

QUARTERLY STATEMENT

OF THE

STEWART

Title Guaranty Company

of **Houston**

in the state of **Texas**

TO THE

Insurance Department

OF THE

STATE OF

FOR THE QUARTER ENDED

September 30, 2011

TITLE

2011



50121201120100103

QUARTERLY STATEMENT

AS OF SEPTEMBER 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 Ysaquirre</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>	<u>Allen Berryman #</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	342,589,503		342,589,503	356,874,184
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	407,443,806		407,443,806	417,231,358
3. Mortgage loans on real estate:				
3.1 First liens	946,193	74,889	871,304	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)	1,867,974		1,867,974	1,949,908
4.3 Properties held for sale (less \$ 0 encumbrances)	423,328		423,328	1,326,816
5. Cash (\$ 53,975,463), cash equivalents (\$ 0), and short-term investments (\$ 171,514)	54,151,973	4,997	54,146,976	71,130,242
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets	1,308,457	32,151	1,276,306	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)	808,731,234	112,037	808,619,197	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	3,769,504	7,985	3,761,519	3,230,321
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	45,279,034	12,354,885	32,924,149	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	210,300	69,286	141,014	781,286
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon	1,853,151		1,853,151	1,125,026
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	704,079	380,105	323,974	385,478
21. Furniture and equipment, including health care delivery assets (\$ 0)	3,300,253	3,188,829	111,424	137,551
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	1,046,617	359,431	687,186	1,397,457
24. Health care (\$ 0) and other amounts receivable	3,012,480	1,857,581	1,154,899	2,792,211
25. Aggregate write-ins for other than invested assets	6,659,816	3,991,194	2,668,622	1,448,123
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	882,305,113	22,421,334	859,883,779	901,268,313
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	882,305,113	22,421,334	859,883,779	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	3,542,079	873,457	2,668,622	1,448,123
2502. Other nonadmitted assets	3,117,737	3,117,737		
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	6,659,816	3,991,194	2,668,622	1,448,123

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31 Prior Year
1. Known claims reserve	119,120,380	127,686,718
2. Statutory premium reserve	356,580,282	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)	12,291,712	17,133,912
7. Taxes, licenses and fees (excluding federal and foreign income taxes)	953,799	2,683,610
8.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
8.2 Net deferred tax liability	6,263,184	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	349,369	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	7,837,903	10,929,463
17. Drafts outstanding		
18. Payable to parent, subsidiaries and affiliates	795,372	1,703,993
19. Derivatives		
20. Payable for securities		
21. Payable for securities lending		
22. Aggregate write-ins for other liabilities	157,642	490,251
23. Total liabilities (Lines 1 through 22)	504,349,643	531,757,324
24. Aggregate write-ins for special surplus funds	501,405	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	186,509,837	181,197,573
30. Unassigned funds (surplus)	160,022,894	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)	355,534,136	369,510,989
33. Totals (Page 2, Line 28, Col. 3)	859,883,779	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	157,642	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)	157,642	490,251
2401. Surplus arising from increase in book value of title plants	501,384	501,384
2402. Mineral interest-assigned value	21	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)	501,405	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	821,815,172	879,179,841	1,177,956,972
1.2 Escrow and settlement services	1,863,966	1,432,108	1,984,498
1.3 Other title fees and service charges	42,741,033	38,357,328	59,118,921
2. Aggregate write-ins for other operating income	1,575,035	1,854,952	2,376,597
3. Total Operating Income (Lines 1 through 2)	867,995,206	920,824,229	1,241,436,988
DEDUCT:			
4. Losses and loss adjustment expenses incurred	90,798,782	99,561,949	131,631,989
5. Operating expenses incurred	803,877,703	870,035,716	1,163,083,155
6. Aggregate write-ins for other operating deductions			
7. Total Operating Deductions	894,676,485	969,597,665	1,294,715,144
8. Net operating gain or (loss) (Lines 3 minus 7)	(26,681,279)	(48,773,436)	(53,278,156)
INVESTMENT INCOME			
9. Net investment income earned	28,049,530	26,810,720	29,599,731
10. Net realized capital gains (losses) less capital gains tax of \$ 945,145	1,121,469	2,168,695	5,973,108
11. Net investment gain (loss) (Lines 9 + 10)	29,170,999	28,979,415	35,572,839
OTHER INCOME			
12. Aggregate write-ins for miscellaneous income or (loss)	487,436	6,619,566	6,744,000
13. Net income, after capital gains tax and before all other federal income taxes (Lines 8 + 11 + 12)	2,977,156	(13,174,455)	(10,961,317)
14. Federal and foreign income taxes incurred	2,165,539	1,456,200	(8,955,030)
15. Net income (Lines 13 minus 14)	811,617	(14,630,655)	(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)	811,617	(14,630,655)	(2,006,287)
18. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	(20,922,665)	(19,672,176)	(9,498,994)
19. Change in net unrealized foreign exchange capital gain (loss)	(2,109,418)	1,021,983	3,905,042
20. Change in net deferred income taxes	3,586,705	(75,541,217)	(85,784,589)
21. Change in nonadmitted assets	(655,356)	76,346,098	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	5,312,264	(395,728)	(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)	(13,976,853)	(32,871,765)	(16,283,155)
32. Surplus as regards policyholders as of statement date (Lines 16 plus 31)	355,534,136	352,922,379	369,510,989

DETAILS OF WRITE-IN LINES			
0201. Title plant rent	856,001	984,494	1,097,041
0202. Ceded reimbursements from agents	719,034	870,458	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)	1,575,035	1,854,952	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	242,795	6,496,627	6,556,432
1202. Computer support fees	199,683	78,024	132,214
1203. Miscellaneous fees	44,958	44,915	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)	487,436	6,619,566	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

