

**QUARTERLY STATEMENT**

**OF THE**

**STEWART**

**Title Guaranty Company**

**of Houston**

**in the state of Texas**

**TO THE**

**Insurance Department**

**OF THE**

**STATE OF**

**FOR THE QUARTER ENDED**

**June 30, 2010**

**TITLE**

**2010**



50121201020100102

QUARTERLY STATEMENT

AS OF JUNE 30, 2010  
OF THE CONDITION AND AFFAIRS OF THE

Stewart Title Guaranty Company

NAIC Group Code	0340 (Current Period)	0340 (Prior Period)	NAIC Company Code	50121	Employer's ID Number	74-0924290
Organized under the Laws of	Texas			State of Domicile or Port of Entry		Texas
Country of Domicile	United States of America					
Incorporated/Organized:	February 20, 1908			Commenced Business: March 11, 1913		
Statutory Home Office:	1980 Post Oak Boulevard (Street and Number)			Houston, TX 77056 (City or Town, State and Zip Code)		
Main Administrative Office:	1980 Post Oak Boulevard (Street and Number)			Houston, TX 77056 (City or Town, State and Zip Code)		
				713-625-8599 (Area Code) (Telephone Number)		
Mail Address:	P. O. Box 2029 (Street and Number or P.O. Box)			Houston, TX 77252 (City or Town, State and Zip Code)		
Primary Location of Books and Records:	1980 Post Oak Boulevard (Street and Number)			Houston, TX 77056 (City or Town, State and Zip Code)		
				713-625-8040 (Area Code) (Telephone Number)		
Internet Website Address:	www.stewart.com					
Statutory Statement Contact:	Alison R. Evers (Name)			713-625-8036 (Area Code) (Telephone Number) (Extension)		
	AEvers@stewart.com (E-Mail Address)			713-629-2330 (Fax Number)		

OFFICERS

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

VICE-PRESIDENTS

Name	Title	Name	Title
Alison R. Evers	Senior Vice-President	Allen Berryman	Executive Vice-President
Larry Davis	Senior Vice-President	John Killea	Executive Vice-President
George Houghton	Executive Vice-President	Murshid Kahn	Senior Vice- President
Paul Sands	Executive Vice-President	John Arcidiacono	Senior Vice-President
Brian Glaze	Senior Vice-President	Ted C Jones	Senior Vice-President
Bruce Levine	Senior Vice-President	David Stutts	Senior Vice-President
Rand Zimmerman	Vice-President	Jason Nadeau	Assistant Vice-President
Lou A Ysaquirre	Vice-President		

DIRECTORS OR TRUSTEES

Bruce Belin	Malcolm S Morris	Charles F Howard	Michael B Skalka
Matthew Morris	Stewart Morris	Stewart Morris Jr	

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

Subscribed and sworn to before me this  
 day of , 2010

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

ASSETS

	Current Statement Date			4  December 31 Prior Year Net Admitted Assets
	1  Assets	2  Nonadmitted Assets	3  Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	346,106,659		346,106,659	367,772,586
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	410,654,108		410,654,108	438,047,931
3. Mortgage loans on real estate:				
3.1 First liens	981,865	79,623	902,242	909,226
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)	1,226,816		1,226,816	1,581,762
5. Cash (\$ 59,139,302), cash equivalents (\$ 0), and short-term investments (\$ 2,114,670)	61,253,972		61,253,972	50,549,775
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets	1,563,761	43,050	1,520,711	1,538,891
9. Receivables for securities				
10. Aggregate write-ins for invested assets				
11. Subtotals, cash and invested assets (Lines 1 to 10)	821,787,181	122,673	821,664,508	860,400,171
12. Title plants less \$ 0 charged off (for Title insurers only)	7,665,612	54,063	7,611,549	7,611,549
13. Investment income due and accrued	3,938,553	8,753	3,929,800	4,724,564
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	44,510,270	11,463,829	33,046,441	28,347,273
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
14.3 Accrued retrospective premiums				
15 Reinsurance:				
15.1 Amounts recoverable from reinsurers				
15.2 Funds held by or deposited with reinsured companies				
15.3 Other amounts receivable under reinsurance contracts	438,273	291,306	146,967	62,035
16. Amounts receivable relating to uninsured plans				
17.1 Current federal and foreign income tax recoverable and interest thereon				
17.2 Net deferred tax asset				
18. Guaranty funds receivable or on deposit				
19. Electronic data processing equipment and software	573,399	197,254	376,145	386,861
20. Furniture and equipment, including health care delivery assets (\$ 0)	4,376,390	4,225,159	151,231	210,875
21. Net adjustment in assets and liabilities due to foreign exchange rates				
22. Receivables from parent, subsidiaries and affiliates	1,519,204	79,709	1,439,495	4,042,447
23. Health care (\$ 0) and other amounts receivable	3,917,693	713,996	3,203,697	7,173,528
24. Aggregate write-ins for other than invested assets	4,645,593	4,091,064	554,529	554,529
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 to 24)	893,372,168	21,247,806	872,124,362	913,513,832
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
27. Total (Lines 25 and 26)	893,372,168	21,247,806	872,124,362	913,513,832

DETAILS OF WRITE-IN LINES				
1001.				
1002.				
1003.				
1098. Summary of remaining write-ins for Line 10 from overflow page				
1099. Totals (Lines 1001 through 1003 plus 1098) (Line 10 above)				
2401. Other nonadmitted assets	3,265,752	3,265,752		
2402. Other Assets & deposits	1,379,841	825,312	554,529	554,529
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	4,645,593	4,091,064	554,529	554,529

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31 Prior Year
1. Known claims reserve	137,171,173	136,829,138
2. Statutory premium reserve	349,000,816	352,016,816
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)	15,631,086	19,963,237
7. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,033,550	5,292,992
8.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	3,778,634	2,556,238
8.2 Net deferred tax liability		
9. Borrowed money \$ 0 and interest thereon \$ 0		
10. Dividends declared and unpaid		
11. Premiums and other consideration received in advance		
12. Unearned interest and real estate income received in advance		
13. Funds held by company under reinsurance treaties	358,286	349,688
14. Amounts withheld or retained by company for account of others		
15. Provision for unauthorized reinsurance		
16. Net adjustments in assets and liabilities due to foreign exchange rates	8,054,887	8,000,888
17. Drafts outstanding		
18. Payable to parent, subsidiaries and affiliates	1,030,208	1,545,347
19. Derivatives		
20. Payable for securities		
21. Aggregate write-ins for other liabilities	450,883	1,139,033
22. Total liabilities (Lines 1 through 21)	516,509,523	527,693,377
23. Aggregate write-ins for special surplus funds	501,409	501,409
24. Common capital stock	8,500,000	8,500,000
25. Preferred capital stock		
26. Aggregate write-ins for other than special surplus funds		
27. Surplus notes		
28. Gross paid in and contributed surplus	181,069,601	181,568,104
29. Unassigned funds (surplus)	165,543,829	195,250,942
30. Less treasury stock, at cost:		
30.1 0 shares common (value included in Line 24 \$ 0)		
30.2 0 shares preferred (value included in Line 25 \$ 0)		
31. Surplus as regards policyholders (Lines 23 to 29 less 30)	355,614,839	385,820,455
32. Totals	872,124,362	913,513,832

DETAILS OF WRITE-INS		
0301.		
0302.		
0303.		
0398. Summary of remaining write-ins for Line 03 from overflow page		
0399. Totals (Lines 0301 through 0303 plus 0398) (Line 03 above)		
2101. Reinsurance payable	450,883	1,139,033
2102.		
2103.		
2198. Summary of remaining write-ins for Line 21 from overflow page		
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	450,883	1,139,033
2301. Surplus arising from increase in book value of title plants	501,384	501,384
2302. Mineral interest-assigned value	25	25
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	501,409	501,409
2601.		
2602.		
2603.		
2698. Summary of remaining write-ins for Line 26 from overflow page		
2699. Totals (Lines 2601 through 2603 plus 2698) (Line 26 above)		

