

QUARTERLY STATEMENT

OF THE

STEWART

Title Guaranty Company

of Galveston

in the state of Texas

TO THE

Insurance Department

OF THE

STATE OF OHIO

**FOR THE QUARTER ENDED
September 30, 2002**

**RECEIVED
OCT 15 2002
O.F.R.S.**

TITLE

2002

QUARTERLY STATEMENT



50121200220100103

AS OF September 30, 2002
OF THE CONDITION AND AFFAIRS OF THE
Stewart Title Guaranty Company

NAIC Group Code 0340 0340 NAIC Company Code 50121 Employer's ID Number 74-0924290
(Current Period) (Prior Period)
Organized under the Laws of Texas , State of Domicile or Port of Entry Texas
Country of Domicile United States of America
Incorporated: February 20, 1908 Commenced Business: _____
Statutory Home Office: 222 Kempner Stewart Building Galveston, TX 77550
Main Administrative Office: 1980 Post Oak Boulevard Houston, TX 77056 713-625-8100
Mail Address: P. O. Box 2029 Houston, TX 77252
Primary Location of Books and Records: 1980 Post Oak Boulevard Houston, TX 77056 713-625-8100
Internet Website Address: www.stewart.com
Statement Contact: Alison R. Evers 713-625-8036 00000
AEvers@stewart.com 713-629-2330
(E-Mail Address) (Fax Number)
Policyowner Relations Contact: Patrick Thesing Houston, TX 77056 713-625-8100 8250

OFFICERS

President Malcolm S. Morris
Secretary Sue M. Pizzitola
Treasurer Ken Anderson, Jr.
Actuary Milliman & Robertson, Inc.

Vice-Presidents

<u>Alison R. Evers</u>	<u>Glenn Clements</u>	<u>Harold Hickman</u>	<u>Tom Sagehorn</u>
<u>Mike Wagnon</u>	<u>Virginia Abiassi</u>	<u>Richard Black</u>	<u>Richard Blumenthal</u>
<u>Allan Wasserman</u>	<u>Jonathan Buss</u>	<u>Gary Cichon</u>	<u>Edgar Dee Lester</u>
<u>Max Crisp</u>	<u>Larry Davis</u>	<u>Jim Gosdin</u>	<u>Nita Hanks</u>
<u>Harold Hayes</u>	<u>Ed Hellewell</u>	<u>Ted Jones</u>	<u>Ed Janczur</u>
<u>Bruce Johnson</u>	<u>James Kletke</u>	<u>Tom Konkel</u>	<u>Scott McBee</u>
<u>Robert Oakland</u>	<u>Rand Zimmerman</u>	<u>Mike Skalka</u>	<u>JoAnn Stevens</u>
<u>Patrick Thesing</u>	<u>Tom Thompson</u>	<u>Jeannie Osborne</u>	<u>Paul Sands</u>

DIRECTORS OR TRUSTEES

<u>Bruce Belin</u>	<u>Max Crisp</u>	<u>Nita Hanks</u>	<u>C. M. Hudspeth</u>
<u>Eugene Mohler</u>	<u>Carlross Morris</u>	<u>Malcolm S. Morris</u>	<u>Stewart Morris</u>
<u>Stewart Morris, Jr.</u>			

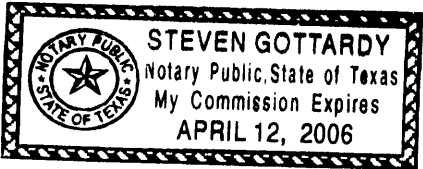
State of Texas
County of Harris ss

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

<u></u> (Signature) <u>Malcolm S. Morris</u> (Printed Name) President	<u></u> (Signature) <u>Sue M. Pizzitola</u> (Printed Name) Secretary	<u></u> (Signature) <u>Ken Anderson, Jr.</u> (Printed Name) Treasurer
---	--	---

Subscribed and sworn to before me this
13th day of November, 2002

Notary Public (seal)



ASSETS

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols 1 - 2)	
1. Bonds	275,248,122		275,248,122	258,646,998
2. Stocks:				
2.1 Preferred stocks	150,798		150,798	192,904
2.2 Common stocks	196,431,198		196,431,198	183,708,114
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	1,292,429		1,292,429	585,240
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)	432,629		432,629	438,560
4.3 Properties held for sale (less \$ 0 encumbrances)	2,228,481	578	2,227,903	2,822,476
5. Cash (\$ 32,786,257) and short-term investments (\$ 20,318,463)	53,104,720		53,104,720	34,176,516
6. Other invested assets	1,578,584	48,218	1,530,366	1,836,858
7. Receivable for securities				
8. Subtotals, cash and invested assets (Lines 1 to 7)	530,466,961	48,796	530,418,165	482,407,666
9. Title plants, less \$ 0 , charged off	6,953,245	3,001,660	3,951,585	3,962,751
10. Title insurance premiums and fees receivable	25,640,460	6,960,204	18,680,256	15,262,705
11. Funds held by or deposited with reinsured companies				
12. Reinsurance recoverables on loss and loss adjustment expense payments				
13. Federal and foreign income tax recoverable and interest thereon (including \$ 3,867,562 net deferred tax asset)	29,039,380	25,171,818	3,867,562	3,157,644
14. Guaranty funds receivable or on deposit				
15. Electronic data processing equipment and software	2,140,870	1,362,535	778,335	624,605
16. Interest, dividends and real estate income due and accrued	4,060,531		4,060,531	4,613,382
17. Net adjustments in assets and liabilities due to foreign exchange rates	387,279		387,279	404,545
18. Receivable from parent, subsidiaries and affiliates	865,789	396,000	469,789	870,222
19. Other assets nonadmitted	7,224,647	7,224,647		
20. Aggregate write-ins for other than invested assets	1,510,211	685,479	824,732	1,140,084
21. TOTALS (Lines 8 to 20)	608,289,373	44,851,139	563,438,234	512,443,604

DETAILS OF WRITE-INS					
2001. Other Assets		354,437	269,660	84,777	84,777
2002. Deposits		165,307	48,096	117,211	116,578
2003. Furniture & Fixtures (Home Office)		204,215		204,215	269,898
2098. Summary of remaining write-ins for Line 20 from overflow page		786,252	367,723	418,529	668,831
2099. Totals (Lines 2001 through 2003 + 2098) (Line 20 above)		1,510,211	685,479	824,732	1,140,084

A. The above assets include the following segregated assets of the Statutory Premium Reserve or other similar statutory reserve:

Bonds \$ 247,559,625 , Short-term investments \$ 0 ,
Mortgages \$ 0 , Cash \$ 6,387,172 , Total \$ 253,946,797 .

SEGREGATED FUNDS HELD FOR OTHERS BY THE COMPANY

(Set apart in special accounts and excluded from company assets and liabilities)

B. Custodial funds in the amount of \$ 27,326,843 not included in the foregoing statement were held pursuant to the governing agreements of custody. These funds consist of \$ 27,326,843 in cash on deposit and \$ 0 in other forms of security.

LIABILITIES, SURPLUS AND OTHER FUNDS	1	2
	Current Statement Date	December 31 Prior Year
1. Known claims reserve	39,507,218	31,808,966
2. Statutory premium reserve	250,477,000	211,876,000
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)	6,539,188	9,038,146
7. Taxes, licenses and fees (excluding federal and foreign income taxes)	7,061,533	6,528,631
8. Federal and foreign income taxes (including \$ 0 on realized capital gains (losses) (including \$ 0 net deferred tax liability)	4,262,364	6,723,009
9. Borrowed money \$ 0 and interest thereon \$ 0		
10. Dividends declared and unpaid		
11. Premiums and other consideration received in advance	5,786	5,786
12. Unearned interest and real estate income received in advance		
13. Funds held by company under reinsurance treaties	539,589	533,095
14. Amounts withheld or retained by company for account of others		
15. Provision for unauthorized reinsurance		
16. Net adjustment in assets and liabilities due to foreign exchange rates		
17. Drafts outstanding		
18. Payable to parent, subsidiaries and affiliates	3,323,905	2,850,481
19. Payable for securities		
20. Aggregate write-ins for other liabilities		
21. Total liabilities (Lines 1 through 20)	311,716,583	269,364,114
22. Aggregate write-ins for special surplus funds	501,406	501,406
23. Common capital stock	7,000,000	7,000,000
24. Preferred capital stock	1,500,000	1,500,000
25. Aggregate write-ins for other than special surplus funds		
26. Surplus notes		
27. Gross paid in and contributed surplus	81,778,764	69,543,004
28. Unassigned funds (surplus)	160,941,480	164,535,080
29. Less treasury stock, at cost:		
29.1 0 shares common (value included in Line 23 \$ 0)		
29.2 0 shares preferred (value included in Line 24 \$ 0)		
30. Surplus as regards policyholders (Lines 22 to 28 less 29)	251,721,650	243,079,490
31. Totals	563,438,233	512,443,604

