. The State of Texas requires that insurance companies domiciled in the State of Texas prepare their statutory basis financial statements in accordance with the *NAIC Accounting Practices and Procedures* manual, subject to any deviations prescribed or permitted by the State of Texas insurance commissioner.

Accounting changes adopted to conform to the provisions of the *NAIC Accounting Practices and Procedures* manual are reported as changes in accounting principles. The cumulative effect of

NOTES TO FINANCIAL STATEMENTS

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

3. **Business Combinations and Goodwill**

- A. Not applicable
- B. None
- 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 5.5%.
- 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 95%.

	<u>Current Year</u>	<u>Prior Year</u>
4. At June 30, 2011, the Company held mortgage with interest more than 180 days past due with a recorded investment excluding accrued interest of:	317,059	448,968
Total interest due on mortgages with interest more than 180 days past due equals:	36,016	24,445
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 – Not applicable
- D. Loan-Backed Securities - Not applicable
- E. Repurchase Agreements – Not applicable
- F. Real Estate

(1) The Company recognized a \$633,800 impairment loss on real estate held in Nevada. The fair value was determined by an offer to purchase.

(2) In the ordinary course of business, the Company occasionally acquires real estate in settlement of claims. It is not the Company's intention to hold these properties for investment or administrative purposes, but rather to dispose of them as market condition warrant. These properties are disclosed on Schedule A, Part 1 of the Annual Statement.

(3) Not applicable

(4) Not applicable

(5) Not applicable

- 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,

NOTES TO FINANCIAL STATEMENTS

Partnerships and Limited Liability Companies during the statement period.

7. Investment Income

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

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

B. The total amount excluded was \$ 21,881.

8. Derivative Instruments- None

9. Income Taxes

A. The net deferred tax asset/(liability) at June 30, 2011 and the change from the prior year are comprised of the following components:

	Ordinary	Capital	06/30/2011	12/31/2010	Change
			Total	Total	
Total gross deferred tax assets	91,583,515	324,601	91,908,115	87,250,581	4,657,535
Statutory valuation allowance adjustment	(91,583,515)	(324,601)	(91,908,115)	(87,250,581)	(4,657,535)
Adjusted gross deferred tax assets	0	0	0	0	0
Total gross deferred tax liabilities	(2,572,413)	(5,130,201)	(7,702,614)	(9,849,889)	2,147,275
Net deferred tax assets /(liabilities)	(2,572,413)	(5,130,201)	(7,702,614)	(9,849,889)	2,147,275
Total Deferred tax assets nonadmitted	0	0	0	0	0
Net admitted deferred tax assets / (liabilities)	(2,572,413)	(5,130,201)	(7,702,614)	(9,849,889)	2,147,275

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

	Ordinary	Capital	06/30/2011	12/31/2010	Change
			Total	Total	
Admitted under paragraph 10. a.	0	0	0	0	0
Admitted under paragraph 10. b. i.	0	0	0	0	0
Admitted under paragraph 10. b. ii.	0	0	0	0	0
Total admitted from the use of paragraph 10. a - 10. c.	0	0	0	0	0
Admitted under paragraph 10. e. i.	0	0	0	0	0
Admitted under paragraph 10. e. ii. a.	0	0	0	0	0
Admitted under paragraph 10. e. ii. b.	0	0	0	0	0
Total admitted from the use of paragraph 10. e.	0	0	0	0	0
Total admitted adjusted gross deferred tax assets	0	0	0	0	0

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

	Ordinary	Capital	06/30/2011	12/31/2010
			Total	Total
Net deferred tax asset (liability)	(2,572,413)	(5,130,201)	(7,702,614)	(9,849,889)
Tax-effect of unrealized gains and losses	0	0	0	0
Net tax effect without unrealized gains and losses	(2,572,413)	(5,130,201)	(7,702,614)	(9,849,889)
Change in deferred income tax				2,147,275

B. Unrecognized deferred tax liabilities

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

NOTES TO FINANCIAL STATEMENTS

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

	06/30/2011	12/31/2010
Current year tax expense (benefit)	1,591,431	4,018,710
Federal income tax on net capital gains	838,893	3,265,592
Prior year adjustments	749,812	(12,973,741)
Current income taxes incurred	<u>3,180,136</u>	<u>(5,689,439)</u>

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

	06/30/2011	12/31/2010	Change
Deferred tax assets:			
Unearned Premium Reserve	22,274,504	22,536,266	(261,762)
Loss Reserve Discounting	1,019,874	1,127,430	(107,556)
Investments	640,988	504,368	136,619
Fixed Assets	904,981	2,304,651	(1,399,670)
Pending Litigation Payable	1,307,503	1,888,773	(581,270)
Foreign Tax Credits	15,874,199	12,694,063	3,180,136
Net Operating Loss Carryforwards	40,469,721	34,455,021	6,014,699
Nonadmitted assets	8,461,960	7,856,561	605,399
Other	954,386	3,883,447	(2,929,061)
Valuation Allowance	(91,908,115)	(87,250,581)	(4,657,535)
Total adjusted gross deferred tax assets	-	-	-
Nonadmitted deferred tax assets	-	-	-
Admitted deferred tax assets	-	-	-
Deferred tax liabilities:			
Title Plants	(400,584)	(393,438)	(7,146)
Unrealized foreign exchange adjustments gains and losses	(4,904,903)	(3,088,296)	(1,816,607)
Unrealized capital gains	(12,877)	-	(12,877)
Canadian deferred tax liabilities	(2,384,250)	(6,368,155)	3,983,905
Total deferred tax liabilities	(7,702,614)	(9,849,889)	2,147,275
Net admitted deferred tax asset (liability)	<u>(7,702,614)</u>	<u>(9,849,889)</u>	<u>2,147,275</u>