OPERATIONS AND INVESTMENT EXHIBIT

STATEMENT OF INCOME	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>OPERATING INCOME</b>			
1. Title insurance and related income:			
1.1 Title insurance premiums earned	561,661,345	521,706,706	1,209,276,939
1.2 Escrow and settlement services	998,751	739,754	1,548,823
1.3 Other title fees and service charges	24,775,286	22,518,078	49,267,388
2. Aggregate write-ins for other operating income	1,028,864	944,928	1,799,658
3. Total Operating Income (Lines 1 through 2)	588,464,246	545,909,466	1,261,892,808
<b>DEDUCT:</b>			
4. Losses and loss adjustment expenses incurred	68,829,801	75,663,345	154,028,485
5. Operating expenses incurred	558,839,468	524,606,775	1,209,857,446
6. Aggregate write-ins for other operating deductions			
7. Total Operating Deductions	627,669,269	600,270,120	1,363,885,931
8. Net operating gain or (loss) (Lines 3 minus 7)	(39,205,023)	(54,360,654)	(101,993,123)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	23,706,754	7,604,200	15,189,391
10. Net realized capital gains (losses) less capital gains tax of \$ 0	1,665,004	992,094	7,433,384
11. Net investment gain (loss) (Lines 9 + 10)	25,371,758	8,596,294	22,622,775
<b>OTHER INCOME</b>			
12. Aggregate write-ins for miscellaneous income or (loss)	6,518,559	669,353	580,801
13. Net income, after capital gains tax and before all other federal income taxes (Lines 8 + 11 + 12)	(7,314,706)	(45,095,007)	(78,789,547)
14. Federal and foreign income taxes incurred	763,212	1,859,255	2,139,847
15. Net income (Lines 13 minus 14)	(8,077,918)	(46,954,262)	(80,929,394)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
16. Surplus as regards policyholders, December 31 prior year	385,820,455	332,264,809	332,264,809
17. Net income (from Line 15)	(8,077,918)	(46,954,262)	(80,929,394)
18. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	(23,404,727)	(878,853)	50,163,753
19. Change in net unrealized foreign exchange capital gain (loss)	(280,144)	2,538,174	12,888,069
20. Change in net deferred income taxes	(75,541,217)	(4,747,535)	6,766,327
21. Change in nonadmitted assets	77,596,963	2,203,169	(2,571,470)
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	(498,503)	3,231,611	69,971,561
27.2 Transferred to capital (Stock Dividend)			
27.3 Transferred from capital			
28. Dividends to stockholders			
29. Change in treasury stock			
30. Aggregate write-ins for gains and losses in surplus	(70)		(2,733,200)
31. Change in surplus as regards policyholders (Lines 17 through 30)	(30,205,616)	(44,607,696)	53,555,646
32. Surplus as regards policyholders as of statement date (Lines 16 plus 31)	355,614,839	287,657,113	385,820,455

DETAILS OF WRITE-IN LINES			
0201. Title plant rent	662,479	204,401	1,158,635
0202. Ceded reimbursements from agents	366,385	740,527	641,023
0203.			
0298. Summary of remaining write-ins for Line 02 from overflow page			
0299. Totals (Lines 0201 through 0203 plus 0298) (Line 02 above)	1,028,864	944,928	1,799,658
0601.			
0602.			
0603.			
0698. Summary of remaining write-ins for Line 06 from overflow page			
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)			
1201. Realized gains(loss) on other assets	6,476,794	154,603	203,649
1202. Miscellaneous Fees	28,988	374,698	228,361
1203. Computer support fees	12,777	140,052	148,791
1298. Summary of remaining write-ins for Line 12 from overflow page			
1299. Totals (Lines 1201 through 1203 plus 1298) (Line 12 above)	6,518,559	669,353	580,801
3001. Surplus increase due to liquidation of subsidiary			167,251
3002. Goodwill			(2,900,451)
3003. Surplus change in real estate	(70)		
3098. Summary of remaining write-ins for Line 30 from overflow page			
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	(70)		(2,733,200)

CASH FLOW

	1	2	3
Cash from Operations	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
1. Premiums collected net of reinsurance	554,936,960	516,947,821	1,219,220,532
2. Net investment income	26,642,579	9,116,552	18,622,427
3. Miscellaneous income	33,321,459	24,872,113	53,196,670
4. Total (Lines 1 to 3)	614,900,998	550,936,486	1,291,039,629
5. Benefit and loss related payments	68,487,766	65,148,693	134,839,903
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	567,946,200	532,851,838	1,213,768,591
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	(459,184)	1,706,456	(1,738,272)
10. Total (Lines 5 through 9)	635,974,782	599,706,987	1,346,870,222
11. Net cash from operations (Line 4 minus Line 10)	(21,073,784)	(48,770,501)	(55,830,593)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	85,101,412	135,936,515	372,769,739
12.2 Stocks	45,681	12,933,127	13,982,118
12.3 Mortgage loans	8,490	967,108	974,400
12.4 Real estate	253,203	971,701	971,701
12.5 Other invested assets	174,867	13,932	24,311
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds			
12.8 Total investment proceeds (Lines 12.1 to 12.7)	85,583,653	150,822,383	388,722,269
13. Cost of investments acquired (long-term only):			
13.1 Bonds	63,543,902	89,887,959	304,874,396
13.2 Stocks	187,919	20,979,147	82,534,468
13.3 Mortgage loans	35,000	168,000	384,063
13.4 Real estate		1,398,840	1,539,370
13.5 Other invested assets		230,000	529,160
13.6 Miscellaneous applications			200,000
13.7 Total investments acquired (Lines 13.1 to 13.6)	63,766,821	112,663,946	390,061,457
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)	21,816,832	38,158,437	(1,339,188)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock	1,801,497	3,231,611	69,971,561
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	8,159,652	(7,883,319)	(591,181)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	9,961,149	(4,651,708)	69,380,380
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)	10,704,197	(15,263,772)	12,210,599
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	50,549,775	38,339,176	38,339,176
19.2 End of period (Line 18 plus Line 19.1)	61,253,972	23,075,404	50,549,775

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

20.0001	Line 12.2 and 13.2 includes non-cash contribution to affiliate	187,919	2,979,147	61,384,497
20.0002	Line 12.3 and line 13.4 includes transfer of note foreclosed to real estate		958,800	958,800
20.0003	Line 16.2 includes non-cash capital contribution from parent	1,801,497	3,231,611	69,603,562
20.0004	Line 16.6 goodwill written off			(2,900,451)

**NOTES TO FINANCIAL STATEMENTS**

**1. Accounting Practices**

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

The Texas Department of Insurance recognizes statutory accounting practices prescribed or permitted by the State of Texas for determining and reporting the financial condition and results of operations of a title insurance company, for determining its solvency under the Texas Insurance Law. The National Association of Insurance Commissioners’ (the NAIC) *Accounting Practices and Procedures* manual, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Texas. The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically, (A) home office furniture and fixtures acquired after December 31, 2000 is an admitted asset as permitted by Texas Insurance Code 7.18 section (c)(4), depreciated in full over a period not to exceed five years. Home office fixed assets acquired prior to January 1, 2001 are an admitted asset as permitted by Texas Insurance Code Articles 3.01, 6.12, 8.07 and any other applicable laws, and shall be depreciated in full over a period not to exceed ten years. In NAIC SAP 17, furniture and fixtures are nonadmitted. (B) real estate owned prior to October 1, 1967 continue to qualify as an admitted asset per Texas Insurance Code Article 2551.151. In NAIC SAP 40, appraisals must be no more than five years old or the property will be nonadmitted. (C) Texas Insurance Code, Section 2551.258 grants the Commissioner the authority to change the statutory premium reserve, based on an actuarial review. The Commissioner gave an Order to change the statutory premium reserves in 2008 and 2009. NAIC SAP statutory premium reserve is a defined formula.