DETAILS OF WRITE-INS		
0301.		
0302.		
0303.		
0398. Summary of remaining write-ins for Line 3 from overflow page		
0399. Totals (Lines 0301 through 0303 plus 0398)(Line 3 above)		
2001.		
2002.		
2003.		
2098. Summary of remaining write-ins for Line 20 from overflow page		
2099. Totals (Lines 2001 through 2003 plus 2098)(Line 20 above)		
2201. Surplus arising from increase in book value of title plants	501,384	501,384
2202. Mineral interest-assigned value	22	22
2203.		
2298. Summary of remaining write-ins for Line 22 from overflow page		
2299. Totals (Lines 2201 through 2203 plus 2298)(Line 22 above)	501,406	501,406
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)		

OPERATIONS AND INVESTMENT EXHIBIT			
STATEMENT OF INCOME			
	1	2	3
	Current	Prior	Prior Year
	Year	Year	Ended
	to Date	to Date	December 31
OPERATING INCOME			
1. Title insurance and related income:			
1.1 Title insurance premiums earned	836,682,985	612,910,892	864,610,611
1.2 Escrow and settlement services	676,848	809,246	1,182,111
1.3 Other title fees and service charges	24,065,228	17,422,241	22,282,873
2. Aggregate write-ins for other operating income	1,076,074	1,435,767	1,951,948
3. Total Operating Income (Lines 1 through 2)	862,501,135	632,578,146	890,027,543
DEDUCT:			
4. Losses and loss adjustment expenses incurred	35,728,590	16,392,504	29,886,382
5. Operating expenses incurred	830,299,175	616,902,421	857,352,072
6. Aggregate write-ins for other operating deductions			
7. Total Operating Deductions	866,027,765	633,294,925	887,238,454
8. Net operating gain or (loss) (Lines 3 minus 7)	(3,526,630)	(716,779)	2,789,089
INVESTMENT INCOME			
9. Net investment income earned	14,814,916	10,998,454	14,896,472
10. Net realized capital gains and (losses)	(2,160,721)	618,532	367,363
11. Net investment gain or (loss) (Lines 9 + 10)	12,654,195	11,616,986	15,263,835
OTHER INCOME			
12. Aggregate write-ins for miscellaneous income or (loss)	1,829,886	1,224,507	1,487,335
13. Net income, before federal income taxes (Lines 8 + 11 + 12)	10,957,451	12,124,714	19,540,259
14. Federal and foreign income taxes incurred	6,770,658	3,959,136	8,344,791
15. Net income (Lines 13 minus 14)	4,186,793	8,165,578	11,195,468
CAPITAL AND SURPLUS ACCOUNT			
16. Surplus as regards policyholders, December 31 prior year	243,079,490	195,101,273	195,101,273
GAINS AND (LOSSES) IN SURPLUS			
17. Net income (from Line 15)	4,186,793	8,165,578	11,195,468
18. Net unrealized capital gains or (losses)	(7,092,634)	(384,400)	28,079,670
19. Change in net unrealized foreign exchange capital gain (loss)	(17,266)	(189,065)	264,340
20. Change in net deferred income taxes	3,620,946	3,112,253	4,063,386
21. Change in nonadmitted assets	(5,185,498)	(16,189,018)	(21,248,122)
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		16,476,537	21,697,133
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	12,235,760	5,746,612	5,746,612
27.2 Transferred to capital (Stock Dividend)			
27.3 Transferred from capital			
28. Dividends to stockholders	(45,000)	(1,345,000)	(1,390,000)
29. Change in treasury stock			
30. Aggregate write-ins for gains and losses in surplus	939,059		(430,270)
31. Change in surplus as regards policyholders for the year (Lines 17 through 30)	8,642,160	15,393,497	47,978,217
32. Surplus as regards policyholders as of statement date (Lines 16 plus 31)	251,721,650	210,494,770	243,079,490

DETAILS OF WRITE-INS			
0201. Title Plant Rent	749,314	652,457	898,029
0202. Ceded reimbursements from agents	326,760	783,310	1,053,919
0203.			
0298. Summary of remaining write-ins from overflow page			
0299. Totals (Lines 0201 through 0203 plus 0298) (Line 2 above)	1,076,074	1,435,767	1,951,948
0601.			
0602.			
0603.			
0698. Summary of remaining write-ins from overflow page			
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)			
1201. Computer Support Fees	1,151,231	957,992	1,332,096
1202. Miscellaneous Fees	678,655	266,515	155,239
1203.			
1298. Summary of remaining write-ins from overflow page			
1299. Totals (Lines 1201 through 1203 plus 1298) (Line 12 above)	1,829,886	1,224,507	1,487,335
3001. Extraordinary amounts of taxes for prior year	939,059		(430,270)
3002.			
3003.			
3098. Summary of remaining write-ins from overflow page			
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	939,059		(430,270)

CASH FLOW		
	1	2
	Current Year	Prior Year Ended
	to Date	December 31
1. Premiums and other charges collected	896,608,515	912,736,592
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	28,030,338	31,979,867
3. Total operating expenses paid	832,265,231	852,102,138
4. Cash from operations (Line 1 minus Line 2 minus Line 3)	36,312,946	28,654,587
5. Investment income (net of investment expense)	14,076,612	15,387,226
6. Other income received (expenses paid)	2,905,960	3,439,283
7. Federal income taxes (paid) recovered	(9,216,610)	(6,896,656)
8. Net cash from operations (Lines 4 to 7)	44,078,908	40,584,440
9. Proceeds from investments sold, matured or repaid:		
9.1 Bonds	52,878,075	44,509,591
9.2 Stocks	1,741,618	2,888,533
9.3 Mortgage loans	11,206	6,626,836
9.4 Real estate	546,582	522,258
9.5 Other invested assets	473,344	809,384
9.6 Net gains or (losses) on cash and short-term investments		
9.7 Miscellaneous proceeds		
9.8 Total investment proceeds (Lines 9.1 to 9.7)	55,650,825	55,356,602
10. Other cash provided:		
10.1 Net transfers from affiliates	873,857	152,358
10.2 Borrowed funds received		
10.3 Capital paid in		
10.4 Surplus paid in	12,235,760	5,746,612
10.5 Other sources	1,664,404	5,455,015
10.6 Total other cash provided (Lines 10.1 to 10.5)	14,774,021	11,353,985
11. Total (Line 8 plus Line 9.8 plus Line 10.6)	114,503,754	107,295,027
12. Cost of investments acquired (long-term only):		
12.1 Bonds	73,008,709	80,334,114
12.2 Stocks	12,914,502	21,861,390
12.3 Mortgage loans	763,396	435,907
12.4 Real estate	347,270	2,547,270
12.5 Other invested assets	131,729	6,100
12.6 Miscellaneous applications	2,851,487	3,881,990
12.7 Total investments acquired (Lines 12.1 to 12.6)	90,017,093	109,066,771
13. Other cash applied:		
13.1 Dividends to stockholders paid	45,000	1,390,000
13.2 Net transfers to affiliates		
13.3 Borrowed funds repaid		
13.4 Other applications	5,513,457	
13.5 Total other cash applied (Lines 13.1 to 13.4)	5,558,457	1,390,000
14. Total (Line 12.7 plus Line 13.5)	95,575,550	110,456,771
15. Net change in cash and short-term investments (Line 11 minus Line 14)	18,928,204	(3,161,744)
RECONCILIATION		
16. Cash and short-term investments:		
16.1 Beginning of year	34,176,516	37,338,260
16.2 End of period (Line 15 plus Line 16.1)	53,104,720	34,176,516

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, version effective January 1, 2001 (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 9.18. In NAIC SAP 40, appraisals must be no more than five years old or the property will be nonadmitted. (C) The approval from the Texas Insurance Department to admit the Company's investment in Stewart Title Company, a non-insurance company, requires that the audited GAAP equity basis be adjusted for 10 year goodwill amortization period.