Cash from Operations	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
1. Premiums collected net of reinsurance	816,743,089	873,326,339	1,177,287,405
2. Net investment income	29,874,195	30,372,247	35,127,088
3. Miscellaneous income	46,667,469	48,263,955	70,224,016
4. Total (Lines 1 to 3)	893,284,753	951,962,541	1,282,638,509
5. Benefit and loss related payments	99,365,120	110,179,308	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	811,358,331	878,612,627	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)	3,838,791	(3,302,424)	(1,563,623)
10. Total (Lines 5 through 9)	914,562,242	985,489,511	1,313,605,124
11. Net cash from operations (Line 4 minus Line 10)	(21,277,489)	(33,526,970)	(30,966,615)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	146,325,104	121,986,401	257,238,978
12.2 Stocks		45,681	45,681
12.3 Mortgage loans	140,833	42,009	80,985
12.4 Real estate	251,275	253,203	253,203
12.5 Other invested assets	33,617	191,775	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)	146,750,829	122,519,069	257,820,145
13. Cost of investments acquired (long-term only):			
13.1 Bonds	135,852,699	91,225,421	227,504,607
13.2 Stocks	10,203,367	207,939	457,939
13.3 Mortgage loans	173,700	38,272	38,956
13.4 Real estate		1,861,865	1,961,865
13.5 Other invested assets	23,600		
13.6 Miscellaneous applications	19,547		50,000
13.7 Total investments acquired (Lines 13.1 to 13.6)	146,272,913	93,333,497	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)	477,916	29,185,572	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	5,312,264	1,904,272	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)	(1,515,504)	7,997,461	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)	3,796,760	9,901,733	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)	(17,002,813)	5,560,335	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)	54,151,973	67,695,558	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	207,939	207,939
20.0002	Line 16.2 includes non-cash capital contribution from parent	5,268,200	1,904,272	1,341,059
20.0003				

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>9/30/11</u>	<u>12/31/2010</u>
Net Income(loss), Texas State Basis	811,616	(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	811,616	(7,392,646)
Statutory Surplus, Texas State Basis	355,534,136	369,510,989
State Prescribed Practices:		
(1) Furniture & Fixtures	(111,423)	(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	292,032,027	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

NOTES TO FINANCIAL STATEMENTS

at zero or cost.

- (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

NOTES TO FINANCIAL STATEMENTS

with the NAIC *Accounting Practices and Procedures* manual, subject to any deviations prescribed or permitted by the State of Texas insurance commissioner.

Accounting changes adopted to conform to the provisions of the NAIC *Accounting Practices and Procedures* manual are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the 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 September 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:	4,860	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.

NOTES TO FINANCIAL STATEMENTS

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement 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 \$ 7,985.

8. Derivative Instruments- None

9. Income Tax

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

	Ordinary	Capital	9/30/2011 Total	12/31/2010 Total
Total gross deferred tax assets	89,021,963	421,345	89,443,308	87,250,581
Statutory valuation allowance adjustment	(89,021,963)	(421,345)	(89,443,308)	(87,250,581)
Adjusted gross deferred tax assets	0	0	0	0
Total gross deferred tax liabilities	(2,525,606)	(3,737,578)	(6,263,184)	(9,849,889)
Net deferred tax assets /(liabilities)	(2,525,606)	(3,737,578)	(6,263,184)	(9,849,889)
Total Deferred tax assets nonadmitted	0	0	0	0
Net admitted deferred tax assets / (liabilities)	(2,525,606)	(3,737,578)	(6,263,184)	(9,849,889)

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

	Ordinary	Capital	9/30/2011 Total	12/31/2010 Total
Admitted under paragraph 10.a.	0	0	0	0
Admitted under paragraph 10.b.i.	0	0	0	0
Admitted under paragraph 10.b.ii.	0	0	0	0
Total admitted from the use of paragraph 10.a - 10.c.	0	0	0	0
Admitted under paragraph 10.e.i.	0	0	0	0
Admitted under paragraph 10.e.ii.a.	0	0	0	0
Admitted under paragraph 10.e.ii.b.	0	0	0	0
Total admitted from the use of paragraph 10.e.	0	0	0	0
Total admitted adjusted gross deferred tax assets	0	0	0	0

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

	Ordinary	Capital	9/30/2011 Total	12/31/2010 Total
Net deferred tax asset (liability)	(2,525,606)	(3,737,578)	(6,263,184)	(9,849,889)
Tax-effect of unrealized gains and losses	0	0	0	0
Net tax effect without unrealized gains and losses	(2,525,606)	(3,737,578)	(6,263,184)	(9,849,889)
Change in deferred income tax				3,586,705

- 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:

	<u>9/30/2011</u>	<u>12/31/2010</u>
Current year tax expense (benefit)	3,125,333	4,018,710
Federal income tax on net capital gains	945,145	3,265,592
Prior year adjustments	<u>(959,793)</u>	<u>(12,973,741)</u>
Current income taxes incurred	<u>3,110,685</u>	<u>(5,689,439)</u>