	<u>6/30/2010</u>	<u>12/31/2009</u>
Net Income, Texas State Basis	(8,077,918)	( 80,929,394)
State Prescribed Practices	0	0
(1)Statutory Premium Reserve reduction	0	21,684,161
State Permitted Practices:	0	0
Net Income, NAIC SAP	( 8,077,918)	(59,245,233)
Statutory Surplus, Texas State Basis	355,614,839	385,820,455
State Prescribed Practices:		
(1)Furniture & Fixtures	( 151,231)	( 210,875 )
(2)Real Estate	( 4,423)	( 4,423 )
(3) Statutory Premium Reserve reduction	21,684,161	21,684,161
State Permitted Practices:		
Statutory Surplus, NAIC SAP	377,143,346	407,289,318

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policies

**Revenue recognition and related expenses** - Premiums are earned at the time of the closing of the related real estate transaction. Premiums on title insurance policies written by agents are recognized primarily when policies are reported to the Company. The Company also accrues for unreported policies where reasonable estimates can be made based on historical reporting patterns of agents, current trends and known information about agents. The Company assumes and cedes reinsurance with various title companies, on an individual basis, utilizing standard facultative agreements provided by the American Land Title Association and also has in effect several excess reinsurance agreements wherein the Company assumes or may cede liability automatically under the terms of the treaty. Statutory Premium Reserves (SPR) are established to protect title insurance policyholders in the event of insolvency or dissolution of a title insurer. SPR is computed based on Article 2251.253 of the Texas Insurance Code. Expenses incurred in connection with issuing the policies are charged to operations as an expense for premiums retained by agents.

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the scientific method.
- (3) Common stocks are stated at market except investments in stocks that are not publicly traded, are valued at zero or cost.

## NOTES TO FINANCIAL STATEMENTS

- (4) Investments in Preferred stock, excluding investments in preferred stock of subsidiary, controlled, or affiliated entities – None.
- (5) Mortgage loans on real estate are stated at the aggregate unpaid balance.
- (6) Loan-backed securities are valued at amortized cost using the retrospective method.
- (7) The Company owns 100% of the common stock of Stewart Title Company, a non-insurance company. This stock is valued on the audited GAAP equity basis as described in the *NAIC Accounting Practices and Procedures Manual* SSAP 97, section 8(b)(iii).

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

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

The Company owns 10.16% of Title Reinsurance Company, a reinsurance company that provides primary liability insurance, which is valued at the Company's share of surplus as regards to policyholders per the most recent NAIC statement.

- (8) The Company has minor ownerships interest in one joint venture and two limited liability companies. These investments are valued based on SSAP 48, Section 8.
- (9) Derivatives – None
- (10) Anticipated investment income used as a factor in the premium deficiency calculation. – Not applicable
- (11) Unpaid losses and loss adjustment expenses include an amount for known claims and a formula-driven statutory premium reserve. Known claim reserves consist of a reserve for payment of the loss and costs of defense of the insured and other costs expected to be paid to other parties in the defense, settlement, or processing of the claim under the terms of the title insurance policy for each specific known claim.

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

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

The Texas Commissioner gave an Order for a Change to Statutory Premium Reserve that resulted in a \$58 million reduction in the statutory premium reserve as allowed by Section 2551.258 of the Texas Insurance Code for 2009. The 2008 order for a \$79.7million reduction was reversed in 2009. At December

31, 2009 the total of the Company's know claims reserves and statutory premium reserve is more than to the loss reserve by \$4.1 million as stated in Schedule P, column 24, which the Company's appointed actuary has provided a loss reserve opinion.

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

### 2. Accounting Changes and Corrections of Errors

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



NOTES TO FINANCIAL STATEMENTS

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** – Not Applicable

4. **Discontinued Operations** – Not Applicable

5. **Investments**

A. Mortgage Loans

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

	Current Year	Prior Year
4. At December 31, 2009, the Company held mortgage with interest more than 180 days past due with a recorded investment excluding accrued interest of:	316,062	316,062
Total interest due on mortgages with interest more than 180 days past due equals:	-	12,730
5. Taxes, assessments and any amounts advances and not included in the mortgage loan total.	-	-
6. Current year impaired loans with related allowance for credit losses.	-	-
7. Impaired mortgage loans without an allowance for credit losses.	-	-
8. Average recorded investment in impaired loans.	-	-
9. Interest income recognized during the period on loans impaired.	-	-
10. Amount of interest income recognized on a cash basis during the period the loans were impaired.	-	-

B. Debt Restructuring- Not applicable

C. Reverse Mortgages – None

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

E. Repurchase Agreements – None

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

G. Low-Income Housing Tax Credits (LIHTC) – The Company’s investment in LIHTC is less than 0.1% of admitted assets and therefore is immaterial for disclosure.

6. **Joint Ventures, Partnerships and Limited Liability Companies**

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

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

7. **Investment Income**

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

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

B. The total amount excluded was \$ 8,753.

8. **Derivative Instruments**- None

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

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

	Ordinary	Capital	6/30/2010 Total	12/31/2009 Total	Change
Total gross deferred tax assets	84,874,460	16,660	84,891,121	75,894,801	8,996,320
Statutory valuation allowance adjustment	(84,513,730)	(16,660)	(84,530,391)	(75,541,217)	(8,989,174)
Adjusted gross deferred tax assets	360,730	0	360,730	353,583	7,146
Total gross deferred tax liabilities	(173,870)	(186,859)	(360,730)	(353,583)	(7,146)
Net deferred tax assets /(liabilities)	186,859	(186,859)	0	0	(0)
Total Deferred tax assets nonadmitted	0	0	0	0	0
Net admitted deferred tax assets / (liabilities)	186,859	(186,859)	0	0	(0)

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

	Ordinary	Capital	6/30/2010 Total	12/31/2009 Total	Change
Admitted under paragraph 10.a.	0	0	0	0	0
Admitted under paragraph 10.b.	0	0	0	0	0
Admitted under paragraph 10.c.	0	0	0	0	0
Total admitted from the use of paragraph 10.a - 10.c.	0	0	0	0	0
Admitted under paragraph 10.e.i.	0	0	0	0	0
Admitted under paragraph 10.e.ii.	0	0	0	0	0
Admitted under paragraph 10.e.iii.	0	0	0	0	0
Total admitted from the use of paragraph 10.e.	0	0	0	0	0
Total admitted adjusted gross deferred tax assets	0	0	0	0	0

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

	Ordinary	Capital	6/30/2010 Total	12/31/2009 Total
Net deferred tax asset (liability)	186,859	(186,859)	0	0
Tax-effect of unrealized gains and losses	0	0	0	0
Net tax effect without unrealized gains and losses	186,859	(186,859)	0	0
Change in deferred income tax				0

B. Unrecognized deferred tax liabilities

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

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

	6/30/2010	12/31/2009
Current year tax expense (benefit)	1,964,212	6,572,289
Federal income tax on net capital gains	0	0
Prior year adjustments	(1,201,000)	0
Current income taxes incurred	763,212	6,572,289

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

	6/30/2010	12/31/2009	Change
Deferred tax assets:			
Unearned Premium Reserve	22,237,568	22,314,410	(76,842)
Loss Reserve Discounting	1,187,697	1,189,286	(1,589)
Investments	468,143	440,584	27,559
Fixed Assets	2,617,796	1,690,645	927,151
Unrealized <Gains> Losses	-	29,027	(29,027)
Pending Litigation Payable	1,969,186	3,395,690	(1,426,505)
Foreign Tax Credits	12,650,616	11,887,404	763,212
Net Operating Loss Carryforwards	35,346,772	25,930,894	9,415,878
Nonadmitted asset	7,728,842	8,144,711	(415,869)
Other	684,501	872,148	(187,648)
Valuation Allowance	(84,530,391)	(75,541,217)	(8,989,174)
Total adjusted gross deferred tax assets	360,730	353,583	7,146
Nonadmitted deferred tax assets	-	-	-
Admitted deferred tax assets	360,730	353,583	7,146
Deferred tax liabilities:			
Title Plants	(360,730)	(353,583)	(7,146)
Other	-	-	-
Total deferred tax liabilities	(360,730)	(353,583)	(7,146)
Net admitted deferred tax asset (liability)	(0)	(0)	0

NOTES TO FINANCIAL STATEMENTS

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

	6/30/2010	12/31/2009
Current income taxes incurred	763,212	6,572,289
Change in deferred income tax (without tax on unrealized gains and losses)	(0)	40,919,692
Total income tax reported	763,212	47,491,980
Income before taxes	(7,314,706)	(74,357,105)
	35%	35%
Expected Income tax expense (benefit) at 35% statutory rate	(2,560,147)	(26,024,987)
Increase (decrease) in actual tax reported resulting from:		
a. Dividends received deduction	(6,160,065)	(24,156)
b. Nondeductible expenses for meals, penalties, and lobbying	360,886	576,123
c. Tax-exempt income	(145,375)	(590,707)
d. Deferred tax benefit on nonadmitted assets	0	(13,514,480)
e. Foreign income taxes	763,212	6,604,489
f. Federal income taxes on capital gains	0	4,432,442
g. Change in statutory valuation adjustment	8,989,174	75,541,217
h. Recovered federal income taxes		(32,200)
i. Other	(484,472)	524,240
Total income tax reported	763,212	47,491,980

E. Operating loss carryforward

- (1) As of June 30, 2010, there are \$100,990,778 operating losses and \$12,650,616 foreign tax credit carryforwards which will expire in 2030 and 2019-2020 respectively
- (2) There are no Federal income taxes incurred that are available for recoupment in the event of future net operating losses.