	<u>9/30/2002</u>	<u>12/31/2001</u>
Net Income, Texas State Basis	\$ 4,186,793	\$ 11,195,468
State Prescribed Practices:	0	0
State Permitted Practices;	0	0
Net Income, NAIC SAP	\$ 4,186,793	\$ 11,195,468
Statutory Surplus, Texas State Basis	\$ 251,721,650	\$ 243,079,490
State Prescribed Practices:		
(1)Furniture & Fixtures	(204,215)	(269,898)
(2)Real Estate	(28,458)	(28,458)
State Permitted Practices:		
(3)Goodwill in SCA Affiliates	(91,642)	(91,642)
Statutory Surplus, NAIC SAP	\$251,397,335	\$242,689,492

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 assumed and ceded 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)

NOTES TO FINANCIAL STATEMENTS

are established to protect title insurance policyholders in the event of insolvency or dissolution of a title insurer. SPR is computed based on Article 9.16 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.
- (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 46, section 7(b)(iii) and adjusted for 10 year goodwill amortization period.

The Company owns 100% of Stewart Title Insurance Company, Stewart Title Insurance Company of Oregon, Arkansas Title Insurance Company, National Land Title Insurance Company, Stewart Title Guaranty de Mexico, S.A. and Stewart Title Limited(U.K.) which are title insurance companies. These investments are valued based on SSAP 46, Section 7(b)(i) and 7(b)(iii) 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, and 14.81% of stock in Alliance Title of America Corporation, a title insurance company. Both companies are 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 company. Their values are based on SSAP 48, Section 8 of the *NAIC Accounting Practices and Procedures Manual*.
- (9) Derivatives – None
- (10) Anticipated investment income used as a factor in the premium deficiency calculation. – None
- (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. A reserve for adverse development on known claims is also recorded.

The statutory premium reserve is based on Article 9.16 of the Texas Insurance Code. Article 9.16 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 25 cents per one thousand dollars in net retained liability assumed for all succeeding years. 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. In addition to the statutory premium reserve reported in the Annual Statement, an additional \$1,872,000 in transitional charges will be recorded at \$208,000 per year through 2006.

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 15% 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 109%.

	Current Year	Prior Year
4. At September 30, 2002, the Company held mortgages with interest more than 180 days past due with a recorded investment excluding accrued interest of:	\$ 761,706	\$ 0
Total interest due on mortgages with interest more than 180 past due equals:	\$ 0	\$ 0
5. Taxes, assessments and any amounts advanced and not included in the mortgage loan total	\$ 0	\$ 0
6. Current year impaired loans with related allowance for credit losses and the related allowance for credit losses	\$ 0 \$ 0	\$ 0 \$ 0
7. Impaired Mortgage loans without an allowance for credit losses	\$ 0	\$ 0
8. Average recorded investment in impaired loans	\$ 0	\$ 0
9. Interest income recognized during the period the loans were impaired.	\$ 0	\$ 0
10. Amount of interest income recognized on a cash basis during the period the loans were impaired	\$ 0	\$ 0

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

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.

7. Investment Income

1. 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.

NOTES TO FINANCIAL STATEMENTS

2. The total amount excluded was \$ 0.

8. Derivative Instruments - None

9. Income Taxes

A. The Company has adopted SSAP #10 as of January 1, 2001 and the components of the net deferred tax asset at September 30, 2002 and December 31, 2000 are as follows:

	<u>9/30/2002</u>	<u>12/31/2001</u>
(1) Total of all deferred tax assets (admitted and nonadmitted)	\$ 29,039,380	\$ 25,751,369
(2) Total of all deferred tax liabilities	\$ 709,235	\$ 332,985
(3) Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	\$ 25,171,819	\$ 22,260,740
(4) Increase (decrease) in deferred tax assets nonadmitted	\$ 2,911,079	\$ 4,915,375

B. Deferred tax liabilities are not recognized for the following amounts:- Not applicable

C. The components of incurred income tax expense and the change in DTAs and DTLs are as follows:

	<u>9/30/2002</u>
(1) Current income tax expense (benefit)	\$ 6,770,658
(2) Change in DTAs	\$ 3,288,011
Change in DTLs	376,250
(3) Investment tax credits	-0-
(4) Net change in deferred taxes ((Page 4, line 20)	3,620,946
(4) Deferred income taxes include a benefit of \$ -0- from net operating losses.	
(5) Adjustments of a DTA and DTL for enacted changes in tax laws or rates or a change in the tax status of the reporting entity. - None	

D. The Company's income tax expense and change in DTA/DTL differs from the amount obtained by applying the federal statutory rate of 35% to Net Gain from Operations After Dividends to Policyholders for the following reasons:

	<u>9/30/2002</u>
(1) Expected federal income tax expense	\$ 3,835,108
(2) Equity tax- (not applicable)	\$ -0-
(3) Tax-exempt income	\$ (1,450,313)
(4) Foreign Taxes	\$ 1,768,245
(5) Other amounts	\$ 2,617,618
(6) Total incurred income tax expense (Page 4, line 14)	\$ 6,770,658

E. (1) As of December 31, the Company had no operating loss carry forwards.

(2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

2002(current year)	\$ 6,210,000
2001	\$ 6,449,565
2000	\$ 1,032,320
1999	\$ 6,633,213
1998	\$ 4,314,840

F. (1) The Company's federal Income Tax return is consolidated with the following entities:
Stewart Information Services Corporation, Ortem Investments, Inc., Charter Title Insurance Company and subsidiaries denoted with I on Schedule D - Part 6, Section 2

NOTES TO FINANCIAL STATEMENTS

in the 2001 Annual Statement.

- (2) The method of allocation is detailed in the Restated Federal Income Tax Return Settlement Agreement dated January 1, 1999. Such Agreement was filed with the Texas Insurance Commissioner on May 7, 1999, under Holding Company Section #29626.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. The Company paid a preferred stock dividend totaling \$45,000 to their parent company as of September 30, 2002.
- B & C. The Company made a capital contribution to its wholly owned subsidiary, Stewart Title Company, in the amount of \$ 10,086,793 as of September 30, 2002 of which \$457,000 was contributed under the Capital Contribution Plan #2.
- The Company made a capital contribution to its wholly owned subsidiary, National Land Title Insurance Company and Stewart Title Guaranty De Mexico in the amounts of \$500,000 and \$109,719, respectively.
- The Company received from its wholly owned subsidiary, Stewart Title Insurance Company, a property dividend of 100% of its stock in Stewart Title Limited, Inc., a United Kingdom underwriter.
- D. Amounts due from or payable to related parties at September 30, 2002 is \$ 865,789 and \$3,323,905, respectively. The terms of the settlement require that these amounts are settled within 30 or 60 days.
- 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, and Amendment No. 5, dated January 1, 2001.

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, and Amendment No. 4, dated January 1, 2001.

The Company has agreed to provide services to its wholly owned subsidiary, Stewart Title Insurance Company of Oregon, pursuant to Management Agreement, dated January 1, 1997. Such Agreement was filed in 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.

- 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 is equal to or exceeds 10% of the admitted assets of the Company. The Company carries Stewart Title Company at GAAP equity adjusted for 10 year goodwill amortization period and elimination of parent company stock. Based on the company's ownership of Stewart Title Company, the statement value and GAAP equity value as of 9/30/2002 and 12/31/2001 were \$ 160,516,501 and \$ 154,168,708, respectively.
- J. The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.

11. Debt – None

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

- A. None

NOTES TO FINANCIAL STATEMENTS

- B. The Company sponsors a defined contribution benefit plan in which all employees and its participating subsidiaries who have completed six months 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 Company makes matching contributions up to \$1,500 per year for each participant in an amount equal to 50% of the first 6% of the participant's compensation. Such percentage is subject to an annual re-determination by the Company's Board of Directors.

At September 30, 2002 plan assets totaled \$ 79,444,759 including vested benefits of \$ 78,277,894.

C. None

D. None

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

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. There are no shares issued or outstanding at the statement date. The par value per share is \$1.

The Company has 150 shares of preferred stock authorized, issued and outstanding. The par value per share is \$10,000 with a redemption price if callable at \$11,000 per share. The dividend rate is limited to 6% and dividends are cumulative.

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, 2001 is \$243,079,490. The maximum dividend payout which may be made without prior approval in 2002 is \$48,615,898.

The portion of unassigned funds(surplus) represented or reduced by each of the following items:

- a. Unrealized gains and losses - \$ (7,092,634
- b. Nonadmitted assets values - \$(44,802,344)
- c. Provision for reinsurance - \$ -0-

The Company has no surplus notes or quasi-reorganizations.

14. A. Contingent Commitments – None
 B. Assessments – None
 C. All other Contingencies - Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.
 D. Gain Contingency - None
15. Leases – None
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. In the second quarter, the Company sold its corporate bond investment in Worldcom for a realized loss

NOTES TO FINANCIAL STATEMENTS

of \$1,775,428.

