

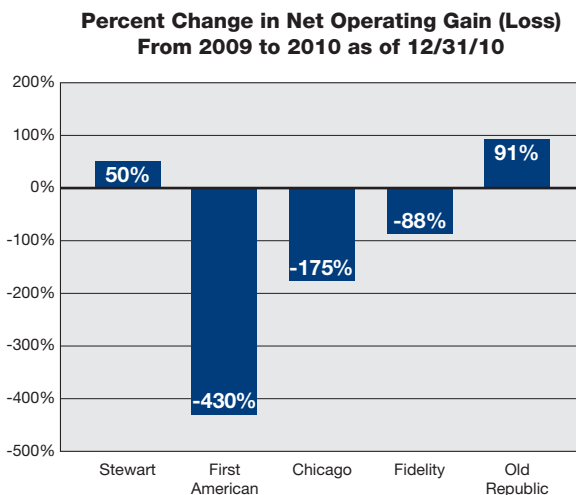


stewart®

## Our expertise provides our stability

In 2010, Stewart worked toward strengthening our company through a relentless pursuit of improved processes, technology and claims prevention. We have continued to make every effort to maximize our efficiencies and control costs while aggressively seeking to improve our service and customer offerings.

The positive effects our efforts are having upon the financial strength of our company can be seen when examining the percent change in Stewart's net operating gain (loss) from 2009 to 2010. When comparing our percentage change with that of the other four leading underwriters, you can also see that achieving a positive change in the current economy isn't something that's necessarily easily done.



To achieve these goals amidst the continuing challenges facing our industry takes a disciplined focus on providing customers a higher level of service than can be found at our competitors. Throughout the past year it is the expertise of our associates, and their ability to act as a resource to help our clients improve and grow their business, that has helped stabilize our company.

In particular, it is our commercial and underwriting knowledge and abilities that sets Stewart apart and puts us in good stead to take advantage of the turnaround that has already begun in that segment, and we fully expect the trend to continue throughout this year and into the future.

## Examining our ratings

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The financial strength of Stewart Title Guaranty Company (STGC) is confirmed by the ratings received from four of the most prestigious ratings agencies in the industry.

Demotech Inc., the first rating agency in the title insurance arena, affirmed an A" (A Double Prime) Financial Stability Rating® for STGC – the highest rating possible from Demotech.<sup>1</sup>

Fitch Ratings Ltd., a global rating agency known worldwide to the financial markets, gave STGC an Insurer Financial Strength rating of 'BBB+' – just one step below the industry's largest underwriter, First American.<sup>2</sup>

A.M. Best, the leading provider of ratings on the insurance industry, gave STGC a B++ Financial Strength Rating.<sup>3</sup>

The Kroll Bond Rating Agency, who recently purchased LACE, a ratings industry leader recognized for their analysis of commercial banks, gave STGC a B- Financial Credit Rating.<sup>4</sup>

Source:

<sup>1</sup> Demotech Ratings – March 23, 2011.

<sup>2</sup> Fitch Ratings – September 14, 2010.

<sup>3</sup> A.M. Best Ratings – March 8, 2011.

<sup>4</sup> Kroll Bond Rating Agency – October, 2010.



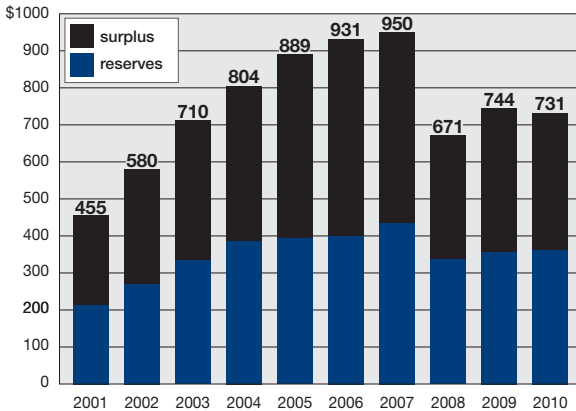
“We know we can depend on Stewart. Every time Stewart closes one of our transactions, the closing team goes above and beyond and provides outstanding service.”

**Cortney Cole, Director**  
**HFF**

## Reviewing the numbers

After achieving the largest surplus for any title insurer in the industry in 2007, 2008 brought our first reduction in surplus in 34 years. During the past two years we have been able to stabilize and enter into 2011 with a renewed commitment to growing our surplus.

**STGC Reserves & Surplus – 2001-2010**  
(\$ Millions)



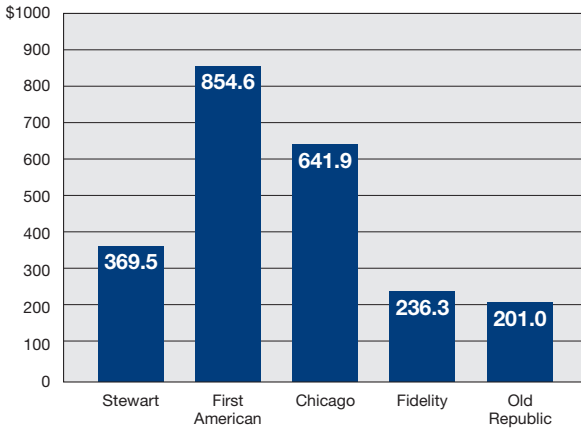
“I’m very pleased with the level of service provided by the Atlanta office of Stewart’s National Services division on our real estate transactions. The staff is proactive and provides innovative solutions to title issues.”