- F. (1) The Company's federal Income Tax return is consolidated with the following entities: Stewart Information Services Corporation, Ortem Investments, Inc., SLJ's Holdings and subsidiaries denoted with an I on Schedule D-Part 6, Section 1 and 2 in the 2009 Annual Statement.
- (2) The method of allocation is detailed in the Restated Federal Income Tax Return Settlement Agreement dated November 25, 2009. Such Agreement was filed with the Texas Insurance Commissioner on December 7, 2009, under Holding Company Section #38223.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. The Company has not made a dividend.

During the first six months our parent, Stewart Information Services Corporation, made a capital contribution to us in the amount of \$1,801,497.

B and C. —

During the first six months, the Company made a capital contribution to Stewart Title Company in the amount of \$187,919.

- D. Amounts due from and amounts payable to related parties at June 30, 2010 are \$ 1,956,497 and \$ 1,030,208, respectively.
- E. None

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

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

The Company has agreed to provide services to its wholly owned subsidiary, Stewart Title Insurance

## NOTES TO FINANCIAL STATEMENTS

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Company of Oregon, pursuant to Management Agreement, dated January 1, 1997. Such Agreement was filed with the Texas Insurance Department on December 18, 1996, under Holding Company Section # 27073.

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

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

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

The Company has entered into a service agreement with Arkansas Title Insurance Company as described in the agreement dated March 20, 2006. Such agreement was filed with the Texas Insurance Department, under Holding Company Section # 34911.

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

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

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

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

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

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

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

The Company has entered into a 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

## NOTES TO FINANCIAL STATEMENTS

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

The Company has entered into a sublease agreement with Stewart Lender Services, Inc. Such agreement was filed with the Texas Insurance Department on April 4, 2007, under Holding Company Section # 35818, as amended by Amendment No. 1 under HCS # 37726, dated July 9, 2009.

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

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

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

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

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

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

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

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

- G. All outstanding shares of the Company are owned by Stewart Information Services Corporation, an insurance holding company domiciled in the State of Delaware.
- H. None
- I. The Company owns a 100% interest in Stewart Title Company, a non-insurance company, whose carrying value exceeds 10% of the admitted assets of the Company. The Company carries Stewart Title Company at GAAP equity adjusted for the elimination of parent company stock. The statement value and GAAP equity value of Stewart Title Company as of 12/31/2009 and 12/31/2008 was \$ 373,619,179 and

## NOTES TO FINANCIAL STATEMENTS

\$ 250,966,179.

J. The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.

K. and L. – Not applicable

### 11. Debt – None

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

A. None

B. The Company sponsors a defined contribution benefit plan in which all employees and its participating subsidiaries who have completed 90 days of service are eligible to participate.

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

At June 30, 2010 plan assets totaled \$ 188,835,248 including vested benefits of \$ 188,244,213.

C. None

D. None

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

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

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

2.-3. None

4. The maximum amount of dividends which can be paid by a State of Texas insurance company without prior approval from the Insurance Commissioner is subject to restrictions relating to statutory surplus and net income from prior year. Statutory surplus at December 31, 2009 is \$ 385,820,455. The maximum dividend payout that may be made without prior approval in 2010 is \$ 77,164,091.

5.-9. Not applicable

10. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$ 136,248,654.

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

13. None

### 14. Contingencies

A. Contingent Commitments – None

B. Assessments – None

C. Gain Contingencies – None

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

The claim count information is on a per claim basis.

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

E. All other Contingencies-

**Regulatory developments**

In California, new 2009 regulations eliminated a previously proposed interim rate reduction and a maximum rate formula and substantially scale back the financial date requirements on the insurance companies. In New Mexico, in 2009, the Superintendent of Insurance awarded a 10.7% premium rate increased effective August 1, 2009, and an increase in the remittance rate on residential transactions from 19% to 20% from agencies to underwriters.

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

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

The Company is also subject to various other administrative actions and inquiries into its conduct of business in certain of the states in which it operates. While the Company cannot predict the outcome of the various regulatory and administrative matters, it believes that it has adequately reserved for 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

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 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 18, 2010, the Company has obtained dismissals of the claims in Arkansas, California, Delaware, Florida, Massachusetts, New Jersey, New York, Ohio, Pennsylvania (where plaintiffs may pursue injunctive relief only), Texas and Washington. The Company is awaiting decisions on motions to dismiss in Delaware

## NOTES TO FINANCIAL STATEMENTS

and West Virginia (where all proceedings have been stayed and the docket closed) and has moved for summary judgment on the claims for injunctive relief in Pennsylvania. The plaintiffs have appealed the dismissal in Ohio to the United States Court of Appeals for the Sixth Circuit and the dismissal in New Jersey to the United States Court of Appeals for the Third Circuit. The dismissals in New York and Texas have been affirmed by the United States Courts of Appeals for the Second and Fifth Circuits, respectively, and the plaintiffs are seeking a review of those decisions by the United States Supreme Court. The Company has also moved to dismiss the remaining RESPA claims which are pending in New York. Although the Company cannot predict the outcome of these actions, it intends to vigorously defend itself against the allegations and does not believe that the outcome will materially affect its financial condition or results of operations.

In January 2009, an action was filed by individuals against Stewart Title Guaranty Company, Stewart Title of California, Inc., Cuesta Title Company and others in the Superior Court of California for the County of San Luis Obispo alleging that the plaintiffs have suffered damages relating to loans they made through Hurst Financial Corporation to an individual named Kelly Gearhart and entities controlled by Gearhart. Gearhart and Hurst have filed for bankruptcy. Thereafter, several other lawsuits making similar allegations, including a lawsuit filed by several hundred individuals, were filed in San Luis Obispo Superior Court, and one such lawsuit 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 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, violation of the Racketeer Influenced and Corrupt Organizations Act, conversion, conspiracy, alter ego, specific performance and declaratory relief. The Company has demurred to or moved to dismiss the complaints in the actions where responses to the complaints have been due, and the Court has sustained the Company's demurrers in whole or in part while granting plaintiffs leave to amend. On August 2, 2010, the United States District Court for the Central District of California granted the Company's motion to dismiss and allowed the plaintiffs leave to amend within ten (10) days. The Company intends to vigorously defend itself against the allegations and does not believe that the outcome of these matters will materially affect its financial condition or results of operations.

On December 7, 2009, the Office of the Commissioner of Insurance for the state of Georgia issued a press alleging that Stewart Title Guaranty Company violated Georgia's insurance laws between January 1, 2003 and September 30, 2007. A show-cause hearing was ordered, which was eventually scheduled for April 12, 2010. Prior to commencement of the hearing, the Company entered into a settlement agreement with the Commissioner of Insurance, which will result in a Consent Order. Most of the significant charges against the Company was dropped as part of the settlement. However, the Company agreed to pay an immaterial fine, engage in a premium tax audit and enter into a corrective action plan, which essentially memorializes conduct and procedures with regard to charging for products, which the Company instituted in April 2009. Neither the settlement or fine the outcome of the premium tax audit is expected to materially affect the Company's financial condition or results of operations.

On March 5, 2010, the Company guaranteed the indebtedness of a \$425,000 note to a bank in connection with a claim settlement, which matures on September 5, 2010. As of this reporting date, the Company's maximum potential future payments on this guarantee amounts to \$316,000.

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

### 15. Leases

The Company's expense for leased offices was \$ 11,626,008 in 2009 and \$11,386,113 in 2008. These are noncancelable, operating leases expiring over the next nine years. The future minimum lease payments are summarized as follows (stated in thousands of dollars).



NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

Not Applicable

20. Other Items

- A. Extraordinary Items - None
- B. Troubled Debt Restructuring – None
- C. The Company holds \$ 108,214,267 at June 30, 2010 in segregated escrow bank accounts pending the closing of real estate transactions. This results in a contingent liability to the Company. These accounts are excluded from the financial statements of admitted assets, liabilities and surplus as regards policyholders.