The Company also wrote down its investment in various impaired equity stocks for a realized loss of \$1,029,939 due to the fair market value.

B. None

C. The Company holds \$27,326,843 at 9/30/2002 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 \$ 12,486,226 and \$ 12,260,394 at September 30, 2002 and December 31, 2001, respectively, were on deposit with government authorities or trustees as required by law.

21. Events Subsequent – None

22. Reinsurance

(A) Unsecured Reinsurance Recoverables – None

(B) Reinsurance Recoverable in Dispute - None

(C) Reinsurance Assumed and Ceded – None

(D) Uncollectible Reinsurance – None

(E) Commutation of Ceded Reinsurance – None

(F) Retroactive Reinsurance – None

23. Retrospectively Rated Contracts- None

24. High Deductibles – None

25. Intercompany Pooling Arrangements – None

26. Change in Incurred Losses and Loss Adjustment Expenses - Not applicable

27. Discontinue of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses - None

28. Structured Settlements – None

29. Asbestos & Environmental Exposures – Not Applicable

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements?

Yes [☐] No [☒]
- 1.2 If yes, explain:
- 2.1 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 [☒]
- 2.2 If yes, has the report been filed with the domiciliary state?

Yes [☐] No [☒]
- 3.1 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 [☒]
- 3.2 If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
4. Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes [☐] No [☒]

If yes, attach an organizational chart.
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [☐] No [☒]
- 5.2 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

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes [☐] No [☒] N/A [☐]

If yes, attach an explanation.
- 7.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/1999
- 7.2 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.

12/31/1999
- 7.3 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).

04/04/2001
- 7.4 By what department or departments? Texas Department of Insurance
- 8.1 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? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes [☐] No [☒]
- 8.2 If yes, give full information

GENERAL INTERROGATORIES (Continued)

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

INVESTMENT

9.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [] No [X]

9.2 If yes, explain

10.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

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

11. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ 48,217

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

13.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [X] No []

13.2 If yes, please complete the following:

	1	2
	Prior Year-End Statement Value	Current Quarter Statement Value
13.21 Bonds	\$ 0	\$ 0
13.22 Preferred Stock	\$ 192,904	\$ 150,798
13.23 Common Stock	\$ 173,345,936	\$ 189,122,993
13.24 Short-Term Investments	\$ 0	\$ 0
13.25 Mortgages, Loans or Real Estate	\$ 0	\$ 0
13.26 All Other	\$ 0	\$ 0
13.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 13.21 to 13.26)	\$ 173,538,840	\$ 189,273,791
13.28 Total Investment in Parent included in Lines 13.21 to 13.26 above	\$ 0	\$ 0
13.29 Receivable from Parent not included in Lines 13.21 to 13.26 above	\$ 0	\$ 0

14.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

14.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [X]

If no, attach a description with this statement.

15. Excluding items in Schedule E, 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 Part 1-General, Section IV. H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

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

1	2
Name of Custodian(s)	Custodian Address
Compass Bank	P. O. Box 4886, Houston, TX 77210-4886
Trust Company of Bank of Montreal	1 First Canadian Place, P. O. Box 150, Toronto, CN M5X 1H3

15.2 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	2	3
Name(s)	Location(s)	Complete Explanation(s)

15.3 Have there been any changes, including name changes, in the custodian(s) identified in 15.1 during the current year? Yes [] No [X]

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

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

15.5 Identify all investment advisors, brokers/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	2	3
Central Registration Depository	Name(s)	Address
Merrill Lynch	Jeremy Bardin, Scott Obenshain	2121 San Jacinto , Suite 100, Dallas, TX 75201

GENERAL INTERROGATORIES

(continued)

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?
If yes, attach an explanation.

Yes [] No [] N/A [X]
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?
If yes, attach an explanation.

Yes [] No [X]
- 3.1

Have any of the reporting entity's primary reinsurance contracts been canceled?

Yes [] No [X]
- 3.2

If yes, give full and complete information thereto
- 4.1

Are any of the liabilities for unpaid losses and loss adjustment expenses discounted to present value at a rate of interest greater than zero.

Yes [] No [X]
- 4.2

If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
	0.000	0.000	0	0	0	0	0	0	0	0
	0.000	0.000	0	0	0	0	0	0	0	0
	0.000	0.000	0	0	0	0	0	0	0	0
	0.000	0.000	0	0	0	0	0	0	0	0
TOTAL			0	0	0	0	0	0	0	0

SCHEDULE A - VERIFICATION

	1	2	3	4
	First Quarter Current Year	Second Quarter Current Year	Third Quarter Current Year	Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period	3,261,614	3,165,221	3,185,895	1,338,099
2. Increase (decrease) by adjustment	(2,501)	(3,408)	(349,083)	(84,059)
3. Cost of acquired				2,547,270
4. Cost of additions to and permanent improvements				5,151
5. Total profit (loss) on sales	135,211		164,046	
6. Increase (decrease) by foreign exchange adjustment:	(1,567)	24,082	(20,702)	(22,589)
7. Amount received on sales	227,536		319,046	522,258
8. Book/adjusted carrying value at end of current period	3,165,221	3,185,895	2,661,110	3,261,614
9. Total valuation allowance				
10. Subtotal (Lines 8 plus 9)	3,165,221	3,185,895	2,661,110	3,261,614
11. Total nonadmitted amounts	578	578	578	578
12. Statement value, current period (Page 2, real estate lines, current period)	3,164,643	3,185,317	2,660,532	3,261,036

SCHEDULE B - VERIFICATION

	1	2	3	4
	First Quarter Current Year	Second Quarter Current Year	Third Quarter Current Year	Prior Year Ended December 31
1. Book/recorded investment excluding accrued interest on mortgages owned, beginning of period	701,146	694,665	531,180	6,892,075
2. Amount loaned during period:				
2.1 Actual cost at time of acquisitions			762,706	435,907
2.2 Additional investment made after acquisitions			690	
3. Accrual of discount and mortgage interest points and commitment fees				
4. Increase (decrease) by adjustment		(160,907)		
5. Total profit (loss) on sale				
6. Amounts paid on account or in full during the period	6,481	2,578	2,147	6,626,836
7. Amortization of premium				
8. Increase (decrease) by foreign exchange adjustment				
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	694,665	531,180	1,292,429	701,146
10. Total valuation allowance				
11. Subtotal (Lines 9 plus 10)	694,665	531,180	1,292,429	701,146
12. Total nonadmitted amounts	115,907			115,907
13. Statement value of mortgages owned at end of current period	578,758	531,180	1,292,429	585,239

SCHEDULE BA - VERIFICATION
Other Invested Assets Included in Schedule BA

	1	2	3	4
Description	First Quarter Current Year	Second Quarter Current Year	Third Quarter Current Year	Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, beginning of period	1,920,199	1,839,620	1,827,675	2,723,483
2. Cost of acquisitions during period:				
2.1 Actual cost at time of acquisitions		23,629		6,100
2.2 Additional investment made after acquisitions		78,000	30,100	
3. Accrual of discount				
4. Increase (decrease) by adjustment				
5. Total profit (loss) on sale				
6. Amounts paid on account or in full during the period	80,579	113,574	279,191	809,384
7. Amortization of premium				
8. Increase (decrease) by foreign exchange adjustment				
9. Book/adjusted carrying value of long-term invested assets at end of current period	1,839,620	1,827,675	1,578,584	1,920,199
10. Total valuation allowance				
11. Subtotal (Lines 9 plus 10)	1,839,620	1,827,675	1,578,584	1,920,199
12. Total nonadmitted amounts	78,936	50,599	48,218	83,341
13. Statement value of long term invested assets at end of current period	1,760,684	1,777,076	1,530,366	1,836,858

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Statement Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Statement Value End of First Quarter	Statement Value End of Second Quarter	Statement Value End of Third Quarter	Statement Value December 31 Prior Year
BONDS								
1. Class 1	239,248,047	21,058,468	11,370,203	(464,609)	239,642,097	239,248,047	248,471,703	233,856,153
2. Class 2	25,569,108	1,002,672	508,421	(122,940)	19,009,891	25,569,108	25,940,419	24,790,845
3. Class 3	2,044,222			(1,208,222)		2,044,222	836,000	
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	266,861,377	22,061,140	11,878,624	(1,795,771)	258,651,988	266,861,377	275,248,122	258,646,998
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	266,861,377	22,061,140	11,878,624	(1,795,771)	258,651,988	266,861,377	275,248,122	258,646,998