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

	<u>9/30/2011</u>	<u>12/31/2010</u>	Change
Deferred tax assets:			
Unearned Premium Reserve	21,597,242	22,536,266	(939,024)
Loss Reserve Discounting	972,750	1,127,430	(154,680)
Investments	668,799	504,368	164,431
Fixed Assets	801,134	2,304,651	(1,503,517)
Pending Litigation Payable	1,044,773	1,888,773	(844,000)
Foreign Tax Credits	13,052,537	12,694,063	358,474
Net Operating Loss Carryforwards	41,675,409	34,455,021	7,220,388
Nonadmitted assets	8,622,603	7,856,561	766,042
Other	1,008,061	3,883,447	(2,875,386)
Valuation Allowance	<u>(89,443,308)</u>	<u>(87,250,581)</u>	<u>(2,192,727)</u>
Total adjusted gross deferred tax assets	-	-	-
Nonadmitted deferred tax assets	-	-	-
Admitted deferred tax assets	-	-	-
Deferred tax liabilities:			
Title Plants	(404,158)	(393,438)	(10,720)
Unrealized foreign exchange adjustments gains and losses	(3,512,280)	(3,088,296)	(423,984)
Unrealized capital gains	(12,877)	-	(12,877)
Canadian deferred tax liabilities	<u>(2,333,869)</u>	<u>(6,368,155)</u>	<u>4,034,286</u>
Total deferred tax liabilities	<u>(6,263,184)</u>	<u>(9,849,889)</u>	<u>3,586,705</u>
Net admitted deferred tax asset (liability)	<u>(6,263,184)</u>	<u>(9,849,889)</u>	<u>3,586,705</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:

	<u>9/30/2011</u>	<u>12/31/2010</u>
Current income taxes incurred	3,110,685	(5,689,439)
Change in deferred income tax (without tax on unrealized gains and losses)	<u>(3,586,705)</u>	<u>9,849,889</u>
Total income tax reported	<u>(476,020)</u>	<u>4,160,450</u>
Income before taxes	3,922,302	(7,153,525)
Expected Income tax expense (benefit) at 35% statutory rate	<u>1,372,806</u>	<u>(2,503,734)</u>
Increase (decrease) in actual tax reported resulting from:		
a. Dividends received deduction	(7,031,343)	(6,160,065)
b. Nondeductible expenses for meals, penalties, and lobbying	753,094	1,030,722
c. Tax-exempt income	(176,105)	(345,943)
d. Deferred tax benefit on nonadmitted assets	955,491	(310,315)
e. Foreign income taxes	4,819,103	(950,206)
f. Change in statutory valuation allowance	2,192,728	11,709,363
g. Return to accrual adjustment	-	(1,201,209)
h. Foreign Tax Credit Refund Claim	(1,708,418)	(4,766,258)
i. Canadian deferred income tax liabilities	(4,034,286)	6,368,110
j. Unrealized foreign exchange adjustments gains and losses	423,984	3,088,296
k. Other	1,956,926	(1,798,311)
Total income tax reported	<u>(476,020)</u>	<u>4,160,450</u>

E. Operating loss carryforward

(1) As of September 30, 2011, there are \$119,072,597 of net operating losses and \$12,128,274 of foreign tax credit carryforwards which, if unused, will expire during calendar years 2030-2050 and 2018-2022 respectively.

(2) There are no Federal income taxes incurred that are available for recoupment in the event of future net operating losses.

F. (1) The Company's federal Income Tax return is consolidated with the following entities:
Stewart Information Services Corporation, 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.

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries and Affiliates

A. The Company has not made a dividend.

As of September 30, 2011, our parent, Stewart Information Services Corporation, made a noncash capital contribution to us in the amount of \$ 5,312,265.

B and C. –

As of September 30, 2011, the Company made a capital contribution to Stewart Title Company in the amount of \$ 4,448,837, \$750,000 to Stewart Title Guaranty De Mexico and \$23,600 to Western America.

D. Amounts due from and amounts payable to related parties at September 30, 2011 are \$ 828,200 and \$ 795,372, 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 PropertyInfo Corporation to assume Florida title search business as described in the Agreement dated July, 2011. Such Agreement was filed with the Texas Insurance Department on August 4, 2011, under Holding Company Section # 39880.

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.

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Texas Insurance Department on November 21, 2008, under Holding Company Section # 37194.

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

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

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

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 September 30, 2011 plan assets totaled \$ 194,583,813 including vested benefits of \$ 193,622,345.

- 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.

NOTES TO FINANCIAL STATEMENTS

2. None
3. The Company cannot pay a dividend in excess of certain limits without the approval of the Texas Insurance Commissioner. The maximum dividend to the Company's parent that can be paid after such approval in 2011 is \$73,9 million. The Company did not declare a dividend in 2011 or 2010.
4. None
- 5.-9. Not applicable
10. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$ 131,307,469.
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. Both Citigroup Global Markets Realty Corp. and K.R. Playa VI, S de R.L. de C.V. subsequently filed motions for new trial and motions for judgment notwithstanding the verdict, which the State District Court denied by orders dated September 12, 2011. Citigroup Global Markets Realty Corp. and K.R. Playa VI, S de R.L. de C.V. filed notices of appeal on September 28, 2011. The Company does not believe that the outcome will materially affect its financial condition or results of operations.

In January 2009, an action was filed by individuals against Stewart Title Guaranty Company, Stewart Title of California, Inc., Cuesta Title Company and others in the Superior Court of California for the County of San Luis Obispo alleging that the plaintiffs have suffered damages relating to loans they made through Hurst Financial Corporation to an individual named Kelly Gearhart and entities controlled by Gearhart. Thereafter, several other lawsuits making similar allegations, including a lawsuit filed by several hundred

NOTES TO FINANCIAL STATEMENTS

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, 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, and plaintiffs in one case have dismissed Stewart Title Insurance Company following the Court's sustaining of Stewart Title Insurance Company's demurrer, 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. The Company filed a motion to coordinate the cases for pretrial purposes, and the Court issued an order assigning all the cases to a single judge, an Order Coordinating Related Cases for Pre-Trial Purposes, and a First Case Management Order for the Related Cases. Discovery is ongoing. No trial dates have been set. 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 its financial condition or results of operations.