Assets in the amount of \$ 140,564,230 and \$ 138,534,136 at June 30, 2010 and December 31, 2009, respectively, were on deposit with government authorities or trustees as required by law.

- D. – E None or Not Applicable
- F. State Transferable Tax Credits – None
- G. – Hybrid Securities - None
- H. – Subprime Mortgage Related Risk Exposure

We have reviewed our investment portfolio as of June 30, 2010 and determined that we do not hold any investments that we believe will be materially impaired as a result of the decline in financing activity related to the subprime lending market or being backed by subprime loans. In addition, for the six months ended June 30, 2010, we have recorded a \$ 92,420 other-than-temporary impairments on real estate held for investments.

- I. None

21. Events Subsequent

Arkansas Title Insurance Company, National Land Title Insurance Company and Stewart Title Insurance Company of Oregon were merged into Stewart Title Guaranty Company on July 1, 2010, with Stewart Title Guaranty Company surviving.

22. Reinsurance

- (A) Unsecured Reinsurance Recoverables – None
- (B) Reinsurance Recoverable in Dispute - None
- (C) Reinsurance Assumed and Ceded – None
- (D) Uncollectible Reinsurance – None
- (E) Commutation of Ceded Reinsurance – None
- (F) Retroactive Reinsurance – None

## NOTES TO FINANCIAL STATEMENTS

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(G) Reinsurance Accounted for as a Deposit - None

23. **Retrospectively Rated Contracts**- Not Applicable

24. **Changes in Incurred Losses and Loss Adjustment Expenses**

Known claims reserves as of December 31, 2009 were \$120.8 million. As of June 30, 2010, \$63.7 million has been paid for losses and loss adjustment expenses attributable to prior policy years. Incurred losses on prior policy years were \$64.6 million in the first two quarters of 2010. Incurred losses on prior policy years are the result of prior policy year claims that were reported in the current year, as well as increases and decreases made to original estimates that result from additional information as it becomes known regarding the individual claims.

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

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

26. **Structured Settlements** – None

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

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state?

Yes [ ] No [ ]

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [ ] No [X]

2.2 If yes, date of change:

3. Have there been any substantial changes in the organizational chart since the prior quarter end?  
If yes, complete the Schedule Y – Part 1 – organizational chart.

Yes [ ] No [X]

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?  
If yes, attach an explanation.

Yes [ ] No [ ] N/A [X]

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

12/31/2005

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2005

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/11/2007

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

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [X] No [ ] N/A [ ]

6.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes [X] No [ ] N/A [ ]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [ ] No [X]

7.2 If yes, give full information

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [ ] No [X]

GENERAL INTERROGATORIES

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

.....

.....

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ☐ ] No [ ☒ ]

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

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

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

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules, and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

Yes [ ☒ ] 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 [ ☒ ]

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 [ ☒ ]

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 [ ☒ ] 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 [ ☒ ]

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 [ X ] No [ ]

14.2 If yes, please complete the following:	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$ 0	\$ 0
14.22 Preferred Stock	\$ 0	\$ 0
14.23 Common Stock	\$ 438,011,145	\$ 410,654,108
14.24 Short-Term Investments	\$ 0	\$ 0
14.25 Mortgage Loans on Real Estate	\$ 0	\$ 0
14.26 All Other	\$ 0	\$ 0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$ 438,011,145	\$ 410,654,108
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$ 0	\$ 0

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

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

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

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

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

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

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

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

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

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

**GENERAL INTERROGATORIES**

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

1 Central Registration Depository	2  Name(s)	3  Address
1069875 .....	Vaughan, Nelson, Scarborough .....	600 Travis, Suite 6300, Houston, TX 77002 .....
.....	.....	.....

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

Yes [X] 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	2	3	Total Discount				Discount Taken During Period			
			4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Discount Rate	Unpaid Losses	Unpaid LAE	IBNR	TOTAL	Unpaid Losses	Unpaid LAE	IBNR	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	\$	340,503,542
5.12 Short-term investments	\$	
5.13 Mortgages	\$	
5.14 Cash	\$	8,791,112
5.15 Other admissable invested assets	\$	
5.16 Total	\$	349,294,654

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:	\$	108,214,267
These funds consist of:		
5.22 In cash on deposit	\$	108,214,267
5.23 Other forms of security	\$	

## SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1	2	3	4	5
NAIC Company Code	Federal ID Number	Name of Reinsurer	Location	Is Insurer Authorized? (Yes or No)
		NONE		



**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**  
**Current Year To Date - By States and Territories**

		1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Known Claim Reserve	
			2	3	4	5	6	7
States, Etc.		Active Status	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date
1. Alabama	AL	L	4,236,388	6,053,182	421,784	613,939	882,541	714,188
2. Alaska	AK	L	5,612,549	6,370,218	223,831	43,292	48,833	166,311
3. Arizona	AZ	L	15,334,424	12,559,535	677,584	(99,768)	129,279	480,048
4. Arkansas	AR	L	1,485,302	2,193,665	890,925	331,228	232,818	1,852,875
5. California	CA	L	84,278,392	55,560,953	9,764,817	4,629,461	20,708,371	26,236,411
6. Colorado	CO	L	18,081,541	16,140,336	939,277	2,130,610	1,065,016	657,460
7. Connecticut	CT	L	1,076,535	742,855	154,370	(86,982)	267,994	334,746
8. Delaware	DE	L	3,142,384	2,119,586	74,849	266,473	423,731	725,125
9. District of Columbia	DC	L	1,773,357	2,142,151	405,471	894,174	331,135	313,995
10. Florida	FL	L	24,790,992	27,581,672	10,924,741	8,378,835	26,350,295	18,613,257
11. Georgia	GA	L	8,320,654	8,977,596	1,548,282	1,269,711	1,049,680	1,260,024
12. Hawaii	HI	L	1,858,573	1,867,353	94,659	113,691	364,298	120,074
13. Idaho	ID	L	6,098,417	5,665,422	561,255	178,490	2,341,391	2,563,460
14. Illinois	IL	L	9,713,860	9,637,808	2,329,008	2,002,436	6,154,183	3,625,038
15. Indiana	IN	L	5,276,054	5,187,238	735,651	590,863	1,701,139	851,601
16. Iowa	IA	N	216,366	191,414	9,131	64,697	15,500	38,424
17. Kansas	KS	L	2,505,848	3,697,649	131,128	108,108	286,691	102,288
18. Kentucky	KY	L	3,906,313	3,957,007	97,890	416,834	335,038	363,525
19. Louisiana	LA	L	8,371,111	8,573,137	435,256	410,733	644,375	531,908
20. Maine	ME	L	1,353,840	1,167,416	87,418	181,535	96,616	119,579
21. Maryland	MD	L	12,007,344	12,147,876	1,483,094	2,115,104	3,097,905	2,937,485
22. Massachusetts	MA	L	13,458,365	12,646,743	491,785	1,426,519	1,656,805	790,295
23. Michigan	MI	L	8,105,989	7,292,307	2,356,962	2,564,441	2,345,130	3,817,021
24. Minnesota	MN	L	8,395,889	7,437,119	1,227,943	3,120,852	4,285,151	5,483,409
25. Mississippi	MS	L	1,068,548	1,914,232	384,578	510,849	316,838	265,379
26. Missouri	MO	L	2,299,164	4,413,035	770,506	959,742	1,299,460	1,328,442
27. Montana	MT	L	3,580,548	5,210,297	129,687	169,630	299,950	97,319
28. Nebraska	NE	L	2,186,471	2,340,841	35,635	40,927	99,036	56,284
29. Nevada	NV	L	4,531,084	4,692,630	1,250,704	1,379,469	3,596,005	858,224
30. New Hampshire	NH	L	1,001,437	1,933,673	165,904	119,021	271,057	452,543
31. New Jersey	NJ	L	28,234,353	23,016,244	3,013,490	2,351,301	3,389,705	3,214,583
32. New Mexico	NM	L	5,942,405	6,989,846	77,242	102,809	586,970	244,116
33. New York	NY	Q						
34. North Carolina	NC	L	4,511,730	5,756,411	1,132,169	3,102,172	1,791,233	2,160,532
35. North Dakota	ND	L	1,001,913	1,494,177	5,300	7,181	16,335	16,335
36. Ohio	OH	L	13,571,627	13,604,440	1,817,734	1,825,902	2,508,641	3,878,340
37. Oklahoma	OK	L	2,960,724	3,319,345	547,730	115,976	298,018	382,072
38. Oregon	OR	L	6,675,955	6,211,101	48,380	(2,500)	1,799,945	137,338
39. Pennsylvania	PA	L	14,681,567	12,043,137	1,200,587	3,427,500	2,464,158	3,156,980
40. Rhode Island	RI	L	369,785	1,546,842	213,197	576,846	270,460	617,199
41. South Carolina	SC	L	5,093,076	6,033,640	529,425	789,113	915,264	481,707
42. South Dakota	SD	L	1,032,751	1,461,762	39,612	16,428	107,726	55,092
43. Tennessee	TN	L	4,929,400	5,852,516	407,016	(2,066,781)	967,083	1,162,976
44. Texas	TX	L	95,475,510	101,807,900	2,266,068	3,576,757	5,353,820	5,966,940
45. Utah	UT	L	19,414,997	19,286,779	935,060	864,901	2,921,748	883,971
46. Vermont	VT	L	521,130	543,213	14,132	1,716,236	23,756	41,874
47. Virginia	VA	L	21,320,140	18,327,143	595,264	1,021,915	1,097,224	1,476,032
48. Washington	WA	L	15,319,791	12,006,225	1,413,392	950,168	1,627,678	1,581,573
49. West Virginia	WV	L	1,231,042	1,138,076	79,633	490,346	218,511	180,836
50. Wisconsin	WI	L	5,887,582	6,097,137	230,482	(768,267)	123,431	590,996
51. Wyoming	WY	L	1,872,844	2,875,853	236,771	73,847	43,570	6,182
52. American Samoa	AS	N						
53. Guam	GU	L	1,936,699	1,591,251	12,420	35,170	373,520	345,944
54. Puerto Rico	PR	L	3,715,546	4,459,678	466,004	245,643	1,668,105	1,720,227
55. U.S. Virgin Islands	VI	L	188,226	177,442				
56. Northern Mariana Islands	MP	L	37,050	(210,007)			500	
57. Canada	CN	L	37,372,526	23,516,029	9,628,993	7,467,581	8,498,700	9,400,260
58. Aggregate Other Alien	OT	X X X	(69,902)	554,941	23,045	36,523	19,408,811	14,696,365
59. Totals		(a) 53	557,296,206	519,916,067	63,737,271	60,801,681	137,171,173	128,155,208