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

	06/30/2011	12/31/2010
Current income taxes incurred	3,180,136	(5,689,439)
Change in deferred income tax (without tax on unrealized gains and losses)	(2,147,275)	9,849,889
Total income tax reported	<u>1,032,861</u>	<u>4,160,450</u>
Income before taxes	(6,394,779)	(7,153,525)
	35%	35%
Expected Income tax expense (benefit) at 35% statutory rate	(2,238,173)	(2,503,734)
Increase (decrease) in actual tax reported resulting from:		
a. Dividends received deduction	(3,515,533)	(6,160,065)
b. Nondeductible expenses for meals, penalties, and lobbying	469,693	1,030,722
c. Tax-exempt income	(124,048)	(345,943)
d. Deferred tax benefit on nonadmitted assets	750,526	(310,315)
e. Foreign income taxes	3,180,136	(950,206)
f. Change in statutory valuation allowance	4,657,535	11,709,363
g. Return to accrual adjustment	-	(1,201,209)
h. Foreign Tax Credit Refund Claim	-	(4,766,258)
i. Canadian deferred income tax liabilities	(3,983,905)	6,368,110
j. Unrealized foreign exchange adjustments gains and losses	1,816,607	3,088,296
k. Other	20,023	(1,798,311)
Total income tax reported	<u>1,032,861</u>	<u>4,160,450</u>

E. Operating loss carryforward

(1) As of June 30, 2011, there are \$116,443,909 of net operating losses and \$15,874,199 of foreign tax credit carryforwards which, if unused, will expire during calendar years 2030-2050 and 2018-2022 respectively.

F. (1) The Company's federal Income Tax return is consolidated with the following entities:
Stewart Information Services Corporation, SLJ's Holdings and subsidiaries denoted with an I on Schedule D-Part 6, Section 1 and 2 in the 2010 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.

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10. Information Concerning Parent, Subsidiaries and Affiliates

A. The Company has not made a dividend.

As of June 30, 2011, our parent, Stewart Information Services Corporation, made a noncash capital contribution to us in the amount of \$ 5,268,199.

B and C. –

As of June 30, 2011, the Company made a capital contribution to Stewart Title Company in the amount of \$ 4,448,837 and \$500,000 to Stewart Title Guaranty De Mexico.

D. Amounts due from and amounts payable to related parties at June 30, 2011 are \$ 1,013,000 and \$ 2,478,541, 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, 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.

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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.

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, as amended by Amendment No. 1 dated December 15, 2010 under HCS # 39311.

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.

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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.

The Company has entered into a sublease agreement with The Guarantee Title Company, LLC. Such agreement was filed with the Texas Insurance Department on November 18, 2010, under Holding Company Section # 39234.

The Company has entered into a title plant posting with PropertyInfo Corporation dated February 3, 2011. Such agreement was approved with the Texas Insurance Department on February 7, 2011, under Holding Company Section # 39430.

- 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. The Company owns no shares of stock of its ultimate parent company.
- 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 12/31/2010 and 12/31/2009 was \$ 365,464,179 and \$ 373,619,179.
- 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**

- 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 June 30, 2011 plan assets totaled \$ 217,263,278 including vested benefits of \$ 216,261,958.

- 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. None
- 3. 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

NOTES TO FINANCIAL STATEMENTS

net income from prior year. Statutory surplus at December 31, 2010 is \$ 369,510,989 the maximum dividend payout that may be made without prior approval in 2011 is \$ 73,902,198.

4. None
- 5.-9. Not applicable
10. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$ 146,237,819.
11. – 13. The Company has no surplus notes or quasi-reorganizations.

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	\$0.00

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

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

The claim count information is on a per claim basis.

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

- E. All other Contingencies-

Regulatory developments

Stewart Title Guaranty Company (STGC) and Stewart Title Guaranty de Mexico, S.A. de C.V. (STGM) were defendants in a lawsuit in the State District Court of Harris County, Texas, *Citigroup Global Markets Realty Corp. v. Stewart Title Guaranty Company*. The lawsuit was filed in 2008 and concerns 16 owners' and 16 lenders' title insurance policies on 16 parcels of land in Mexico issued by STGM and reinsurance agreements by STGC. Citigroup Global Markets Realty Corp. asserted claims against STGC under reinsurance of the lenders' policies as well as extra-contractual claims under Texas law. K.R. Playa VI, S de R.L. de C.V., the owner of the parcels, asserted claims against STGC and separate claims against STGM under the owners' policies as well as extra-contractual claims under Texas law. The State District Court dismissed the extra-contractual claims against STGC and STGM based on application of Mexican law.

After a 10 week trial, the jury returned a verdict of no damages, favorable to STGC and STGM, on April 29, 2011. Judgment was entered on June 30, 2011, and post-judgment motions are scheduled for hearing during the week of August 22, 2011. The Company intends to continue to vigorously defend itself against the allegations and does not believe that the outcome will materially affect our 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. 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 also each been sued in at 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,

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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, negligent misrepresentation, 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. The United States District Court for the Central District of California granted the Company's motion to dismiss the First Amended Complaint as to the claim for violation of the Racketeer Influenced and Corrupt Organizations Act, with prejudice, and remanded the remainder of the case to the San Luis Obispo Superior Court. Discovery has commenced. On May 27, 2011, the Court entered an Order Coordinating Related Cases for Pre-Trial Purposes and a First Case Management Order for the Related Cases which applies to all of the pending actions. No trial dates have been set. The Company is vigorously defending itself against the allegations and does not believe that the outcome of these matters will materially affect our 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 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 class action 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 July 8, 2011, the Company has obtained dismissals of the claims in Arkansas, California, Delaware, Florida, Massachusetts, New Jersey, New York, Ohio, Pennsylvania (where the court dismissed the damages claims and granted defendants summary judgment on the injunctive claims), Texas and Washington. The Company filed a motion to dismiss in West Virginia (where all proceedings have been stayed and the docket closed). The plaintiffs have appealed the dismissal in Ohio to the United States Court of Appeals for the Sixth Circuit and the dismissals in Delaware, New Jersey and Pennsylvania 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 plaintiffs have appealed to the Second Circuit the dismissal of the RESPA claims by the court in New York.