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Amount of Interest Received Current Quarter	Paid for Accrued Interest
8099999Totals	20,318,463	X X X	20,318,463	18,202	

SCHEDULE DA - PART 2 - Verification

Short-Term Investments Owned

	1	2	3	4
	First Quarter Current Year	Second Quarter Current Year	Third Quarter Current Year	Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period		2,290,433	2,300,261	2,296,885
2. Cost of short-term investments acquired	2,290,433	2,300,261	20,318,463	2,281,280
3. Increase (decrease) by adjustment				
4. Increase (decrease) by foreign exchange adjustment				
5. Total profit (loss) on disposal of short-term investments				
6. Consideration received on disposal of short-term investments		2,290,433	2,300,261	4,578,165
7. Book/adjusted carrying value, current period	2,290,433	2,300,261	20,318,463	
8. Total valuation allowance				
9. Subtotal (Lines 7 plus 8)	2,290,433	2,300,261	20,318,463	
10. Total nonadmitted amounts				
11. Statement value (Lines 9 minus 10)	2,290,433	2,300,261	20,318,463	
12. Income collected during period	9,153	9,828	18,202	190,248
13. Income earned during period	9,153	9,828	18,202	190,248

NONE **Schedule DB Part F Section 1**

NONE **Schedule DB Part F Section 2**

NONE **Schedule F**

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

		1 Is Insurer Licensed? (Yes or No)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
			2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
States, etc.								
1. Alabama	AL	YES	7,709,694	4,448,027	201,207	144,767	216,914	58,815
2. Alaska	AK	YES	6,363,540	5,291,033	99,206	11,626	56,715	52,577
3. Arizona	AZ	YES	12,085,856	11,408,304	131,523	233,874	102,654	93,772
4. Arkansas	AR	YES	1,941,351	1,364,770	4,898	95,564	162,132	72,416
5. California	CA	YES	173,768,875	108,521,432	3,272,391	2,814,610	4,696,422	2,859,173
6. Colorado	CO	YES	28,995,330	24,731,837	1,041,507	983,337	4,178,305	1,276,488
7. Connecticut	CT	YES	6,975,888	4,021,025	102,472	288,213	368,786	178,615
8. Delaware	DE	YES	879,963	385,353	12,639	1,566	6,725	2,574
9. Dist. Columbia	DC	YES	717,971	599,144	124,570	118,103	39,225	31,287
10. Florida	FL	YES	68,864,590	52,223,722	2,569,296	3,816,041	3,721,381	5,154,855
11. Georgia	GA	YES	10,961,661	8,436,683	523,507	268,430	234,866	73,088
12. Hawaii	HI	YES	2,106,066	949,007	84,545	(437)	33,098	47,029
13. Idaho	ID	YES	5,841,827	4,815,690	489,366	48,355	52,214	281,942
14. Illinois	IL	YES	19,990,095	15,492,728	1,050,584	460,080	373,132	460,479
15. Indiana	IN	YES	9,628,127	9,505,939	279,247	355,779	460,340	96,451
16. Iowa	IA	NO	368,926	273,937	13,088	(5,692)	39,309	22,891
17. Kansas	KS	YES	3,969,677	3,231,816	158,716	13,655	42,538	34,122
18. Kentucky	KY	YES	8,191,636	6,176,404	69,471	139,124	705,135	127,747
19. Louisiana	LA	YES	4,493,250	3,208,214	252,700	79,280	380,555	79,675
20. Maine	ME	YES	3,575,766	2,786,932	33,765	74,211	47,804	42,912
21. Maryland	MD	YES	19,317,192	12,472,296	1,196,719	553,373	332,769	144,210
22. Massachusetts	MA	YES	14,529,338	9,449,663	88,443	265,398	484,003	395,466
23. Michigan	MI	YES	26,796,669	18,621,999	1,553,499	509,120	497,897	447,070
24. Minnesota	MN	YES	7,719,160	4,288,080	549,127	37,091	169,775	129,286
25. Mississippi	MS	YES	2,219,755	1,382,679	44,674	11,916	145,423	123,866
26. Missouri	MO	YES	4,616,376	12,105,991	490,646	18,158	454,638	416,026
27. Montana	MT	YES	4,933,005	2,978,928	102,244	105,522	46,965	60,191
28. Nebraska	NE	YES	2,264,922	908,901	284,999	83,701	141,359	30,808
29. Nevada	NV	YES	17,353,594	13,563,486	444,510	(415,341)	459,462	463,197
30. New Hampshire	NH	YES	2,686,412	3,036,656	(171,986)	129,278	132,618	51,915
31. New Jersey	NJ	YES	28,887,737	22,515,905	1,094,161	836,705	876,036	614,369
32. New Mexico	NM	YES	8,593,060	6,830,789	126,716	270,201	84,047	78,436
33. New York	NY	YES						
34. North Carolina	NC	YES	6,215,332	4,436,000	396,315	447,715	353,390	156,295
35. North Dakota	ND	YES	778,617	630,493		(3,170)		
36. Ohio	OH	YES	31,016,343	25,806,677	1,516,193	895,875	3,314,578	814,909
37. Oklahoma	OK	YES	4,142,518	3,109,353	1,088,263	120,158	148,675	154,106
38. Oregon	OR	YES	21,585	(4,629)	409,990	67,607	210,120	282,283
39. Pennsylvania	PA	YES	28,421,410	16,525,306	475,968	713,690	580,064	260,919
40. Rhode Island	RI	YES	2,419,236	1,237,910	40,883	30,221	50,653	1,828
41. So. Carolina	SC	YES	6,047,901	4,254,135	181,292	74,138	59,839	32,322
42. So. Dakota	SD	YES	784,754	697,691	37	38,967		
43. Tennessee	TN	YES	14,576,220	10,409,364	493,580	390,517	689,427	633,006
44. Texas	TX	YES	148,488,613	118,168,330	1,447,051	776,453	1,832,968	953,877
45. Utah	UT	YES	24,121,495	17,763,389	59,406	1,048,433	159,545	340,689
46. Vermont	VT	YES	625,794	294,584	11,753	35,835	15,840	22,626
47. Virginia	VA	YES	35,231,946	17,282,902	198,831	209,383	158,898	142,383
48. Washington	WA	YES	18,333,434	13,921,044	772,811	242,075	532,863	303,498
49. West Virginia	WV	YES	1,960,958	1,434,474	45,592	13,037	236,309	34,406
50. Wisconsin	WI	YES	10,383,066	8,415,342	33,192	48,895	34,467	20,344
51. Wyoming	WY	YES	2,227,810	1,311,651	56,896	13,320	24,627	27,129
52. American Samoa	AS	NO						
53. Guam	GU	YES	154,794	132,081	19,729	55,924	9,297	17,267
54. Puerto Rico	PR	YES	6,003,823	2,020,143	77,684	196,647	243,235	48,698
55. U.S. Virgin Is.	VI	YES	1,427	3,050				
56. Canada	CN	YES	14,214,523	8,856,946	1,579,238	815,234	425,181	100,414
57. Aggregate Other Alien	OT	X X X	485,814	1,454,576	56,183	91,790	10,684,000	10,694,105
58. Totals	(a) 53		874,004,722	634,188,182	25,279,337	18,668,352	39,507,218	29,042,852
DETAILS OF WRITE-INS								
5701. Northern Mariannas	X X X		58,610	53,918	56,183	91,790		10,105
5702. Mexico	X X X		103,163	975,305				
5703. Costa Rica	X X X		321,341	388,041				
5798. Summary of remaining write-ins for Line 57 from overflow page	X X X		2,700	37,312			10,684,000	10,684,000
5799. TOTALS (Lines 5701 thru 5703 plus 5798) (Line 57 above)	X X X		485,814	1,454,576	56,183	91,790	10,684,000	10,694,105