DETAILS OF WRITE-INS							
5801. Mexico	X X X		8,500	500		(1,148)	8,573,490
5802. Costa Rica	X X X			276,160	23,045	17,350	134,404
5803. Dominican Republic	X X X					20,321	16,917
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X		(78,402)	278,281			10,684,000
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X		(69,902)	554,941	23,045	36,523	19,408,811

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

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

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

PART 1 - ORGANIZATIONAL CHART

NAIC Group Code	Group Name	NAIC Company Code	State of Domicile	Federal ID Number	Company Name
0000		00000	DE	74-1677330	Stewart Information Services Corporation-SISCO
0340	Stewart	50121	TX	74-0924290	Stewart Title Guaranty Company-STG(SISCO)
0340	Stewart	50156	IL	34-0805709	National Land Title Insurance Company-NLTIC(STG)
0340	Stewart	50725	AR	71-0560086	Arkansas Title Insurance Company(NLTIC)
0340	Stewart	51420	NY	76-0233294	Stewart Title Insurance Company-STIC(STG)
0340	Stewart	50036	OR	91-1800766	Stewart Title Insurance Co. of Oregon(STG)
0340	Stewart	32336	VT	03-0311175	Title Reinsurance Company(STG)
0000		00000	MX	AA-2734105	Stewart Title Guaranty De Mexico(STG)
0000		00000	EN	AA-1124112	Stewart Title Limited (United Kingdom)(STG)
0000		00000	TX	74-0923770	Stewart Title Co. of Galveston-STC(STG)
0000		00000	OK	73-1093494	Stewart Abstract of Oklahoma(STC)
0000		00000	NM	85-0446018	Stewart Title LLC(STC)
0000		00000	DE	76-0570062	Electronic Closing Services, Inc. (STC)
0000		00000	AZ	86-0223200	Stewart Title & Trust of Phoenix(STC)
0000		00000	CA	95-4607898	Stewart Title of California (STC)
0000		00000	TX	74-2823956	Gracy Title(STC)
0000		00000	FL	59-3138251	Tampa Cypress Partners(STC)
0000		00000	NV	20-8217543	Stewart Title Nevada Holdings, Inc.(STC)
0000		00000	PL	99-9999999	Stewart International Spolka Z Organizona(STC)
0000		00000	TX	76-0450977	Stewart Lender Services(STC)
0000		00000	TX	20-5764898	Property Information Corporation
0000		00000	TX	47-0941826	Home Retention Services, Inc.
0000		00000	CO	84-1517419	Stewart Water Information, LLC(STC)
0000		00000	TX	27-1283880	Startex Title Company, LLC (STC)
0000		00000	UT	46-0467452	Bonneville Superior Title Co. (STC)
0000		00000	VG	98-0371673	Stewart Latin America, Inc.(STC)

PART 1 – LOSS EXPERIENCE

	Current Year to Date				5  Prior Year to Date Direct Loss Percentage
	1  Direct Premiums Written	2  Other Income (Page 4, Lines 1.2 + 1.3 + 2)	3  Direct Losses Incurred	4  Direct Loss Percentage Cols. 3 / (1 + 2)	
1. Direct operations	61,214,594	15,919,800	17,850,884	23.10	23.60
2. Agency operations:					
2.1 Non-affiliated agency operations	341,957,742	10,548,133	35,578,905	10.10	15.80
2.2 Affiliated agency operations	154,123,870	334,967	15,400,012	10.00	7.60
3. Totals	557,296,206	26,802,900	68,829,801	11.80	13.90

PART 2 – DIRECT PREMIUMS WRITTEN

	1  Current Quarter	2  Current Year to Date	3  Prior Year Year to Date
1. Direct operations	36,810,968	61,214,594	43,004,503
2. Agency operations:			
2.1 Non-affiliated agency operations	180,896,670	341,957,742	298,385,559
2.2 Affiliated agency operations	88,725,467	154,123,870	178,526,005
3. Totals	306,433,105	557,296,206	519,916,067

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. Bulk Reserves	X X X					10,684,000	10,684,000
5805. Panama	X X X	(8,906)	5,000				
5806. Bahamas	X X X	(69,496)	273,281				
5897. Totals (Lines 5804 through 5896) (Page 10, Line 5898)	X X X	(78,402)	278,281			10,684,000	10,684,000

**SCHEDULE A - VERIFICATION**  
**Real Estate**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	1,581,762	1,812,387
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		1,539,370
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals	(9,253)	(113,339)
5. Deduct amounts received on disposals	253,203	971,701
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized	92,490	684,955
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)	1,226,816	1,581,762
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	1,226,816	1,581,762

**SCHEDULE B - VERIFICATION**  
**Mortgage Loans**

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	955,355	1,986,892
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	35,000	353,000
2.2 Additional investment made after acquisition		31,063
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		(441,200)
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals	8,490	974,400
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)	981,865	955,355
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)	981,865	955,355
14. Deduct total nonadmitted amounts	79,623	46,129
15. Statement value at end of current period (Line 13 minus Line 14)	902,242	909,226

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

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	1,748,092	1,756,132
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		340,000
2.2 Additional investment made after acquisition		189,160
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	106,687	(280,589)
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals	174,867	24,311
8. Deduct amortization of premium and depreciation	116,151	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)	1,563,761	1,748,092
12. Deduct total nonadmitted amounts	43,050	209,200
13. Statement value at end of current period (Line 11 minus Line 12)	1,520,711	1,538,892

**SCHEDULE D - VERIFICATION**  
**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	805,820,517	731,275,689
2. Cost of bonds and stocks acquired	61,431,821	387,408,864
3. Accrual of discount	23,324	73,733
4. Unrealized valuation increase (decrease)	(25,269,524)	48,618,167
5. Total gain (loss) on disposals	1,675,208	13,474,775
6. Deduct consideration for bonds and stocks disposed of	85,147,093	386,751,857
7. Deduct amortization of premium	1,955,926	3,014,817
8. Total foreign exchange change in book/adjusted carrying value	182,536	15,532,843
9. Deduct current year's other than temporary impairment recognized	96	796,880
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	756,760,767	805,820,517
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	756,760,767	805,820,517