Although the Company cannot predict the outcome of these actions, it is vigorously defending itself against the allegations and does not believe that the outcome will materially affect our financial condition or results of operations.

The Company is subject to claims and lawsuits arising in the ordinary course of its business, most of which involve disputed policy claims. In some 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 condition or results of operations. Along with the 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.

The Company is also subject to administrative actions and litigation relating to the basis on which premiums 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. The Company believes that it has adequately reserved for these matters and 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.

NOTES TO FINANCIAL STATEMENTS

15. Leases

The Company's expense for leased offices was \$ 12,085,813 in 2010 and \$11,626,008 in 2009. 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).

2012	7,664
2013	7,061
2014	6,526
2015	5,938
2016	4,242
Total	31,431

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. Fair Value Measurements

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data; and
- Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets or liabilities, including certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

At June 30, 2011, financial instruments measured at fair value on a recurring basis are summarized below:

	Level 1	Level 2	Level 3	Fair value measurements
(\$000 omitted)				
Common Stock:				
Industrial and Misc	4,842,124	–	–	4,842,124
Debt securities:				
Municipal	–	–	–	–
Corporate and utilities	–	–	–	–
Foreign	–	–	–	–
U.S. Government	–	–	–	–
	4,842,124	–	–	4,842,124

B. Assets Measured at Fair Value on a Nonrecurring Basis - None

21. Other Items

A. Extraordinary Items - None

B. Troubled Debt Restructuring – None

NOTES TO FINANCIAL STATEMENTS

- C. The Company holds \$ 89,875,758 at June 30, 2011 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 \$ 154,217,880 and \$ 148,551,072 at June 30, 2011 and December 31, 2010, respectively, were on deposit with government authorities or trustees as required by law.

D. – E None or Not Applicable

F. State Transferable Tax Credits – None

G. – Hybrid Securities - None

H. – Subprime Mortgage Related Risk Exposure

We have reviewed our investment portfolio as of June 30, 2011 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.

I. None

22. Events Subsequent - None

23. 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

24. Retrospectively Rated Contracts- Not Applicable

25. Changes in Incurred Losses and Loss Adjustment Expenses

Known claims reserves as of June 30, 2011 were \$126.9 million. As of June 30, 2011, \$ 55.8 million has been paid for losses and loss adjustment expenses attributable to prior policy years. Incurred losses on prior policy years were \$ 53.5 million in 2011. 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.

26. Intercompany Pooling Arrangements – Not Applicable

27. Structured Settlements – None

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

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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

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

2.2 If yes, date of change: _____

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

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

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

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

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

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

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]

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

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

GENERAL INTERROGATORIES

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

.....

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

Yes [] No [X]

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

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

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

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

Yes [X] No []

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

.....

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

Yes [] No [X]

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

.....

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

Yes [] No [X]

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

.....

FINANCIAL

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

Yes [X] No []

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

\$ 26,330

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	\$ <u>0</u>	\$ <u>0</u>
14.22 Preferred Stock	\$ <u>0</u>	\$ <u>0</u>
14.23 Common Stock	\$ <u>417,231,358</u>	\$ <u>412,165,051</u>
14.24 Short-Term Investments	\$ <u>0</u>	\$ <u>0</u>
14.25 Mortgage Loans on Real Estate	\$ <u>0</u>	\$ <u>0</u>
14.26 All Other	\$ <u>0</u>	\$ <u>0</u>
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$ <u>417,231,358</u>	\$ <u>412,165,051</u>
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$ <u>0</u>	\$ <u>0</u>

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

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
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
Bank of Nova Scotia	130 King Street West, 20th Floor, Toronto, CN

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
106975	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>349,316,885</u>
5.12 Short-term investments	\$ _____
5.13 Mortgages	\$ _____
5.14 Cash	\$ <u>7,392,703</u>
5.15 Other admissible invested assets	\$ _____
5.16 Total	\$ <u>356,709,588</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>89,875,758</u>
These funds consist of:	
5.22 In cash on deposit	\$ <u>89,875,758</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	Domiciliary Jurisdiction	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