In February 2008, an antitrust class action was filed in the United States District Court for the Eastern District 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 its financial condition or results of operations.

The Company is also subject to other 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 consolidated 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

NOTES TO FINANCIAL STATEMENTS

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

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 September 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	4,486,832	–	–	4,486,832
Debt securities:				
Municipal	–	–	–	–
Corporate and utilities	–	–	–	–
Foreign	–	–	–	–
U.S. Government	–	–	–	–
	4,486,832	–	–	4,486,832

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

NOTES TO FINANCIAL STATEMENTS

21. Other Items

- A. Extraordinary Items - None
- B. Troubled Debt Restructuring – None
- C. The Company holds \$ 113,742,510 at September 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 \$ 146,840,196 and \$ 148,551,072 at September 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 September 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 September 30, 2011 were \$119.1 million. As of September 30, 2011, \$ 90.1 million has been paid for losses and loss adjustment expenses attributable to prior policy years. Incurred losses on prior policy years were \$ 78.7 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.

NOTES TO FINANCIAL STATEMENTS

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 and Delaware
.....
.....
.....

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:

\$ _____ 0

INVESTMENT

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

Yes [] No [X]

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

.....

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

\$ _____ 0

GENERAL INTERROGATORIES

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

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

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$ <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>402,956,973</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>402,956,973</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>342,589,503</u>
5.12 Short-term investments	\$ _____
5.13 Mortgages	\$ _____
5.14 Cash	\$ <u>14,372,046</u>
5.15 Other admissible invested assets	\$ _____
5.16 Total	\$ <u>356,961,549</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>113,742,510</u>
These funds consist of:	
5.22 In cash on deposit	\$ <u>113,742,510</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: 48px; 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	6,185,473	6,919,007	1,427,325	808,849	963,515	1,232,387
2. Alaska	AK	L	9,203,688	8,979,966	76,835	240,927	34,390	3,000
3. Arizona	AZ	L	16,845,848	22,140,378	897,952	722,672	232,182	147,737
4. Arkansas	AR	L	8,752,361	8,409,342	431,347	1,244,606	1,074,427	596,271
5. California	CA	L	95,034,871	126,424,376	13,585,601	15,343,032	16,172,990	18,597,985
6. Colorado	CO	L	28,252,839	29,542,972	1,898,242	584,279	1,963,936	720,550
7. Connecticut	CT	L	3,464,596	1,700,650	104,995	283,720	422,070	274,802
8. Delaware	DE	L	4,093,240	5,722,099	406,579	61,029	445,080	490,460
9. District of Columbia	DC	L	3,360,024	2,745,213	611,836	506,938	587,244	658,893
10. Florida	FL	L	34,350,765	41,691,060	14,242,835	18,125,780	17,645,128	21,684,710
11. Georgia	GA	L	11,059,525	13,136,532	2,067,797	1,920,298	2,502,206	1,675,076
12. Hawaii	HI	L	1,960,995	2,380,942	262,120	186,629	279,356	494,961
13. Idaho	ID	L	6,051,248	8,653,636	1,286,004	1,087,881	1,608,598	1,837,612
14. Illinois	IL	L	16,267,553	18,325,594	2,598,619	4,482,242	11,891,480	11,468,313
15. Indiana	IN	L	7,175,969	8,673,491	420,127	1,121,666	2,580,702	1,657,090
16. Iowa	IA	N	582,020	350,098	32,425	9,131	10,033	18,500
17. Kansas	KS	L	4,999,806	4,173,950	174,370	319,167	88,060	69,892
18. Kentucky	KY	L	4,829,806	4,707,569	203,715	440,441	399,305	193,608
19. Louisiana	LA	L	11,181,101	12,234,098	728,127	589,355	855,644	679,459
20. Maine	ME	L	1,575,198	1,899,264	110,733	85,161	91,803	113,970
21. Maryland	MD	L	21,461,348	23,126,655	1,798,479	2,522,461	2,000,462	3,063,046
22. Massachusetts	MA	L	20,581,398	19,507,963	1,752,410	1,383,918	1,061,947	1,296,981
23. Michigan	MI	L	16,933,576	11,629,277	926,613	2,952,512	1,702,352	2,113,227
24. Minnesota	MN	L	16,951,122	14,619,240	885,940	1,963,193	3,626,269	3,861,856
25. Mississippi	MS	L	1,508,144	1,645,557	466,719	661,024	286,945	265,621
26. Missouri	MO	L	3,687,240	3,158,130	1,036,777	1,726,840	791,419	924,976
27. Montana	MT	L	4,943,882	6,554,390	538,908	106,183	158,795	128,949
28. Nebraska	NE	L	3,365,720	3,878,513	11,923	64,197	306,402	322,816
29. Nevada	NV	L	8,030,736	7,038,079	2,227,445	2,925,810	1,711,020	2,637,475
30. New Hampshire	NH	L	2,578,302	2,039,887	170,144	229,665	353,697	266,516
31. New Jersey	NJ	L	31,519,618	42,728,912	2,863,186	3,931,913	1,419,110	3,167,976
32. New Mexico	NM	L	8,119,621	9,897,780	80,967	253,356	386,336	471,876
33. New York	NY	Q						
34. North Carolina	NC	L	6,385,786	7,501,101	1,176,866	1,923,537	1,136,389	1,266,009
35. North Dakota	ND	L	1,874,309	1,386,869	836	5,300		16,335
36. Ohio	OH	L	26,462,803	20,886,952	1,877,857	2,665,713	3,039,067	2,282,854
37. Oklahoma	OK	L	4,878,405	4,558,461	235,363	610,743	528,210	344,432
38. Oregon	OR	L	8,579,081	9,688,344	184,482	1,357,939	391,394	588,478
39. Pennsylvania	PA	L	24,818,217	23,240,675	4,184,648	1,901,963	4,672,622	2,614,688
40. Rhode Island	RI	L	485,823	670,232	121,191	444,061	404,416	262,673
41. South Carolina	SC	L	10,029,634	8,645,147	695,030	772,253	1,213,186	1,049,139
42. South Dakota	SD	L	2,050,985	1,655,970	(18,543)	103,719	6,719	71,119
43. Tennessee	TN	L	9,323,171	7,500,764	642,968	681,630	1,401,253	988,479
44. Texas	TX	L	153,989,249	153,975,838	2,914,061	4,156,448	5,267,313	5,432,931
45. Utah	UT	L	17,043,658	26,172,276	1,630,621	1,514,096	1,783,993	2,188,535
46. Vermont	VT	L	895,746	810,739	8,567	23,093	6,034	13,435
47. Virginia	VA	L	31,034,504	32,957,858	964,197	972,864	1,675,715	1,362,057
48. Washington	WA	L	19,579,114	23,666,470	1,936,677	2,648,875	876,274	2,438,455
49. West Virginia	WV	L	1,154,427	1,662,904	221,272	200,393	90,049	137,266
50. Wisconsin	WI	L	10,628,190	9,085,843	355,073	338,821	253,397	146,239
51. Wyoming	WY	L	2,459,266	2,707,081	43,375	237,860	99,031	4,216
52. American Samoa	AS	N						
53. Guam	GU	L	2,412,630	2,889,455	(5,345)	13,411	35,570	369,934
54. Puerto Rico	PR	L	4,642,280	5,437,897	591,923	687,898	2,311,408	1,681,638
55. U.S. Virgin Islands	VI	L	293,329	236,500	32,699	750	65,301	
56. Northern Mariana Islands	MP	L	71,837	(791,488)			500	500
57. Canada	CN	L	59,777,023	56,617,442	8,537,848	13,737,688	8,463,859	9,758,318
58. Aggregate Other Alien	OT	X X X	43,188	(587,083)	44,371	35,610	10,854,019	17,702,144
59. Totals	(a) 53		813,820,288	875,210,867	80,703,132	101,919,540	118,228,622	131,856,465