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

0340	Stewart	00000	DE	74-1677330	Stewart Information Services Corp-SISCO
0340	Stewart	50156	WA	91-1662429	Charter Title Insurance Company (SISCO)
0340	Stewart	50121	TX	74-0924290	Stewart Title Guaranty Company-STG (SISCO)
0340	Stewart	50003	IL	34-0805709	National Land Title Insurance Company (STG)
0340	Stewart	50725	AR	71-0560086	Arkansas Title Insurance Company (STG)
0340	Stewart	50035	FL	65-0685696	Alliance Title of America Corporation (STG)
		32336	VT	03-0311175	Title Reinsurance Company (STG)
0340	Stewart	51420	NY	76-02333294	Stewart Title Insurance Company (STG)
		00000	EN	AA-1124112	Stewart Title Limited - UK (STG)
		50036	OR	91-1800766	Stewart Title Insurance Co of Oregon (STG)
0340	Stewart	00000	MX	AA-2734105	Stewart Title Guaranty De Mexico S.A.(STG)
		00000	TX	74-0923770	Stewart Title Company Galveston TX - STC(STG)
		00000	TX	74-2327609	Stewart Title of Austin (STC)
		00000	TX	74-2783918	Stewart Title Corpus Christi Inc. (STC)
		00000	TX	75-2258899	Stewart Title Dallas Inc. (STC)
		00000	OK	73-1093494	Stewart Abstract of Oklahoma (STC)
		00000	FL	59-1285458	Stewart Title of Jacksonville Inc. (STC)
		00000	NM	85-0446018	Stewart Title LLC (STC)
		00000	CA	94-6088985	Stewart Title of Monterey County (STC)
		00000	NM	85-0432768	Santa Fe Abstract (STC)
		00000	AR	71-0798379	Stewart Title of Arkansas (STC)
		00000	CA	95-4607898	Stewart Title of California (STC)
		00000	AZ	86-0223200	Stewart Title & Trust of Phoenix Inc (STC)
		00000	NH	02-0508066	Stewart Title of Northern New England (STC)
		00000	IL	36-3849696	Stewart Title Company of Illinois (STC)
		00000	MO	43-1622646	Stewart Title Inc. (STC)
		00000	TX	76-0450977	Stewart Mortgage Information Co. (STC)
		00000	FL	59-3138251	Tampa Cypress Partners (STC)
		00000	TX	74-1959294	Landata Inc. (STC)
		00000	BZ	52-2028987	Landata of Belize (STC)
		00000	DE	74-2803466	Landata Group Inc. (STC)
		00000	OR	93-1274879	Stewart Title of Oregon (STC)
		00000	WA	91-2035472	Security Title Guaranty Inc. (STC)
		00000	FL	59-3667114	Southern Title Holding (STC)
		00000	CA	77-0416985	Cuesta Title Company (STC)
		00000	CA	68-0166273	OnLine Documents Inc. (STC)
		00000	WA	91-2097383	Stewart Title of Western Washington (STC)
		00000	TX	74-2082261	Landata Technologies Inc. (STC)
		00000	TX	74-2334790	Landata Information Services (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	31,087,177	7,119,477	5,049,756	13.217	7.410
2. Agency operations:					
2.1 Non-affiliated agency operations	540,523,924	18,091,856	18,981,787	3.398	2.620
2.2 Affiliated agency operations	302,393,621	606,817	11,697,047	3.860	1.670
3. Totals	874,004,722	25,818,150	35,728,590	3.971	2.510

PART 2 - DIRECT PREMIUMS WRITTEN

	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Direct operations	11,965,002	31,087,177	25,731,344
2. Agency operations:			
2.1 Non-affiliated agency operations	216,768,938	540,523,924	363,155,235
2.2 Affiliated agency operations	112,149,907	302,393,621	245,301,607
3. Totals	340,883,847	874,004,722	634,188,186

**SUPPLEMENTAL EXHIBITS AND SCHEDULES
INTERROGATORIES**

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the SVO Compliance Certification be filed with this statement?

Yes

EXPLANATION:

BAR CODE:

OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation
ASSETS

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols 1 - 2)	

REMAINING WRITE-INS AGGREGATED AT LINE 20 FOR OTHER THAN INVESTED ASSETS

2004. Accounts Receivable less than 90 days	786,252	367,723	418,529	668,831
2005.				
2006.				
2007.				
2008.				
2009.				
2010.				
2011.				
2012.				
2013.				
2014.				
2015.				
2016.				
2017.				
2018.				
2019.				
2020.				
2021.				
2022.				
2023.				
2024.				
2025.				
2097. Totals (Lines 2004 through 2025) (Page 2, Line 2098)	786,252	367,723	418,529	668,831

OVERFLOW PAGE FOR WRITE-INS

Page 16 - Continuation

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

	1 Is Insurer Licensed? (Yes or No)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
REMAINING WRITE-INS AGGREGATED AT LINE 57 FOR ALIEN							
5704. Dominican Republic	X X X		15,312				
5705. Honduras	X X X		11,750				
5706. Poland	X X X	2,700					
5707. Turks & Caicos	X X X		10,250				
5708.	X X X						
5709. Bulk Reserves	X X X					10,684,000	10,684,000
5710.	X X X						
5711.	X X X						
5712.	X X X						
5713.	X X X						
5714.	X X X						
5715.	X X X						
5716.	X X X						
5717.	X X X						
5718.	X X X						
5719.	X X X						
5720.	X X X						
5721.	X X X						
5722.	X X X						
5723.	X X X						
5724.	X X X						
5725.	X X X						
5797. Totals (Lines 5704 thru 5725) (Page 16, Line 5798)	X X X	2,700	37,312			10,684,000	10,684,000

SCHEDULE D - PART 3

Showing all Long-term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation (a)
912828-AC-4	U. S. TREASURY NOTE	07/12/2002	Merrill Lynch		123,244	120,000.00	899	1PE
0399999	Total Bonds U. S. Government			X X X	123,244	120,000.00	899	X X X
135087XJ8	CANADIAN GOVERNMENT	09/06/2002	Merrill Lynch		705,925	693,307.00	768	1PE
1099999	Total Bonds All Other Government			X X X	705,925	693,307.00	768	X X X
244127-RR-9	DEER PARK TEX ISD	08/12/2002	Weller Anderson & Chene		515,389	475,000.00	66	1PE
414004-NB-3	HARRIS COUNTY TEX	07/01/2002	Smith Barney Burns		664,980	600,000.00	1,467	1PE
590759-XN-1	MESQUITE TEX ISD	08/12/2002	Smith Barney Burns		2,016,000	1,800,000.00	41,525	1PE
2444996	Bonds - Political Subdivisions of States - TX			X X X	3,196,369	2,875,000.00	43,058	X X X
2499999	Total Bonds Political Subdivisions of States, Territories and Possessions			X X X	3,196,369	2,875,000.00	43,058	X X X
117622-AP-5	BRYAN WTRWKS & SWR	08/12/2002	Smith Barney Burns		3,021,408	2,700,000.00	18,563	1PE
88275M-HB-3	TEXAS STATE PUBLIC FIN AUTHORITY	07/01/2002	Merrill Lynch		870,366	805,000.00	18,940	1PE
882762-BU-0	TEXAS STATE TURNPIKE AUTH	09/04/2002	Smith Barney Burns		1,103,380	1,000,000.00	3,333	1PE
3144996	Bonds - Special Revenue and Special Assessment Obligations - TX			X X X	4,995,154	4,505,000.00	40,836	X X X
745181-LX-3	PUERTO RICO COMWLTH HWY	07/01/2002	Merrill Lynch		11,244	10,000.00	6	1PE
3154996	Bonds - Special Revenue and Special Assessment Obligations - PR			X X X	11,244	10,000.00	6	X X X
3199999	Total Bonds Special Revenue and Special Assessment Obligations			X X X	5,006,398	4,515,000.00	40,842	X X X
251516-AF-7	DEUTSCHE AUSGLEICHSBANK	08/29/2002	Merrill Lynch		1,389,963	1,250,000.00	17,257	1PE
D23223-TD-8	DEUTSCHE POSTBANK AG	08/15/2002	Merrill Lynch		2,140,600	2,000,000.00	55,917	1PE
D4883X-QE-0	LB BADEN-WUERTEMBERG	08/23/2002	Merrill Lynch		2,104,740	2,000,000.00	25,056	1PE
F2003Y-BJ-0	CIE FINANCEMENT FONCIER	08/23/2002	Merrill Lynch		2,065,400	2,000,000.00	22,194	1PE
N6521A-PY-9	BK NEDERLANDESE GEMEENTEN	08/23/2002	Salomon Brothers		2,180,480	2,000,000.00	50,667	1PE
20825U-AB-0	CONOCO FUNDING CO	09/13/2002	Merrill Lynch		1,239,255	1,125,000.00	30,163	1PE
20825U-AB-0	CONOCO FUNDING CO	09/26/2002	Weller Anderson & Chene		417,338	375,000.00	10,914	1PE
81238X-BN-0	SEARS ROEBUCK & CO. MTNS BK	08/08/2002	Merrill Lynch		250,946	200,000.00	7,333	1
81238X-BY-6	SEARS ROEBUCK & CO	09/08/2002	Merrill Lynch		237,810	200,000.00	6,637	1
893830-AM-1	TRANSOCEAN SEDCO	09/24/2002	JP Morgan		1,002,672	800,000.00	21,533	2PE
4599999	Total Bonds Industrial and Miscellaneous			X X X	13,029,204	11,950,000.00	247,671	X X X
6099997	Total Bonds Part 3			X X X	22,061,140	20,153,307.00	333,238	X X X

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues 0 .