States, Etc.	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Known Claim Reserve		
		Active Status	2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date
1. Alabama	AL	L	3,909,162	4,383,426	1,226,467	421,784	865,902	882,541
2. Alaska	AK	L	5,682,947	5,612,549	59,674	223,831	17,025	48,833
3. Arizona	AZ	L	10,703,169	15,334,424	814,615	677,584	112,375	129,279
4. Arkansas	AR	L	6,081,102	4,964,986	241,723	1,134,045	955,534	406,143
5. California	CA	L	66,043,436	84,278,392	8,343,875	9,764,817	16,368,503	20,708,371
6. Colorado	CO	L	19,686,036	18,081,541	456,178	939,277	1,203,760	1,065,016
7. Connecticut	CT	L	2,412,627	1,076,535	73,721	154,370	238,212	267,994
8. Delaware	DE	L	2,886,141	3,142,384	157,149	74,849	428,200	423,731
9. District of Columbia	DC	L	2,316,633	1,773,357	390,185	405,471	696,394	331,135
10. Florida	FL	L	21,209,797	24,790,992	10,504,302	10,924,741	19,685,197	26,350,295
11. Georgia	GA	L	6,833,300	8,320,654	1,222,518	1,548,282	2,530,388	1,049,680
12. Hawaii	HI	L	1,158,509	1,858,573	254,885	94,659	322,104	364,298
13. Idaho	ID	L	3,901,978	6,098,417	1,066,608	561,255	1,813,954	2,341,391
14. Illinois	IL	L	10,532,056	11,911,983	1,920,274	3,136,699	11,799,011	11,458,307
15. Indiana	IN	L	5,051,117	5,418,216	341,433	735,651	1,839,750	1,701,139
16. Iowa	IA	N	352,042	216,366	27,832	9,131	23,653	15,500
17. Kansas	KS	L	3,329,353	2,742,917	(22,439)	132,328	206,373	287,991
18. Kentucky	KY	L	3,023,248	3,906,313	147,952	97,890	259,671	335,038
19. Louisiana	LA	L	7,032,811	8,371,111	583,215	435,256	654,308	644,375
20. Maine	ME	L	1,210,853	1,353,840	74,127	87,418	130,623	96,616
21. Maryland	MD	L	12,673,901	12,007,344	1,050,040	1,483,094	2,624,629	3,097,905
22. Massachusetts	MA	L	13,802,027	13,458,365	1,137,945	491,785	1,043,424	1,656,805
23. Michigan	MI	L	10,199,635	8,105,989	699,443	2,356,962	1,778,227	2,345,130
24. Minnesota	MN	L	9,829,461	9,411,208	580,437	1,227,943	3,853,120	4,285,151
25. Mississippi	MS	L	1,022,743	1,068,548	283,888	384,578	217,038	316,838
26. Missouri	MO	L	2,268,593	2,470,508	690,950	922,459	916,919	1,367,371
27. Montana	MT	L	3,545,014	4,340,485	258,104	(94,399)	498,197	299,950
28. Nebraska	NE	L	2,314,355	2,186,471	10,662	35,635	307,009	99,036
29. Nevada	NV	L	4,951,396	4,531,084	1,962,357	1,250,704	1,850,634	3,596,005
30. New Hampshire	NH	L	2,043,148	1,001,437	55,306	165,904	212,267	271,057
31. New Jersey	NJ	L	20,165,381	28,234,353	1,867,641	3,013,490	2,087,819	3,389,705
32. New Mexico	NM	L	5,437,773	5,942,405	85,417	77,242	369,499	586,970
33. New York	NY	Q						
34. North Carolina	NC	L	4,420,353	4,511,730	446,197	1,132,169	945,389	1,791,233
35. North Dakota	ND	L	1,167,559	1,002,363	(14)	5,300		16,335
36. Ohio	OH	L	15,699,681	13,631,746	1,148,980	1,843,280	2,035,708	2,515,502
37. Oklahoma	OK	L	2,932,822	2,960,724	172,117	547,730	295,803	298,018
38. Oregon	OR	L	5,666,857	6,568,149	141,549	48,380	173,770	1,799,945
39. Pennsylvania	PA	L	16,324,639	14,686,720	1,966,542	1,200,587	3,759,928	2,464,158
40. Rhode Island	RI	L	612,406	369,785	107,357	213,197	371,447	270,460
41. South Carolina	SC	L	6,082,774	5,093,076	16,955	529,425	1,405,238	915,264
42. South Dakota	SD	L	1,298,156	1,032,751	(18,650)	39,612	7,836	107,726
43. Tennessee	TN	L	4,732,002	4,929,400	480,680	407,016	1,392,902	967,083
44. Texas	TX	L	96,576,680	95,796,158	1,884,788	2,303,958	4,456,161	5,353,820
45. Utah	UT	L	11,219,085	19,414,997	1,247,817	935,060	1,932,871	2,921,748
46. Vermont	VT	L	556,038	521,130	4,413	14,132	10,238	23,756
47. Virginia	VA	L	18,286,530	21,320,140	720,622	595,264	1,638,831	1,097,224
48. Washington	WA	L	14,521,391	15,319,791	1,452,943	1,413,392	899,329	1,627,678
49. West Virginia	WV	L	565,377	1,231,042	139,873	79,633	169,385	218,511
50. Wisconsin	WI	L	7,733,535	5,887,582	178,336	230,482	352,413	123,431
51. Wyoming	WY	L	1,706,803	1,872,844	20,028	236,771	81,378	43,570
52. American Samoa	AS	N						
53. Guam	GU	L	1,720,014	1,936,699	(8,236)	12,420	35,570	373,520
54. Puerto Rico	PR	L	3,102,639	3,715,546	355,780	466,004	2,057,161	1,668,105
55. U.S. Virgin Islands	VI	L	219,584	188,226	21,734		64,266	
56. Northern Mariana Islands	MP	L	43,599	37,050			500	500
57. Canada	CN	L	35,623,006	37,372,526	5,229,564	9,628,993	9,833,606	8,498,700
58. Aggregate Other Alien	OT	X X X	10,042	(69,902)	4,699,844	23,045	10,909,654	19,408,811
59. Totals	(a)	53	522,431,316	565,725,446	56,975,703	64,780,585	118,739,103	142,724,694

DETAILS OF WRITE-INS							
5801. Bahamas	X X X		10,042	(69,496)			
5802. Mexico	X X X			8,500	4,684,095		48,808
5803. Costa Rica	X X X				13,977	23,045	167,550
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X			(8,906)	1,772		10,693,296
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X		10,042	(69,902)	4,699,844	23,045	10,909,654

(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
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)(S)
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	AL	63-1261878	Guarantee Title Company, LLC (STC)
0000		00000	FL	59-3138251	Tampa Cypress Partners(STC)
0000		00000	PL	99-9999999	Stewart International Spolka Z Organizon
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	59,460,750	20,979,869	16,371,990	20.40	23.10
2. Agency operations:					
2.1 Non-affiliated agency operations	310,706,908	9,760,698	33,967,257	10.60	10.10
2.2 Affiliated agency operations	152,263,658	330,845	10,294,094	6.70	10.10
3. Totals	522,431,316	31,071,412	60,633,341	11.00	11.80