DETAILS OF WRITE-INS							
5801. Bahamas	X X X		43,188	(514,234)			
5802. Mexico	X X X			9,750	19,296		6,844,313
5803. Bulk Reserves	X X X					10,684,000	10,684,000
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X			(82,599)	25,075	35,610	173,831
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X		43,188	(587,083)	44,371	35,610	17,702,144

(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	AR	45-2605883	Stewart Title of Arkansas, LLC (STC)
0000		00000	CO	13-4359171	PMH Financial, LLC(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	93,333,491	31,280,632	18,594,387	14.90	19.60
2. Agency operations:					
2.1 Non-affiliated agency operations	484,220,536	14,395,685	52,051,250	10.40	9.30
2.2 Affiliated agency operations	236,266,262	503,717	20,153,145	8.50	10.10
3. Totals	813,820,289	46,180,034	90,798,782	10.60	10.90

PART 2 – DIRECT PREMIUMS WRITTEN

	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Direct operations	33,872,741	93,333,491	93,960,346
2. Agency operations:			
2.1 Non-affiliated agency operations	173,513,628	484,220,536	540,651,838
2.2 Affiliated agency operations	84,002,604	236,266,262	240,598,683
3. Totals	291,388,973	813,820,289	875,210,867

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. Costa Rica	X X X			23,303	35,610	165,724	156,914
5805. Argentina	X X X						
5806. Panama	X X X		(8,906)				
5807. Dominican Republic	X X X		(73,693)	1,772		4,295	16,917
5897. Totals (Lines 5804 through 5896) (Page 10, Line 5898)	X X X		(82,599)	25,075	35,610	170,019	173,831

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	(62,099)	97,281
7. Deduct current year's other than temporary impairment recognized	633,800	92,420
8. Deduct current year's depreciation	19,835	9,238
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)	2,291,302	3,276,724
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	2,291,302	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	140,833	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)	946,193	913,326
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)	946,193	913,326
14. Deduct total nonadmitted amounts	74,889	45,764
15. Statement value at end of current period (Line 13 minus Line 14)	871,304	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	23,600	
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	(52,347)	106,687
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals	33,618	201,299
8. Deduct amortization of premium and depreciation	174,225	232,300
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)	1,308,457	1,545,047
12. Deduct total nonadmitted amounts	32,151	53,165
13. Statement value at end of current period (Line 11 minus Line 12)	1,276,306	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	146,056,065	227,962,546
3. Accrual of discount	70,414	73,016
4. Unrealized valuation increase (decrease)	(19,990,918)	(12,469,363)
5. Total gain (loss) on disposals	2,726,360	9,343,184
6. Deduct consideration for bonds and stocks disposed of	146,325,103	259,584,660
7. Deduct amortization of premium	2,217,249	3,831,749
8. Total foreign exchange change in book/adjusted carrying value	(4,391,802)	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)	750,033,309	774,105,542
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	750,033,309	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 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	333,070,162	7,353,522	18,548,213	(8,085,985)	333,990,612	333,070,162	313,789,486	333,243,241
2. Class 2 (a)	24,691,838	4,197,582		(89,403)	21,459,188	24,691,838	28,800,017	23,630,943
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	357,762,000	11,551,104	18,548,213	(8,175,388)	355,449,800	357,762,000	342,589,503	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	357,762,000	11,551,104	18,548,213	(8,175,388)	355,449,800	357,762,000	342,589,503	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	176,511	X X X	176,511	887	