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
<b>BONDS</b>								
1. Class 1 (a)	315,537,892	28,998,148	30,165,341	(4,309,519)	315,537,892	310,061,180		325,171,887
2. Class 2 (a)	44,098,876	1,785,824	9,700,713	(138,508)	44,098,876	36,045,479		42,600,699
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	359,636,768	30,783,972	39,866,054	(4,448,027)	359,636,768	346,106,659		367,772,586
<b>PREFERRED STOCK</b>								
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	359,636,768	30,783,972	39,866,054	(4,448,027)	359,636,768	346,106,659		367,772,586

(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	2,114,670	X X X	2,114,670	13	

**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	377,330	3,404,367
2. Cost of short-term investments acquired	1,988,952	6,006,019
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	171,015	9,033,056
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value	(80,597)	
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	2,114,670	377,330
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	2,114,670	377,330

**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**

Showing All Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter

**NONE**

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

1	Location		4	5	6	7	8	Change in Book/Adjusted Carrying Value Less Encumbrances					14	15	16	17	18	19	20
	2	3						9	10	11	12	13							
Description of Property	City	State	Disposal Date	Name of Purchaser	Actual Cost	Expended for Additions, Permanent Improvements and Changes in Encumbrances	Book/Adjusted Carrying Value Less Encumbrances Prior Year	Current Year's Depreciation	Current Year's Other Than Temporary Impairment Recognized	Current Year's Change in Encumbrances	Total Change in B./A.C.V. (11 - 9 - 10)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Amounts Received During Year	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Gross Income Earned Less Interest Incurred on Encumbrances	Taxes, Repairs and Expenses Incurred
3.07 acres Braskora Gard	League City	TX	04/16/2010	LinGo Sedona Phase 2	26		96						96	100,183		100,157	100,157		
566 Creston Rd	Kalispell	MT	05/26/2010	James Fenn	352,000		308,320		92,420		(92,420)		215,900	106,490		(109,410)	(109,410)		578
800 Cypress Park Way, Un	Deerfield Beac	FL	04/22/2010	Joseph Zuk	46,530		46,530						46,530	46,530					1,730
0199999 Property Sold					398,556		354,946		92,420		(92,420)		262,526	253,203		(9,253)	(9,253)		2,308
0399999 Total					398,556		354,946		92,420		(92,420)		262,526	253,203		(9,253)	(9,253)		2,308

SCHEDULE B - PART 2

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

1  Loan Number	Location		4  Loan Type	5  Date Acquired	6  Rate of Interest	7  Actual Cost at Time of Acquisition	8  Additional Investment Made After Acquisitions	9  Value of Land and Buildings
	2  City	3  State						
260020	Kalispell	MT		05/25/2010	6.000	35,000		
0399999 Mortgages in good standing - Residential mortgages - all other				X X X	X X X	35,000		
0899999 Total Mortgages in good standing				X X X	X X X	35,000		
3399999 Totals				X X X	X X X	35,000		

E02

SCHEDULE B - PART 3

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

1  Loan Number	Location		4  Loan Type	5  Date Acquired	6  Disposal Date	7  Book Value/ Recorded Investment Excluding Accrued Interest Prior Year	Change in Book Value/Recorded Investment						14  Book Value/ Recorded Investment Excluding Accrued Interest on Disposal	15  Consideration	16  Foreign Exchange Gain (Loss) on Disposal	17  Realized Gain (Loss) on Disposal	18  Total Gain (Loss) on Disposal
	2  City	3  State					8  Unrealized Valuation Increase (Decrease)	9  Current Year's (Amortization) / Accretion	10  Current Year's Other than Temporary Impairment Recognized	11  Capitalized Deferred Interest and Other	12  Total Change in Book Value (8+9-10+11)	13  Total Foreign Exchange Change in Book Value					
280001	Fernley	NV		06/01/2009		166,172							165,223	949			
210040	Norvell	MA		04/28/1999		35,091							31,292	3,799			
300080	Plainfield	NJ		10/28/2008		119,012							116,060	2,952			
310001	Ruidoso	NM		12/28/2007		134,017							133,228	790			
0299999 Mortgages with partial repayments						454,292							445,803	8,490			
0599999 Totals						454,292							445,803	8,490			

## SCHEDULE BA - PART 2

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

[illegible]





## SCHEDULE D - PART 3

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

[illegible]

(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 Ident- ification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid- eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amort- ization)/ Accretion	Current 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 Desig- nation or Market Indicator (a)
912828-LW-8	US TREASURY NOTE Co:2 Lot:1		05/24/2010	VARIOUS		6,511,756	6,480,000.00	6,499,997			(1,157)		(1,157)		6,498,840		12,916	12,916	6,896	09/30/2011	1
912828-LW-8	US TREASURY NOTE Co:2 Lot:2		05/24/2010	Nomura Securities		779,602	775,000.00	778,270			(203)		(203)		778,066		1,535	1,535	1,165	09/30/2011	1
912828-LW-8	US TREASURY NOTE Co:2 Lot:3		06/14/2010	Nomura Securities		3,685,955	3,665,000.00	3,680,175			(902)		(902)		3,679,273		6,682	6,682	6,447	09/30/2011	1
912828-LW-8	US TREASURY NOTE Co:2 Lot:4		06/14/2010	Nomura Securities		281,531	280,000.00	281,586			(64)		(64)		281,522		9	9	574	09/30/2011	1
0399999	Total - Bonds - U.S. Governments				X X X	11,258,844	11,200,000.0	11,240,028			(2,326)		(2,326)		11,237,701		21,142	21,142	15,082	X X X	X X X
135087-WX-8	Canadian Govt	C	06/01/2010	Matured		954,900	954,900.00	646,689	954,697		(1,520)		(1,520)	1,723	954,900				26,260	06/01/2010	1FE
135087-WX-8	Canadian Govt	C	06/01/2010	Matured		262,598	262,598.00	181,781	261,816		319		319	463	262,598				7,221	06/01/2010	1FE
135087-WX-8	Canadian Govt	C	06/01/2010	Matured		1,002,645	1,002,645.00	874,971	1,007,682		(6,929)		(6,929)	1,891	1,002,645				27,573	06/01/2010	1FE
1099999	Total - Bonds - All Other Governments				X X X	2,220,143	2,220,143.00	1,703,441	2,224,195		(8,130)		(8,130)	4,077	2,220,143				61,054	X X X	X X X
581663-2N-0	MCKINNEY TEX ISD Co:2 Lot:1		05/03/2010	UBS-TOM ROSS		2,560,388	2,475,000.00	2,479,430	2,478,579		(145)		(145)		2,478,434		81,954	81,954	82,990	02/15/2027	1FE
839856-H6-1	SAN ANTONIO TX ISD Co:2 Lot:1		05/27/2010	CALLED		10,166	10,000.00	10,825	10,000						10,000		166	166	294	08/15/2012	1FE
879709-ZG-1	Tempe Arizona Co:2 Lot:1		05/03/2010	Hutchinson, Shockey, E		1,125,305	1,020,000.00	1,079,395	1,069,484		(2,260)		(2,260)		1,067,224		58,080	58,080	43,208	07/01/2020	1FE
2499999	U.S. Total - Bonds - Political Subdivisions of States, Territories and Possessions				X X X	3,695,859	3,505,000.00	3,569,650	3,558,063		(2,405)		(2,405)		3,555,658		140,200	140,200	126,492	X X X	X X X
235241-BH-8	DALLAS TEX AREA RAPID TRAN SAL		05/20/2010	Wells Fargo Brokerage		1,354,943	1,275,000.00	1,468,571	1,327,022		(10,235)		(10,235)		1,316,787		38,155	38,155	33,123	12/01/2012	1FE
31371Q-7K-8	FNMA Pool #259298 Co:2 Lot:2		06/25/2010	PRINCIPAL RECEIPT		397	397.32	465	465		(68)		(68)	397					11	10/01/2031	1
442368-FU-5	HOUSTON TEX CMNTY COLLEGE Co:		04/15/2010	MATURITY		410,000	410,000.00	433,169	412,139		(2,139)		(2,139)		410,000				10,250	04/15/2010	1FE
442368-GF-7	HOUSTON TEX CMNTY COLLEGE Co:		04/15/2010	MATURITY		440,000	440,000.00	464,865	442,296		(2,296)		(2,296)		440,000				11,000	04/15/2010	1FE
3199999	U.S. Total - Bonds - Special Revenue and Special Assessment Non-Guaranteed Obl				X X X	2,205,340	2,125,397.32	2,367,070	2,181,922		(14,738)		(14,738)		2,167,184		38,155	38,155	54,384	X X X	X X X
097023-AY-1	BOEING CO Co:2 Lot:1		05/25/2010	Citigroup		2,296,294	2,200,000.00	2,267,364	2,266,360		(4,838)		(4,838)		2,261,522		34,772	34,772	64,167	02/15/2015	1FE
191219-AP-9	COCA-COLA ENTERPRISES Co:2 Lot:		05/25/2010	Jefferies		1,917,702	1,430,000.00	1,799,083	1,785,771		(8,341)		(8,341)		1,777,430		140,272	140,272	100,279	02/01/2022	1FE
191219-AP-9	COCA-COLA ENTERPRISES Co:2 Lot:		05/25/2010	Jefferies		1,609,260	1,200,000.00	1,609,356	1,607,402		(10,088)		(10,088)		1,597,314		11,946	11,946	84,150	02/01/2022	1FE
369604-BC-6	General Electric Co. Co:2 Lot:2		04/06/2010	JP Morgan		3,123,683	2,990,000.00	3,093,663	3,091,582		(2,803)		(2,803)		3,088,779		34,903	34,903	53,633	12/06/2017	1FE
67481E-AA-4	OCEAN ENERGY INC. Co:2 Lot:1		06/30/2010	CALLED		1,780,275	1,650,000.00	2,002,919	1,734,757		(23,444)		(23,444)		1,711,314		68,961	68,961	87,726	10/01/2011	2FE
891490-AT-1	TOSCO CORP Co:2 Lot:1		04/21/2010	First Tennessee Corpor		2,308,086	1,800,000.00	2,283,606	2,263,333		(3,725)		(3,725)		2,259,608		48,478	48,478	101,969	02/15/2030	1FE
907834-AJ-4	UNION PAC RES GROUP INC Co:2 Lot		06/21/2010	Cantor Fitzgerald		890,000	1,000,000.00	1,256,490	1,233,272		(3,135)		(3,135)		1,230,137		(340,137)	(340,137)	54,988	04/15/2029	2FE
907834-AJ-4	UNION PAC RES GROUP INC Co:2 Lot		06/21/2010	Cantor Fitzgerald		631,900	710,000.00	588,434	589,783		1,025		1,025		590,809		41,091	41,091	39,041	04/15/2029	2FE
902905-AK-4	USX CORPORATION Co:2 Lot:1		04/06/2010	Tender Offer		4,169,322	3,650,000.00	4,843,404	4,012,360		(43,210)		(43,210)		3,969,150		200,172	200,172	219,570	02/15/2012	2FE
902905-AM-0	USX MARATHON GROUP Co:2 Lot:1		04/06/2010	Tender Offer		2,336,702	1,975,000.00	2,526,795	2,219,076		(19,772)		(19,772)		2,199,305		137,397	137,397	130,659	01/15/2013	2FE
3899999	Total - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	21,063,224	18,605,000.0	22,271,114	20,803,696		(118,331)		(118,331)		20,685,368		377,855	377,855	936,182	X X X	X X X