PART 2 – DIRECT PREMIUMS WRITTEN

	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Direct operations	33,652,422	59,460,750	61,214,594
2. Agency operations:			
2.1 Non-affiliated agency operations	162,977,780	310,706,908	350,155,944
2.2 Affiliated agency operations	80,923,885	152,263,658	154,354,908
3. Totals	277,554,087	522,431,316	565,725,446

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. Dominican Republic	X X X			1,772		9,296	16,917
5805. Bulk Reserves	X X X					10,684,000	10,684,000
5806. Panama	X X X		(8,906)				
5897. Totals (Lines 5804 through 5896) (Page 10, Line 5898)	X X X		(8,906)	1,772		10,693,296	10,700,917

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	3,276,724	1,581,762
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		1,923,593
2.2 Additional investment made after acquisition		38,272
3. Current year change in encumbrances	(13,210)	(70)
4. Total gain (loss) on disposals	(5,203)	(9,253)
5. Deduct amounts received on disposals	251,275	253,203
6. Total foreign exchange change in book/adjusted carrying value	47,014	97,281
7. Deduct current year's other than temporary impairment recognized	633,800	92,420
8. Deduct current year's depreciation	14,412	9,238
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)	2,405,838	3,276,724
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	2,405,838	3,276,724

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	913,326	955,355
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	173,700	35,000
2.2 Additional investment made after acquisition		3,956
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals	137,846	80,985
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)	949,180	913,326
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)	949,180	913,326
14. Deduct total nonadmitted amounts	44,818	45,764
15. Statement value at end of current period (Line 13 minus Line 14)	904,362	867,562

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	1,545,047	1,871,959
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	(28,747)	106,687
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals	17,067	201,299
8. Deduct amortization of premium and depreciation	116,150	232,300
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)	1,383,083	1,545,047
12. Deduct total nonadmitted amounts	41,818	53,165
13. Statement value at end of current period (Line 11 minus Line 12)	1,341,265	1,491,882

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	774,105,542	806,432,071
2. Cost of bonds and stocks acquired	134,504,961	227,962,546
3. Accrual of discount	42,354	73,016
4. Unrealized valuation increase (decrease)	(10,427,549)	(12,469,363)
5. Total gain (loss) on disposals	2,422,784	9,343,184
6. Deduct consideration for bonds and stocks disposed of	127,473,315	259,584,660
7. Deduct amortization of premium	1,539,424	3,831,749
8. Total foreign exchange change in book/adjusted carrying value	3,133,822	6,180,593
9. Deduct current year's other than temporary impairment recognized		96
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	774,769,175	774,105,542
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	774,769,175	774,105,542

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	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	333,990,612	103,362,751	100,938,710	(3,344,491)	333,990,612	333,070,162		333,243,241
2. Class 2 (a)	21,459,188	12,548,093	11,280,578	1,965,135	21,459,188	24,691,838		23,630,943
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	355,449,800	115,910,844	112,219,288	(1,379,356)	355,449,800	357,762,000		356,874,184
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	355,449,800	115,910,844	112,219,288	(1,379,356)	355,449,800	357,762,000		356,874,184

(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	176,509	X X X	176,509	881	

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	595,147	1,379,228
2. Cost of short-term investments acquired	4	4,514,283
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	399,096	5,298,364
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	19,546	
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	176,509	595,147
11. Deduct total nonadmitted amounts	4,997	24,544
12. Statement value at end of current period (Line 10 minus Line 11)	171,512	570,603

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						
NONE								
0399999 Totals								

EO1

SCHEDULE A - PART 3

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

1 Description of Property	Location		4 Disposal Date	5 Name of Purchaser	6 Actual Cost	7 Expended for Additions, Permanent Improvements and Changes in Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances Prior Year	Change in Book/Adjusted Carrying Value Less Encumbrances					14 Book/Adjusted Carrying Value Less Encumbrances on Disposal	15 Amounts Received During Year	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal	19 Gross Income Earned Less Interest Incurred on Encumbrances	20 Taxes, Repairs and Expenses Incurred
	2 City	3 State						9 Current Year's Depreciation	10 Current Year's Other Than Temporary Impairment Recognized	11 Current Year's Change in Encumbrances	12 Total Change in B./A.C.V. (11 - 9 - 10)	13 Total Foreign Exchange Change in B./A.C.V.							
Lot 3, Blk 1, Oleander Acre	Grant	MN	03/29/2011	Robert L. Sankler	100,000					(13,210)	(13,210)		86,790	86,790					
0199999 Property Sold					100,000					(13,210)	(13,210)		86,790	86,790					
1837 Lady Bowers Trail	Lakeland	FL	02/22/2011	Dan M Laird	169,688								169,688	164,485	(5,203)	(5,203)			684
0299999 Property Transferred					169,688								169,688	164,485	(5,203)	(5,203)			684
0399999 Total					269,688					(13,210)	(13,210)		256,478	251,275	(5,203)	(5,203)			684

SCHEDULE B - PART 2

Showing All Mortgage Loans ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Rate of Interest	7 Actual Cost at Time of Acquisition	8 Additional Investment Made After Acquisitions	9 Value of Land and Buildings
	2 City	3 State						
090200	Lakeland	FL		02/22/2011	5.500	173,700		235,000
0299999 Mortgages in good standing - Residential mortgages - insured or guaranteed				X X X	X X X	173,700		235,000
0899999 Total Mortgages in good standing				X X X	X X X	173,700		235,000
<div style="position: absolute; left: -40px; top: 50%; transform: translateY(-50%); font-weight: bold;">E02</div>								
3399999 Totals				X X X	X X X	173,700		235,000