**Jay Farris**  
Partner – Real Estate  
Alston & Bird, LLP

## A strong foundation for future growth

When examining our numbers for 2010, the overall picture is one of a company that has stabilized after the tough economic times faced by our industry and is ready to again begin growing. For example, as can be seen in the graph below, we have the third highest surplus in the industry – behind only First American and Chicago. And this is in spite of the high level of claims we paid over the last several years, which spiked in 2009 and 2010 as it traditionally does during economic downturns.

**Policyholders' Surplus  
for Five Leading Underwriters as of 12/31/10**  
(\$ Millions)



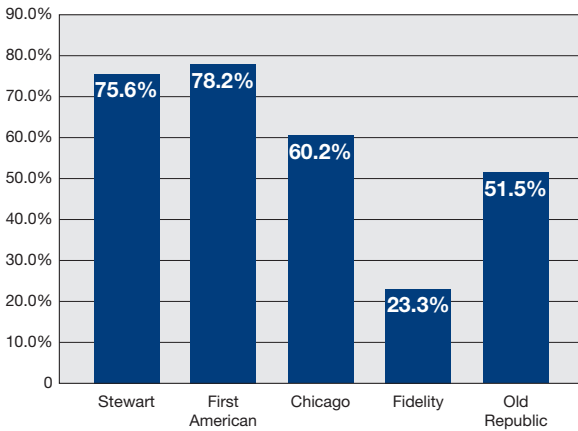
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“Stewart’s team of national underwriters and closers are experts at finding the right solutions to the myriad commercial title issues that can arise. We know we can count on them for a seamless closing.”

**Greg W. Finch, President**  
Venterra Realty

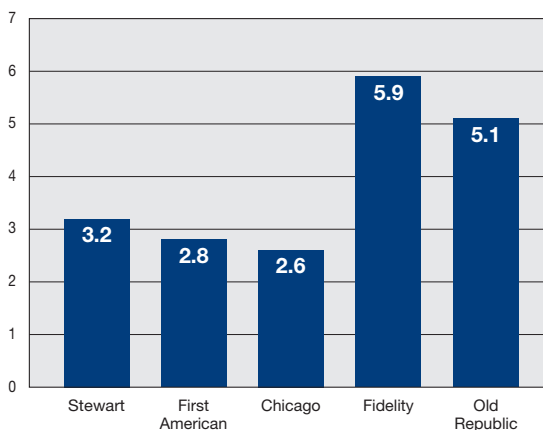
The surplus-to-reserves ratio is an additional measure of a title insurer's ability to pay claims on the policies it has written and should be examined in addition to the surplus on its own. Stewart's surplus-to-reserves ratio is second only to, First American – the nation's largest underwriter. You can see it is stronger than the ratio for Chicago and Old Republic and much stronger than the ratio for Fidelity, as shown below.

**Surplus-to-Reserves Ratios  
for Five Leading Underwriters as of 12/31/10**



Stewart also has a strong premiums-to-policyholders' surplus ratio (or simply premiums-to-surplus), which is a good indicator of the strength of an insurer's balance sheet. This calculation compares the size of our surplus to the amount of premiums written. What this essentially means is that we have the capacity to grow our business. In fact, we could increase our premiums written by more than \$800 million and still have the financial strength necessary to back that growth. And, as can be seen in the chart on the next page, our ratio is much better than that of Fidelity and Old Republic while being right in line with First American and Chicago.

**Premiums-to-Surplus Ratios  
for Five Leading Underwriters as of 12/31/10**



(The lower the number the better.)

A title insurer's claims-paying ability is also measured by its liquidity. STGC's assets, as of December 31, 2010, exceeded \$900 million. The quick ratio (cash and cash-like assets divided by total liabilities including statutory premium reserve) is 80.5% for 2010.

**BALANCE SHEET**

Statutory (\$ Millions)	2010
Cash and Investments*	428
Other Assets	473
Total Assets	901
Reserve for Title Losses**	128
Statutory Premium Reserve**	361
Other Liabilities	42
Total Liabilities	531
Policyholders' Surplus	370

\* Excluding subsidiaries.

\*\* Reserves determined to be reasonably by third-party actuaries.

# stewart<sup>®</sup>



Unless otherwise noted, statements and amounts used in this brochure were obtained from the unconsolidated, statutory annual statements of the represented title insurers (based on premiums written).

It is important that you, as a prospective policyholder, know the financial strength of the insurer issuing your policy. Consolidated, or "family", financials are not used, as only your individual insurer has legal liability under its policy. The other members of its consolidated group do not.

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