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



**NONE      Schedule DB - Part A - Section 1**

**NONE      Schedule DB - Part B - Section 1**

**NONE      Schedule DB - Part D**

**SCHEDULE E - PART 1 - CASH**

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories - Section (A) - Segregated Funds Held for Others								
Wachovia Bank					3,145,675	2,848,421	29,075,768	
Wells Fargo Bank					13,140,750	14,530,447	20,510,264	
Wells Fargo Bank					2,291,814	1,434,010	11,911,088	
Wells Fargo Bank					11,693,002	13,146,572	10,021,970	
Wells Fargo Bank					3,683,465	3,482,396	7,929,302	
JP Morgan Chase					5,772,233	3,163,158	6,551,129	
JP Morgan Chase					7,980,000	8,404,457	6,511,402	
Wells Fargo Bank					2,397,523	2,304,275	4,445,455	
Bank of America					2,683,694	2,581,705	2,077,565	
Wells Fargo Bank					500,372	1,029,143	1,174,095	
Wells Fargo Bank					2,054,897	1,409,546	990,609	
Wells Fargo Bank					222,430	184,035	867,247	
Wells Fargo Bank					174,636	279,636	699,586	
TD Bank					2,729,585	1,004,939	671,610	
Commerce National Bank					662,964	659,964	659,964	
Wells Fargo Bank					525,432	651,628	542,805	
Wells Fargo Bank					75,490	106,984	540,769	
Wells Fargo Bank					146,754	1,365,539	423,596	
JP Morgan Chase					284,649	325,582	369,825	
Bank of America					292,301	394,212	351,177	
SunTrust Bank					105,060	237,353	309,592	
Jefferson Bank					52,060	99,165	258,856	
JP Morgan Chase					220,503	220,503	220,503	
Bank of America					237,650	190,309	206,618	
JP Morgan Chase					215,955	176,803	176,800	
JP Morgan Chase					854,126	235,678	151,233	
Wachovia Bank					4,174	107,943	107,931	
0199998 Deposits in (34) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X	9,826		1,351,847	1,206,989	457,508	X
0199999 Total - Segregated Funds Held for Others	X X X	X X X	9,826		63,499,041	61,781,392	108,214,267	X
Open Depositories - Section (B) - General Funds								
Bank of Montreal					4,627,278	5,117,489	6,419,528	
Bank of Montreal					872,120	961,706	1,422,835	
Bank of Montreal					1,341,712	1,297,356	1,317,790	
Bank of America					213,048	115,956	179,654	
Bank of Montreal					75,530	146,258	147,019	
Bank of Montreal		0.010	11		296,471	282,850	143,802	
Bank of Montreal					69,521	130,099	128,158	
Bank of Nova Scotia			92	3,976	994,500	948,800	954,200	
Compass Bank-Custody Accou			87		143,684	1,292,871	1,104,189	
Compass Bank-Prime Investme		0.499	243		195,298	195,378	195,453	
Heritage Bank		0.800	446		223,786	223,933	224,070	
J.P. Morgan Chase					722,918	1,721,304	25,429,349	
J.P. Morgan Chase		0.150	2,538		9,009,701	5,266,186	4,239,242	
Republic Bank			3,891		2,058,276	2,059,545	2,060,857	
Union Bank		0.350	2,784		1,009,033	1,009,323	1,000,000	
US Bank					50,000	240,906	240,906	
Wells Fargo Bank					3,835,783	4,722,483	6,351,969	
First National Bk Anchorage		0.800		535	100,000	100,000	100,000	
First National Bk Anchorage		0.950		74	50,000	50,000	50,000	
Peoples Bank & Trust		1.640	2,033	551	250,000	250,000	250,000	
US Bank of Oregon		2.050		2,089	110,000	110,000	110,000	
Wells Fargo		1.650	14,888	806	3,564,776	3,564,776	3,564,776	
Wells Fargo		0.250	850		1,365,000	1,365,000	1,365,000	
0299998 Deposits in (69) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X	6,237	4,697	1,951,079	1,981,982	1,778,199	X
0299999 Total - General Funds	X X X	X X X	34,100	12,728	33,129,514	33,154,201	58,776,996	X
Open Depositories - Section (C) - Reinsurance Reserve Funds								
Amegy Bank					358,286	358,286	358,286	
0399998 Deposits in (0) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X						X
0399999 Total - Reinsurance Reserve Funds	X X X	X X X			358,286	358,286	358,286	X
0499999 Total - Open Depositories	X X X	X X X	43,926	12,728	96,986,841	95,293,879	167,349,549	X
Suspended Depositories - Section (A) - Seg. Funds Held for Others								
0599998 Deposits in (0) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Suspended Depositories	X X X	X X X						X
0599999 Total - Segregated Funds Held for Others	X X X	X X X						X





## SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

[illegible]

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