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	05/09/2022	06/30/2011	195,259	(28,747)				(28,747)		166,512						
1999999	Other - Joint Venture/Partnership Interests - Unaffiliated						195,259	(28,747)				(28,747)		166,512						
000000-00-0	Clay County Abstract and Title	Corning	AR	Clay County Abstract and Title	10/29/2009	06/30/2011	108,665							103,468	5,196				1,403	
000000-00-0	New England Title LLC	Portland	ME	New England Title LLC	11/22/2006	06/30/2011	170,088							162,353	7,735				4,398	
2399999	Collateral Loans - Unaffiliated						278,753							265,821	12,931				5,801	
000000-00-0	ST Georgia Fund IV LLC	Atlanta	GA	SunTrust Community Develop	12/31/2009	06/30/2011	36,900		(6,150)			(6,150)		30,750						
3399999	State Low Income Housing Tax Credit - Unaffiliated						36,900		(6,150)			(6,150)		30,750						
000000-00-0	ST Georgia Fund V LLC	Atlanta	GA	SunTrust Community Develop	06/30/2009	06/30/2011	880,000		(110,000)			(110,000)		770,000						
3499999	State Low Income Housing Tax Credit - Affiliated						880,000		(110,000)			(110,000)		770,000						
000000-00-0	Jefferson Pilot Annuity	Houston	TX	Fresdondale, Inc.	09/24/2004	01/19/2011	4,135								4,135					
3799999	Any Other Class of Admitted Assets - Unaffiliated						4,135								4,135					
3999999	Total Unaffiliated						515,047	(28,747)	(6,150)			(34,897)		463,083	17,066				5,801	
4099999	Total Affiliated						880,000		(110,000)			(110,000)		770,000						
4199999	Totals						1,395,047	(28,747)	(116,150)			(144,897)		1,233,083	17,066				5,801	

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-PS-3	US Treasury Lot:1		04/28/2011	Deutsche Bank		261,371	260,000.00	1,264	1
0599999	Total Bonds U. S. Government				X X X	261,371	260,000.00	1,264	X X X
135087-YU-2	Canadian Govt Bond	C	06/14/2011	HSBC Securities		31,161,991	31,130,860.00	27,293	1FE
135087-ZL-1	Canadian Govt Bond	C	06/02/2011	HSBC Securities		22,381,336	22,645,152.00	2,482	1FE
135087-ZC-1	Canadian Govt Bond	C	06/14/2011	HSBC Securities		31,618,058	31,130,860.00	34,116	1FE
1099999	Total Bonds All Other Governments				X X X	85,161,385	84,906,872.00	63,891	X X X
366119-UU-7	GARLAND REF Lot:1		06/21/2011	Robert W. Baird		1,082,003	950,000.00	17,021	1FE
2499999	U.S. Total Bonds Political Subdivisions of States, Territories and Possessions				X X X	1,082,003	950,000.00	17,021	X X X
442368-KA-3	Houston Tex Cmnty College Sys Rev		04/08/2011	Griffin, Kubik, Steppen		531,980	500,000.00	2,292	1FE
3199999	U.S. Total Bonds Special Revenue and Special Assessment and all Non-Guaranteed Obligations				X X X	531,980	500,000.00	2,292	X X X
020002-AX-9	ALLSTATE CORP Lot:2		06/16/2011	Wells Fargo Brokerage		2,489,397	2,050,000.00	14,848	2FE
05531F-AF-0	BB & T Corporation Lot:2		05/03/2011	Jefferies		1,638,539	1,565,000.00	1,202	1FE
084670-AU-2	Berkshire Hathaway Inc Lot:1		06/15/2011	Wells Fargo Brokerage		7,626,636	7,442,000.00	56,668	1FE
133131-AQ-5	CAMDEN PROPERTY TRUST Lot:2		06/14/2011	Wells Fargo Brokerage		4,439,053	3,980,000.00	20,165	2FE
59018Y-N6-4	MERRILL LYNCH Lot:1		06/20/2011	JP Morgan		6,585,989	5,850,000.00	64,797	1FE
62875U-AM-7	NBC Universal Lot:1		06/16/2011	Jefferies		5,619,643	5,525,000.00	25,783	2FE
94974B-ET-3	Wells Fargo & Co Lot:1		04/18/2011	Credit Suisse/1st Boston		474,849	450,000.00	938	1FE
3899999	Total Bonds Industrial and Miscellaneous (Unaffiliated)				X X X	28,874,106	26,862,000.00	184,401	X X X
8399997	Total Bonds Part 3				X X X	115,910,845	113,478,872.00	268,869	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	115,910,845	113,478,872.00	268,869	X X X
86046#-10-1	Stewart Title Company		05/31/2011	Capital contribution		1,299,004			K
P8755#-10-9	Stewart Title Guaranty de Mexico	F	04/27/2011	Capital contribution		250,000			K
9199999	Total Common Stock Parent, Subsidiaries and Affiliates				X X X	1,549,004	X X X		X X X
9799997	Total Common Stock Part 3				X X X	1,549,004	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