SCHEDULE D - PART 3

Showing all Long-term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation (a)
6099999	Total Bonds			X X X	22,061,140	20,153,307.00	333,238	X X X
89420G-10-9	TRAVELER'S PROP CASUALTY-A	08/20/2002	SPIN-OFF	419,080				L
89420G-40-6	TRAVELER'S PROP CASUALTY-B	08/20/2002	SPIN-OFF	861,030				L
93932Z-10-3	WASHINGTON MUTUAL	07/16/2002	AG EDWARDS	900,000	31,458			L
6799999	Total Common Stock Banks, Trust and Insurance Companies			X X X	31,458	X X X		X X X
126650-10-0	CVS CORP COM	09/05/2002	CIS GROUP	1,200,000	33,648			L
291011-10-4	EMERSON ELEC. CO.	07/02/2002	Jefferies	900,000	46,800			L
291011-10-4	EMERSON ELEC. CO.	07/23/2002	Jefferies	225,000	10,555			L
369604-10-3	GENERAL ELECTRIC	08/07/2002	Jefferies	1,800,000	55,208			L
369604-10-3	GENERAL ELECTRIC	09/05/2002	CIS GROUP	800,000	22,608			L
428236-10-3	HEWLETT PACKARD COMPANY	09/05/2002	CITATION	4,200,000	54,810			L
492386-10-7	KERR MCGEE CORP	09/20/2002	LaBranche Financial Svcs	1,700,000	70,618			L
61166W-10-1	MONSANTO CO	08/14/2002	SPIN-OFF	799,000				L
676220-10-6	OFFICE DEPOT INC.	08/29/2002	Jefferies	5,500,000	70,630			L
755111-50-7	RAYTHEON CO.	07/05/2002	Jefferies	2,500,000	96,400			L
G90078-10-9	TRANSOCEAN INC.	07/03/2002	Jefferies	3,500,000	103,410			L
G90078-10-9	TRANSOCEAN INC.	07/16/2002	AG EDWARDS	1,000,000	25,954			L
6899999	Total Common Stock Industrial and Miscellaneous			X X X	590,641	X X X		X X X
86046# 10-1	Stewart Title Company-Galveston	09/30/2002	Capital Contribution		457,000			A
G8492# 10-7	Stewart Title Limited-UK	08/28/2002	Capital Contribution		3,500,000			A
6999999	Total Common Stock Parent, Subsidiaries and Affiliates			X X X	3,957,000	X X X		X X X
7099997	Total Common Stock Part 3			X X X	4,579,099	X X X		X X X
7099999	Total Common Stock			X X X	4,579,099	X X X		X X X
7199999	Total Preferred and Common Stock			X X X	4,579,099	X X X		X X X
7299999	Totals				26,640,239	X X X	333,238	X X X

(a) For all common stock bearing the NAIC designation "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 by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year	NAIC Designation (a)
31359M-FG-3	FEDERAL NATL MTG ASSN	08/08/2002	Merrill Lynch		495,125	425,000.00	466,174	461,906	(2,359)			33,219	33,219	33,209		1PE
912827-G5-5	U S TREASURY NOTE	08/15/2002	MATURITY		100,000	100,000.00	97,906	100,000	276					6,375		1PE
912827-P8-9	U S TREASURY NOTE	09/24/2002	Merrill Lynch		1,000,788	920,000.00	969,450	938,765	(7,781)			62,022	62,022	57,819		1PE
0399999	Subtotal - Bonds - U.S. Governments			X X X	1,595,913	1,445,000.00	1,533,530	1,500,671	(9,864)			95,241	95,241	97,403	X X X	X X X
135087WE0	CANADIAN GOVERNMENT	09/01/2002	MATURITY		441,195	441,195.00	458,679	441,195	1,095	21,476	(19,710)		(19,710)	24,235		1PE
1099999	Subtotal - Bonds - All Other Governments			X X X	441,195	441,195.00	458,679	441,195	1,095	21,476	(19,710)		(19,710)	24,235	X X X	X X X
721849-EN-3	PIMA COUNTY AZ UNI SCH	07/01/2002	MATURITY		1,100,000	1,100,000.00	1,156,364	1,100,000	(7,820)					58,850		1
2403996	Bonds - Political Subdivisions of States, Territories and Possessions - AZ			X X X	1,100,000	1,100,000.00	1,156,364	1,100,000	(7,820)					58,850	X X X	X X X
145608-R2-1	CARROLLTON TX	08/15/2002	MATURITY		1,000,000	1,000,000.00	1,024,430	1,000,000	(3,382)					49,000		1
235307-3V-5	DALLAS TX ISD	08/15/2002	MATURITY		1,750,000	1,750,000.00	1,819,195	1,750,000	(12,864)					92,750		1
283731-VA-2	EL PASO TX G.O.	08/15/2002	CALLED @ 100,000,0000		1,000,000	1,000,000.00	982,500	997,791	162			2,209	2,209	50,000		1
366118-Y9-2	GARLAND TX	08/15/2002	CALLED @ 100,000,0000		200,000	200,000.00	209,074	200,864	(249)			(864)	(864)	12,600		1
590759-NJ-1	MESQUITE TX ISD	08/15/2002	CALLED @ 100,000,0000		500,000	500,000.00	500,000	500,000						28,500		1
590759-RX-6	MESQUITE TX ISD	08/15/2002	MATURITY		600,000	600,000.00	692,388	600,000	(16,286)					48,000		1
796235-6F-1	SAN ANTONIO TX G.O.	08/01/2002	CALLED @ 100,000,0000		475,000	475,000.00	470,649	474,531	83			469	469	26,125		1
796235-6F-1	SAN ANTONIO TX G.O.	08/01/2002	CALLED @ 100,000,0000		150,000	150,000.00	150,966	150,117	(21)			(117)	(117)	8,250		1
2444996	Bonds - Political Subdivisions of States, Territories and Possessions - TX			X X X	5,675,000	5,675,000.00	5,849,202	5,673,303	(32,557)			1,697	1,697	315,225	X X X	X X X
2499999	Total - Bonds - Political Subdivisions of States, Territories and Possessions			X X X	6,775,000	6,775,000.00	7,005,566	6,773,303	(40,377)			1,697	1,697	374,075	X X X	X X X
882555-OX-6	TEXAS MUN PWR AGY	09/01/2002	CALLED		204,000	200,000.00	200,000	200,000				4,000	4,000	12,000		1
882555-SV-8	TEXAS MUN PWR AGY	09/03/2002	CALLED @ 100,000,0000		1,000,000	1,000,000.00	1,087,790	1,011,056	(543)			(11,056)	(11,056)	57,500		1
915115-A7-4	UNIVERSITY TX PERM UNIV	07/01/2002	MATURITY		100,000	100,000.00	105,821	100,000	(1,018)					5,900		1
3144996	Bonds - Special Revenue and Special Assessment Obligations - TX			X X X	1,304,000	1,300,000.00	1,393,611	1,311,056	(1,561)			(7,056)	(7,056)	75,400	X X X	X X X
745268-MM-1	PUERTO RICO ELEC PWR AUTH	07/01/2002	MATURITY		10,000	10,000.00	10,460	10,000	(60)					600		2
3154996	Bonds - Special Revenue and Special Assessment Obligations - PR			X X X	10,000	10,000.00	10,460	10,000	(60)					600	X X X	X X X
31371Q-7K-8	FNMA Pool #259298	07/25/2002	PRINCIPAL RECEIPT		1,318	1,318.00	1,422	1,318	(104)							1PE
31371Q-7K-8	FNMA Pool #259298	08/25/2002	PRINCIPAL RECEIPT		1,156	1,156.00	1,294	1,156	(138)							1PE
31371Q-7K-8	FNMA Pool #259298	09/25/2002	PRINCIPAL RECEIPT		1,133	1,133.00	1,262	1,133	(129)							1PE
3156996	Bonds - Special Revenue and Special Assessment Obligations - CN			X X X	3,607	3,607.00	3,978	3,607	(371)						X X X	X X X