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	6	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)	176,511	595,147
11. Deduct total nonadmitted amounts	4,997	24,544
12. Statement value at end of current period (Line 10 minus Line 11)	171,514	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								

EOI

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	Location		4	5	6	7	8	9
Loan Number	2 City	3 State	Loan Type	Date Acquired	Rate of Interest	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisitions	Value of Land and Buildings
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 2

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

1 CUSIP Ident- ification	2 Name or Description	Location		5 Name of Vendor or General Partner	6 NAIC Desig- nation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made After Acquisition	11 Amount of Encumbrances	12 Commitment for Additional Investment	13 Percentage of Ownership
		3 City	4 State									
000000-00-0	Western America Title, LLC	Salt Lake City	UT	Western America Title, LLC		11/04/2009		180,000	23,600			30.000
2099999	Other - Joint Venture, Partnership or Limited Liability Interests - Affiliated							180,000	23,600			X X X
4099999	Subtotal Affiliated							180,000	23,600			X X X
4199999	Totals							180,000	23,600			X X X

E03

SCHEDULE BA - PART 3

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

1 CUSIP Ident- ification	2 Name or Description	Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Change in Book/Adjusted Carrying Value						15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income	
		3 City	4 State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) or (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B./A.C.V. (9+10-11+12)	14 Total Foreign Exchange Change in B./A.C.V.							
000000-00-0	Aslan II Realty Partners	Chicago	IL	Aslan II Realty Partners	05/09/2002	09/30/2011	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	09/30/2011	108,665							96,876	11,789				3,061	
000000-00-0	New England Title LLC	Portland	ME	New England Title LLC	11/22/2006	09/30/2011	170,088							152,394	17,694				9,605	
2399999	Collateral Loans - Unaffiliated						278,753							249,270	29,483				12,666	
000000-00-0	ST Georgia Fund IV LLC	Atlanta	GA	SunTrust Community Develop	12/31/2009	09/30/2011	36,900		(9,225)			(9,225)		27,675						
3399999	State Low Income Housing Tax Credit - Unaffiliated						36,900		(9,225)			(9,225)		27,675						
000000-00-0	ST Georgia Fund V LLC	Atlanta	GA	SunTrust Community Develop	06/30/2009	09/30/2011	880,000		(165,000)			(165,000)		715,000						
3499999	State Low Income Housing Tax Credit - Affiliated						880,000		(165,000)			(165,000)		715,000						
000000-00-0	Jefferswon 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)	(9,225)			(37,972)		443,457	33,618				12,666	
4099999	Total Affiliated						880,000		(165,000)			(165,000)		715,000						
4199999	Totals						1,395,047	(28,747)	(174,225)			(202,972)		1,158,457	33,618				12,666	