E04

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

SCHEDULE D - PART 4

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

1	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	Forfeiture	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
912828-FD-7	U. S. Treasury Note-Ohio Deposit		05/02/2011	MATURITY		260,000	260,000.00	259,289	259,947		53		53		260,000				6,338	04/30/2011	1
0599999	Total - Bonds - U.S. Governments				X X X	260,000	260,000.00	259,289	259,947		53		53		260,000				6,338	X X X	X X X
135087-YN-8	Canadian Govt Bond	C	06/14/2011	HSBC Securities		4,243,824	4,092,800.00	3,833,364	4,045,164		(8,305)		(8,305)	93,444	4,130,302	(133)	113,522	113,389	78,330	06/01/2013	1FE
135087-YN-8	Canadian Govt Bond	C	06/14/2011	HSBC Securities		4,349,920	4,195,120.00	3,886,099	4,224,928		(23,285)		(23,285)	97,614	4,299,257	(59)	50,663	50,604	80,289	06/01/2013	1FE
135087-YN-8	Canadian Govt Bond	C	06/14/2011	HSBC Securities		10,222,312	9,858,532.00	9,605,745	9,996,356		(67,586)		(67,586)	230,974	10,159,744	(73)	62,567	62,494	188,678	06/01/2013	1FE
135087-YS-7	Canadian Govt Bond	C	06/14/2011	HSBC Securities		17,411,823	16,857,220.00	16,208,186	16,847,989		(48,491)		(48,491)	389,208	17,188,706	(262)	223,116	222,854	276,534	06/01/2014	1FE
135087-YT-5	Canadian Govt Bond	C	06/01/2011	Matured		20,637,465	20,637,465.00	19,056,210	20,079,624		(28,291)		(28,291)	586,132	20,637,465				128,984	06/01/2011	1FE
135087-YZ-1	Canadian Govt Bond	C	06/14/2011	HSBC Securities		26,533,570	25,446,984.00	25,323,324	25,399,123		(22,274)		(22,274)	586,689	25,963,537	(669)	570,034	569,365	487,019	06/01/2020	1FE
1099999	Total - Bonds - All Other Governments				X X X	83,398,914	81,088,121.00	77,912,928	80,593,184		(198,232)		(198,232)	1,984,061	82,379,011	(1,196)	1,019,902	1,018,706	1,239,834	X X X	X X X
388622-U7-5	GRAPEVINE TEXAS Lot:1		06/21/2011	JP Morgan		1,125,120	1,000,000.00	1,106,950	1,051,156		(5,478)		(5,478)		1,045,678		79,442	79,442	42,917	02/15/2016	1FE
65956R-LQ-8	NORTH HARRIS MONTGOMERY CMT		04/08/2011	Morgan Stanley		552,780	500,000.00	547,795	525,568		(1,556)		(1,556)		524,012		28,768	28,768	16,528	02/15/2016	1FE
2499999	U.S. Total - Bonds - Political Subdivisions of States, Territories and Possessions				X X X	1,677,900	1,500,000.00	1,654,745	1,576,724		(7,034)		(7,034)		1,569,690		108,210	108,210	59,445	X X X	X X X
442368-GK-6	HOUSTON TEX CMNTY COLLEGE Lot:		04/15/2011	CALLED		485,000	485,000.00	511,942	498,239		(1,092)		(1,092)		497,147		(12,147)	(12,147)	13,034	04/15/2014	1FE
3199999	U.S. Total - Bonds - Special Revenue and Special Assessment Non-Guaranteed Obl				X X X	485,000	485,000.00	511,942	498,239		(1,092)		(1,092)		497,147		(12,147)	(12,147)	13,034	X X X	X X X
14040E-HG-0	Capital One Bank USA NA Lot:1		06/16/2011	Jefferies		5,648,237	5,165,000.00	5,667,090	5,547,461		(69,252)		(69,252)		5,478,209		170,028	170,028	175,323	06/13/2013	2FE
20030N-AE-1	COMCAST CORP Lot:1		05/03/2011	Jefferies		1,642,860	1,500,000.00	1,664,115	1,657,650		(17,154)		(17,154)		1,640,496		2,364	2,364	64,263	01/15/2014	2FE
607059-AT-9	EXXON MOBIL CORP Lot:1		06/15/2011	Cantor Fitzgerald		564,568	400,000.00	538,916	524,894		(4,155)		(4,155)		520,739		43,829	43,829	29,229	08/15/2021	1FE
59018Y-J6-9	MERRILL LYNCH & CO Lot:1		06/20/2011	JP Morgan		2,183,103	1,985,000.00	2,063,408	2,042,738		(3,076)		(3,076)		2,039,662		143,441	143,441	104,102	08/28/2017	1FE
59018Y-J6-9	MERRILL LYNCH & CO Lot:2		06/20/2011	JP Morgan		1,121,796	1,020,000.00	1,049,090	1,041,722		(1,109)		(1,109)		1,040,613		81,183	81,183	53,493	08/28/2017	1FE
59018Y-M4-0	MERRILL LYNCH & CO. Lot:1		06/20/2011	JP Morgan		3,331,850	3,150,000.00	3,342,434	3,280,210		(28,375)		(28,375)		3,251,834		80,015	80,015	151,646	02/05/2013	1FE
64952W-AA-1	NEW YORK LIFE GLOBAL Lot:1		06/15/2011	Wells Fargo Brokerage		4,050,612	3,700,000.00	4,089,388	3,982,106		(46,195)		(46,195)		3,935,911		114,701	114,701	151,951	09/15/2013	1FE
64952W-AA-1	NEW YORK LIFE GLOBAL Lot:2		06/15/2011	Wells Fargo Brokerage		3,066,423	2,801,000.00	3,106,813	3,032,249		(37,967)		(37,967)		2,994,282		72,141	72,141	115,006	09/15/2013	1FE
893521-AA-2	TRANSATLANTIC HLDGS INC Lot:1		06/14/2011	Wells Fargo Brokerage		1,343,850	1,250,000.00	1,280,338	1,267,120		(1,385)		(1,385)		1,265,735		78,115	78,115	36,536	12/14/2015	2FE
893521-AA-2	TRANSATLANTIC HLDGS INC Lot:2		06/14/2011	Wells Fargo Brokerage		2,150,160	2,000,000.00	1,941,340	1,962,131		3,010		3,010		1,965,141		185,019	185,019	58,458	12/14/2015	2FE
893521-AA-2	TRANSATLANTIC HLDGS INC Lot:3		06/14/2011	Wells Fargo Brokerage		1,021,326	950,000.00	920,303	929,359		1,638		1,638		930,997		90,329	90,329	27,768	12/14/2015	2FE
893526-DK-6	Trans-Canada Pipelines Lot:1		06/16/2011	Wells Fargo Brokerage		2,497,950	2,500,000.00	2,447,750	2,447,799		2,023		2,023		2,449,821		48,129	48,129	70,722	10/01/2020	1FE
3899999	Total - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	28,622,735	26,421,000.00	28,110,985	27,715,439		(201,997)		(201,997)		27,513,440		1,109,294	1,109,294	1,038,497	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.							
8399997	Total - Bonds - Part 4				X X X	114,444,549	109,754,121.	108,449,889	110,643,533		(408,302)		(408,302)	1,984,061	112,219,288	(1,196)	2,225,259	2,224,063	2,357,148	X X X	X X X
8399998	Summary Item from Part 5 for Bonds				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
8399999	Total Bonds				X X X	114,444,549	109,754,121.	108,449,889	110,643,533		(408,302)		(408,302)	1,984,061	112,219,288	(1,196)	2,225,259	2,224,063	2,357,148	X X X	X X X
9999999	Totals					114,444,549	X X X	108,449,889	110,643,533		(408,302)		(408,302)	1,984,061	112,219,288	(1,196)	2,225,259	2,224,063	2,357,148	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