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-PD-6	US Treasury Note Lot:1		07/22/2011	Citigroup		931,126	930,000.00	815	1FE
912828-PD-6	US Treasury Note Lot:2		08/01/2011	Deutsche Bank		3,994,052	3,990,000.00	3,822	1FE
912828-MQ-0	US Treasury Note Lot:6		07/07/2011	Citigroup		422,018	420,000.00	1,298	1FE
0599999	Total Bonds U. S. Government				X X X	5,347,196	5,340,000.00	5,935	X X X
135087-ZJ-6	Canadian Govt Bond., Lot 1	C	07/13/2011	HSBC Securities		661,192	644,563.00	2,697	1FE
1099999	Total Bonds All Other Governments				X X X	661,192	644,563.00	2,697	X X X
14040E-HG-0	Capital One Bank USA NA Lot:2		08/01/2011	Jefferies		1,379,474	1,270,000.00	11,695	2FE
565849-AD-8	MARATHON OIL CORP Lot:2		08/05/2011	First Tennessee Corporate		553,033	475,000.00	10,213	2FE
635405-AM-5	NATIONAL CITY CORP Lot:5		09/06/2011	JP Morgan		2,265,075	1,895,000.00	41,256	2FE
94974B-ET-3	Wells Fargo & Co Lot:2		08/10/2011	Jefferies		439,224	415,000.00	5,793	1FE
949746-NX-5	WELLS FARGO & COMPANY Lot:2		08/17/2011	First Tennessee Corporate		905,910	795,000.00	8,820	1FE
3899999	Total Bonds Industrial and Miscellaneous (Unaffiliated)				X X X	5,542,716	4,850,000.00	77,777	X X X
8399997	Total Bonds Part 3				X X X	11,551,104	10,834,563.00	86,409	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	11,551,104	10,834,563.00	86,409	X X X
9999999	Totals				X X X	11,551,104	X X X	86,409	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-MQ-0	US Treasury Note Lot:1		07/14/2011	Citigroup		2,778,069	2,765,000.00	2,786,818	2,783,015		(7,125)		(7,125)		2,775,890		2,179	2,179	21,104	02/29/2012	1
912828-MQ-0	US Treasury Note Lot:2		07/14/2011	Citigroup		296,394	295,000.00	296,671	296,623		(624)		(624)		295,999		395	395	2,252	02/29/2012	1
912828-MQ-0	US Treasury Note Lot:3		07/14/2011	Citigroup		95,449	95,000.00	95,497	95,493		(187)		(187)		95,306		143	143	725	02/29/2012	1
912828-MQ-0	US Treasury Note Lot:4		07/14/2011	Citigroup		396,867	395,000.00	397,361			(853)		(853)		396,508		359	359	3,015	02/29/2012	1
912828-MQ-0	US Treasury Note Lot:5		07/14/2011	Citigroup		25,118	25,000.00	25,134			(42)		(42)		25,092		26	26	191	02/29/2012	1
912828-MQ-0	US Treasury Note Lot:6		07/14/2011	Citigroup		421,985	420,000.00	422,018			(59)		(59)		421,959		27	27	1,368	02/29/2012	1
0599999	Total - Bonds - U.S. Governments				X X X	4,013,882	3,995,000.00	4,023,499	3,175,131		(8,890)		(8,890)		4,010,754		3,129	3,129	28,655	X X X	X X X
642866-EY-9	Province of New Brunswick	C	07/12/2011	MATURITY		517,850	517,850.00	405,449	503,740		(3,740)		(3,740)	17,850	517,850				29,632	07/12/2011	1FE
1099999	Total - Bonds - All Other Governments				X X X	517,850	517,850.00	405,449	503,740		(3,740)		(3,740)	17,850	517,850				29,632	X X X	X X X
452151-RA-3	Illinois State Lot:1		09/01/2011	MATURITY		200,000	200,000.00	204,857	202,797		(2,797)		(2,797)		200,000				10,000	09/01/2011	1FE
1799999	U.S. Total - Bonds - States, Territories and Possessions				X X X	200,000	200,000.00	204,857	202,797		(2,797)		(2,797)		200,000				10,000	X X X	X X X
234650-GG-8	DALLAS CNTY TEX REF & IMPT Lot:1		08/15/2011	REFUNDED		370,000	370,000.00	402,375	375,992		(2,252)		(2,252)		373,741		(3,741)	(3,741)	19,888	08/15/2012	1FE
234685-HE-8	DALLAS CNTY TEX SMNTY COLLEGE		09/06/2011	Robert W. Baird		1,172,330	1,000,000.00	1,139,080	1,136,724		(11,905)		(11,905)		1,124,819		47,511	47,511	53,333	02/15/2021	1FE
414004-B6-7	HARRIS CNTY Lot:1		09/06/2011	Hutchinson, Shockey, E		936,606	825,000.00	882,890	858,654		(5,761)		(5,761)		852,893		83,713	83,713	38,729	10/01/2020	1FE
487694-DY-4	Keller TX ISD Lot:1		08/09/2011	Weller, Anderson, & Ch		287,500	250,000.00	251,838	251,519		(114)		(114)		251,405		36,095	36,095	9,917	02/15/2018	1FE
2499999	U.S. Total - Bonds - Political Subdivisions of States, Territories and Possessions				X X X	2,766,436	2,445,000.00	2,676,183	2,622,889		(20,032)		(20,032)		2,602,858		163,578	163,578	121,867	X X X	X X X
117622-ER-7	BRYAN TEX WTRWKS & SWR REV Lo		07/21/2011	CALLED @ 100.000000		935,000	935,000.00	990,906	942,328		(7,328)		(7,328)		935,000				54,282	07/01/2015	1FE
442368-KA-3	Houston Tex Cmnty College Sys Rev		08/05/2011	Dain Rauscher		561,400	500,000.00	531,980			(838)		(838)		531,142		30,258	30,258	10,417	04/15/2023	1FE
3199999	U.S. Total - Bonds - Special Revenue and Special Assessment Non-Guaranteed Obl				X X X	1,496,400	1,435,000.00	1,522,886	942,328		(8,166)		(8,166)		1,466,142		30,258	30,258	64,699	X X X	X X X
359262-AT-9	FROST NATIONAL BANK Lot:2		08/01/2011	MATURITY		2,000,000	2,000,000.00	2,016,680	2,001,349		(1,349)		(1,349)		2,000,000				137,500	08/01/2011	1FE
359262-AT-9	FROST NATIONAL BANK Lot:3		08/01/2011	MATURITY		500,000	500,000.00	530,250	505,713		(5,713)		(5,713)		500,000				34,375	08/01/2011	1FE
359262-AT-9	FROST NATIONAL BANK Lot:4		08/01/2011	MATURITY		2,895,000	2,895,000.00	3,027,302	2,921,113		(26,113)		(26,113)		2,895,000				199,031	08/01/2011	1FE
58933Y-AA-3	MERCK & CO. Lot:1		07/13/2011	Credit Suisse/1st Bosto		3,545,925	3,475,000.00	3,442,544	3,442,565		1,418		1,418		3,443,983		101,942	101,942	81,542	01/15/2021	1FE
94974B-ET-3	Wells Fargo & Co Lot:1		08/17/2011	First Tennessee Corpor		476,685	450,000.00	474,849			(2,301)		(2,301)		472,548		4,137	4,137	6,609	10/01/2014	1FE
94974B-ET-3	Wells Fargo & Co Lot:2		08/17/2011	First Tennessee Corpor		439,610	415,000.00	439,224			(146)		(146)		439,078		532	532	6,095	10/01/2014	1FE

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

SCHEDULE D - PART 4

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

1 CUSIP Ident- ification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Desig- nation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
3899999	Total - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	9,857,220	9,735,000.00	9,930,849	8,870,740		(34,204)		(34,204)		9,750,609		106,611	106,611	465,152	X X X	X X X
8399997	Total - Bonds - Part 4				X X X	18,851,788	18,327,850.0	18,763,723	16,317,625		(77,829)		(77,829)	17,850	18,548,213		303,576	303,576	720,005	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	18,851,788	18,327,850.0	18,763,723	16,317,625		(77,829)		(77,829)	17,850	18,548,213		303,576	303,576	720,005	X X X	X X X
9999999	Totals					18,851,788	X X X	18,763,723	16,317,625		(77,829)		(77,829)	17,850	18,548,213		303,576	303,576	720,005	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	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories - Section (A) - Segregated Funds Held for Others								
Wells Fargo Bank					5,640,967	18,953,922	34,064,665	
Wells Fargo Bank					14,736,936	13,777,256	16,134,807	
Wells Fargo Bank					4,658,757	4,589,726	11,365,690	
U. S. Bank					16,619,171	14,645,493	11,042,539	
Wells Fargo Bank					9,511,623	7,971,927	7,501,221	
Wells Fargo Bank					6,590,249	3,159,945	5,605,150	
JP Morgan Chase					6,361,228	5,009,338	5,443,946	
Wachovia Bank					3,270,476	4,507,680	3,452,242	
Wachovia Bank					4,167,962	3,290,896	3,160,833	
TD Bank					3,514,321	2,153,419	2,205,679	
Bank of America					1,971,583	2,129,756	2,053,636	
Bank of America					902,783	1,753,357	1,919,611	
Wells Fargo Bank					236,923	933,603	1,785,091	
Wells Fargo Bank					1,973,577	1,715,433	1,740,648	
Wells Fargo Bank					2,836,434	944,260	1,626,922	
Wells Fargo Bank					929,998	1,207,881	960,847	
CitiBank					689,977	522,755	636,926	
PNC Bank					55,330	555,325	555,294	
Wells Fargo Bank					582,015	973,356	371,114	
Bank of America					500,221	360,094	359,943	
SunTrust Bank					250,628	445,733	270,480	
JP Morgan Chase					219,253	219,253	219,253	
CitiBank					841,090	2,097	197,498	
CitiBank					970	(25)	159,709	
JP Morgan Chase					170,722	154,034	154,032	
Wells Fargo Bank					153,475	128,380	152,169	
Wells Fargo Bank					154,608	215,611	113,068	
Wachovia Bank					108,215	108,215	108,215	
0199998 Deposits in () depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X			1,937,669	448,153	381,282	X
0199999 Total - Segregated Funds Held for Others	X X X	X X X			89,587,161	90,876,873	113,742,510	X
Open Depositories - Section (B) - General Funds								
Bancorp South					85,702	106,795	127,626	
Bank of America					37,946	434,995	442,875	
Bank of Montreal					3,044,739	3,827,214	6,056,393	
Bank of Montreal					932,935	2,506,373	1,589,256	
Bank of Montreal					1,177,307	1,111,467	1,055,170	
Bank of Montreal					84,838	206,685	109,246	
Bank of Nova Scotia		0.500	780		34,248	33,527	306,981	
Compass Bank-Custody Accou		0.010	11		120,125	1,710,093	491,593	
Heritage Bank		0.480	391		226,033	226,176	226,275	
Iberia Bank		1.160	20,858		7,405,906	2,412,826	8,419,746	
J.P. Morgan Chase					858,500	1,018,334	2,969,273	
J.P. Morgan Chase		0.160	411		948,026	1,068,279	830,564	
Republic Bank			782		2,068,387	2,068,650	2,068,914	
Union Bank		0.050	21		100,231	100,240	100,244	
Wells Fargo Bank					5,962,027	2,633,716	6,873,234	
Bank of Nova Scotia		1.200		19,912	5,239,900	5,116,320	4,845,144	
Bank of Nova Scotia		1.200		45,050	5,236,500	5,113,000	4,842,000	
Bank of Nova Scotia		1.200		5,985	2,094,600	2,045,200	1,936,800	
Bank of Nova Scotia		1.200		3,975	529,410	516,924	489,526	
Canadian Imperial Bank of Com		1.050					1,936,800	
First National Bk Anchorage		0.800		736	100,000	100,000	100,000	
First National Bk Anchorage		0.200	50	16	50,000	50,000	50,000	
Iberia Bank		0.400	149	31	3,063,202	3,063,202	3,063,202	
Iberia Bank		0.400	6,076	2,148	2,500,000	2,500,000	2,500,000	
Iberia Bank		0.350	4,959	1,205	86,144	86,144	86,144	
Peoples Bank & Trust		0.749		749	250,000	250,000	250,000	
US Bank of Oregon		0.100	167	17	110,000	110,000	110,000	
0299998 Deposits in (59) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X	80,742	3,083	2,074,775	1,913,337	1,745,246	X
0299999 Total - General Funds	X X X	X X X	115,397	82,907	44,421,481	40,329,497	53,622,252	X
Open Depositories - Section (C) - Reinsurance Reserve Funds								
Amegy Bank					349,369	349,369	349,369	
0399998 Deposits in () depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X						X
0399999 Total - Reinsurance Reserve Funds	X X X	X X X			349,369	349,369	349,369	X
0499999 Total - Open Depositories	X X X	X X X	115,397	82,907	134,358,011	131,555,739	167,714,131	X
Suspended Depositories - Section (A) - Seg. Funds Held for Others								

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				
<div style="display: flex; justify-content: space-between;"> E12 8699999 Total Cash Equivalents </div>							