NONE Schedule DL - Part 1

NONE Schedule DL - Part 2

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *	
					6 First Month	7 Second Month	8 Third Month		
Open Depositories - Section (A) - Segregated Funds Held for Others									
U. S. Bank						14,603,659	12,219,171	15,084,844	
Wells Fargo Bank						3,604,053	10,930,058	10,445,470	
Wells Fargo Bank						9,690,842	12,389,709	9,197,877	
JP Morgan Chase						3,500,281	4,173,641	8,975,962	
Wells Fargo Bank						6,339,238	55,982,324	7,360,476	
Wells Fargo Bank						1,421,393	2,399,229	6,267,879	
Wells Fargo Bank						23,246,413	10,488,222	5,839,304	
Wells Fargo Bank						6,265,448	4,300,376	4,274,381	
TD Bank						3,572,131	2,101,297	3,777,298	
Wachovia Bank						10,566,732	4,829,571	3,429,605	
Wachovia Bank						2,252,849	4,427,834	3,396,752	
Wells Fargo Bank						1,063,748	1,541,431	2,398,076	
Bank of America						1,230,113	1,962,840	2,323,172	
CitiBank						511,990	6,370	980,208	
Wells Fargo Bank						804,597	1,057,461	948,036	
Wells Fargo Bank						126,189	143,069	850,211	
Wells Fargo Bank						678,789	819,643	788,989	
CitiBank						1,576,884	2,551,823	597,254	
Wells Fargo Bank						107,052	442,266	508,353	
CitiBank						2,726	73,025	428,460	
Bank of America						201,592	151,493	275,913	
Bank of America							415,662	234,600	
JP Morgan Chase						219,253	219,253	219,253	
SunTrust Bank						42,465	39,234	211,587	
Wells Fargo Bank						322,797	139,469	203,825	
JP Morgan Chase						32,539	166,429	166,429	
Wachovia Bank						108,242	108,242	108,252	
0199998 Deposits in (41) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X				2,264,361	1,039,828	583,292	X
0199999 Total - Segregated Funds Held for Others	X X X	X X X				94,356,376	135,118,970	89,875,758	X
Open Depositories - Section (B) - General Funds									
Bank of America						407,017	58,376	223,673	
Bank of Montreal						2,658,076	3,337,664	2,966,736	
Bank of Montreal						2,028,153	723,930	757,187	
Bank of Nova Scotia			0.500	500		402,793	391,974	150,455	
Compass Bank-Custody Accou				6		655,521	401,132	1,442,382	
Heritage Bank			0.800	455		225,582	225,726	225,884	
Iberia Bank			1.160	27,460		7,375,144	7,385,861	7,392,842	
J.P. Morgan Chase			0.140	679		1,737,437	1,312,563	1,070,725	
J.P. Morgan Chase						558,232	1,875,274	783,305	
Republic Bank				1,212		2,067,359	2,067,783	2,068,132	
Union Bank			0.100	(1,221)		100,207	100,215	100,223	
US Bank						50,000	240,906	240,906	
Wells Fargo Bank						4,563,270	4,746,890	4,606,714	
Bank of Nova Scotia			1.200		5,559		5,122,824	5,123,825	
Bank of Nova Scotia			1.150		41,623	5,263,000	5,119,500	5,120,500	
Bank of Nova Scotia			1.200		32,154	5,263,000	5,119,500	5,120,500	
Bank of Nova Scotia			1.150		16,649	2,105,200	2,047,800	2,048,200	
Bank of Nova Scotia			1.200		135			2,048,200	
Bank of Nova Scotia			1.200		2,638	532,089	517,581	517,683	
Bank of Nova Scotia			1.150		4,188	529,511	515,074	515,174	
First National Bk Anchorage			0.800		535	100,000	100,000	100,000	
First National Bk Anchorage			0.400	110	31	50,000	50,000	50,000	
Iberia Bank			0.350		104	86,144	86,144	86,144	
Iberia Bank			0.950		12,198	3,063,202	3,063,202	3,063,202	
Iberia Bank			0.400		3,644	2,500,000	2,500,000	2,500,000	
Peoples Bank & Trust			0.749	1,607	277	250,000	250,000	250,000	
US Bank of Oregon			0.150		149	110,000	110,000	110,000	
0299998 Deposits in (65) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X		8,231	4,943	5,311,339	2,050,245	2,066,209	X
0299999 Total - General Funds	X X X	X X X		39,039	124,827	47,992,276	49,520,164	50,748,801	X
Open Depositories - Section (C) - Reinsurance Reserve Funds									
0399998 Deposits in (0) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X							X
0399999 Total - Reinsurance Reserve Funds	X X X	X X X							X
0499999 Total - Open Depositories	X X X	X X X		39,039	124,827	142,348,652	184,639,134	140,624,559	X
Suspended Depositories - Section (A) - Seg. Funds Held for Others									
0599998 Deposits in (0) depositories which do not exceed the allowable limit in any one depository	X X X	X X X							X

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

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

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