(a) For all common stock bearing the NAIC designation "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 by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year	NAIC Designation (a)
3199999	Total - Bonds - Special Revenue and Special Assessment Obligations			X X X	1,317,607	1,313,607.00	1,408,049	1,324,663	(1,992)			(7,056)	(7,056)	76,000	X X X	X X X
204912-AF-6	COMPUTER ASSOC INT'L	09/25/2002	Weller Anderson & Chene		428,750	500,000.00	496,425	498,421	408			(69,671)	(69,671)	30,547		2
92344T-AA-6	VERIZON PENN	09/12/2002	Salomon Brothers		1,235,845	1,275,000.00	1,271,723	1,272,010	170			(36,165)	(36,165)	60,832		1PE
780087F72	ROYAL BANK OF CANADA	09/03/2002	CALLED		69,331	69,331.00	72,928	68,361	103	5,253	(4,979)	968	(4,011)	3,739		1PE
4599999	Subtotal - Bonds - Industrial and Miscellaneous			X X X	1,733,926	1,844,331.00	1,841,076	1,838,792	681	5,253	(4,979)	(104,868)	(109,847)	95,118	X X X	X X X
6099997	Subtotal - Bonds - Part 4			X X X	11,863,641	11,819,133.00	12,246,900	11,878,624	(50,457)	26,729	(24,689)	(14,986)	(39,675)	666,831	X X X	X X X
6099999	Total Bonds			X X X	11,863,641	11,819,133.00	12,246,900	11,878,624	(50,457)	26,729	(24,689)	(14,986)	(39,675)	666,831	X X X	X X X
264399-10-6	DUKE ENERGY	07/16/2002	Jefferies	2,600,000	58,508		85,374	85,374				(26,866)	(26,866)		1,430	L
264399-10-6	DUKE ENERGY	09/30/2002	Write Down				112,567	54,008	(58,559)			(58,559)	(58,559)		323	L
26816Q-10-1	DYNEGY INC.	07/23/2002	Sanford Bernstein & Co	4,300,000	7,038		7,038	7,038							150	L
26816Q-10-1	DYNEGY INC.	07/23/2002	Sanford Bernstein & Co	2,000,000	3,273		3,273	3,273								
6699999	Subtotal - Common Stock - Public Utilities			X X X	68,819	X X X	208,252	149,693	(58,559)			(85,425)	(85,425)	X X X	1,903	X X X
026874-10-7	AMERICAN INTERNATL GROUP INC.	08/29/2002	Jefferies	668,000	41,634		38,330	38,330				3,304	3,304		83	L
026874-10-7	AMERICAN INTERNATL GROUP INC.	08/29/2002	Jefferies	532,000	33,158		42,881	42,881				(9,723)	(9,723)		45	L
46625H-10-0	JP MORGAN	09/20/2002	LaBranche Financial Svcs	20,000	398		620	620				(222)	(222)		517	L
46625H-10-0	JP MORGAN	09/20/2002	LaBranche Financial Svcs	2,850,000	56,742		83,021	83,021				(26,279)	(26,279)		2,907	L
46625H-10-0	JP MORGAN	09/20/2002	LaBranche Financial Svcs	730,000	14,534		37,692	37,692				(23,158)	(23,158)		745	L
46625H-10-0	JP MORGAN	09/30/2002	Write Down				268,967	136,728	(132,239)			(132,239)	(132,239)			
58551A-10-8	MELLON FINANCIAL	09/30/2002	Write Down				336,764	233,370	(103,394)			(103,394)	(103,394)			
6799999	Subtotal - Common Stock - Banks, Trust and Insurance Companies			X X X	146,466	X X X	808,275	572,642	(235,633)			(291,711)	(291,711)	X X X	4,297	X X X
001957-10-9	AT & T	07/02/2002	Jefferies	1,200,000	11,417		11,417	11,417							90	L
001957-10-9	AT & T	07/02/2002	Jefferies	750,000	7,136		7,136	7,136							246	L
001957-10-9	AT & T	07/02/2002	Jefferies	1,800,000	17,126		17,126	17,126							135	L
001957-10-9	AT & T	07/02/2002	Jefferies	1,300,000	12,369		12,369	12,369							98	L
079860-10-2	BELL SOUTH CORP.	07/03/2002	BRIDGE	3,100,000	95,308		119,005	119,005				(23,697)	(23,697)		1,178	L
079860-10-2	BELL SOUTH CORP.	07/03/2002	BRIDGE	200,000	6,149		7,966	7,966				(1,817)	(1,817)		76	L
079860-10-2	BELL SOUTH CORP.	09/30/2002	Write Down				107,061	49,572	(57,489)			(57,489)	(57,489)			
460690-10-0	INTERPUBLIC GROUP COMPANIES	08/07/2002	Sanford Bernstein & Co	1,700,000	23,754		58,106	58,106				(34,353)	(34,353)		703	L
460690-10-0	INTERPUBLIC GROUP COMPANIES	08/07/2002	Sanford Bernstein & Co	1,200,000	16,767		33,552	33,552				(16,785)	(16,785)		228	L
460690-10-0	INTERPUBLIC GROUP COMPANIES	09/05/2002	VARIOUS	5,100,000	85,580		137,684	137,684				(52,104)	(52,104)		969	L
61166W-10-1	MONSANTO CO	08/23/2002	CARITAL INSTITUTION SVCS	1,000	12							12	12			L
92343V-10-4	VERIZON COMMUNICATIONS	07/03/2002	BANK OF AMERICA	1,508,000	55,468		67,794	67,794				(12,326)	(12,326)		1,161	L
92343V-10-4	VERIZON COMMUNICATIONS	07/03/2002	BANK OF AMERICA	1,000,000	36,782		54,820	54,820				(18,038)	(18,038)		770	L
92343V-10-4	VERIZON COMMUNICATIONS	07/03/2002	BANK OF AMERICA	92,000	3,384		4,932	4,932				(1,548)	(1,548)		71	L
92343V-10-4	VERIZON COMMUNICATIONS	09/30/2002	Write Down				117,971	60,588	(57,383)			(57,383)	(57,383)			

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues 0

NONE Schedule DB Part A and B Section 1

NONE Schedule DB Part C and D Section 1

SCHEDULE E - PART 1 - CASH
Month End Depository Balances

1		2	3	4	Book Balance at End of Each Month During Current Quarter			8
Depository		Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	5	6	7	*
					First Month	Second Month	Third Month	
Open Depositories - Section (A)-Segregated Funds Held for Others								
American Chartered Bank	Chicago IL				113,886	108,886	617,814	
Bank of America	San Francisco CA				3,177,953	1,576,906	4,536,090	
Bank of America	Sacramento CA				8,433	305,607	235,078	
Bank of Boston	Boston MA				1,099,402	1,192,241	1,330,986	
Chase	Houston TX				3,256,007	1,952,633	985,159	
Commerce National Bank	Columbus OH				177,231	168,717	446,810	
First Union National Bank	Charlotte NC				680,843	178,036	612,740	
Fleet Bank	Wethersfield CT				133,620	133,620	133,620	
Fleet Bank	Fairfield CT				548,557	184,374	568,303	
First Republic Bank	San Francisco CA				696,829	696,829	696,829	
Wachovia Bank of Georgia	Atlanta GA				617,269	632,353	1,138,226	
Wells Fargo	Houston TX				6,465,953	8,005,041	6,298,718	
Wells Fargo	Phoenix AZ				742,683	876,140	872,075	
Wells Fargo	San Francisco CA				232,699	232,699	232,699	
Union Bank	Sacramento CA				3,656,141	6,203,239	7,846,026	
Commerce Bank	Wayne PA		8,912		561,175	279,348	371,350	
0199998 Deposits in (23) depositories which do not exceed the allowable limit in any one depository (see instructions)		X X X			2,647,485	4,277,248	404,320	X X X
0199999 Total Segregated Funds Held For Others		X X X	8,912		24,816,166	27,003,917	27,326,843	X X X
Open Depositories - Section (B) - General Funds								
Chase	Houston TX	1.280	61,938		27,194,196	6,529,518	5,699,339	
Compass Bank	Houston TX	1.050	3,239		170,318	835,131	1,932,214	
Wells Fargo	Houston TX	0.530	19,725		5,181,672	19,458,075	5,839,823	
Republic Bank	Louisville KY	1.250	6,269		1,999,990	1,999,990	1,999,990	
NationsBank	Miami Lakes FL				202,345	275,527	312,241	
Florida Treasury Deposit	Tallahassee FL	3.900	975		100,000	100,000	100,000	
Government Obligation Fund #05	Houston TX	1.670	27,233		6,369,300	6,378,416	6,387,172	
National Bank of Columbus	Columbus OH	2.610	3,318		250,000	250,000	250,000	
US Bank of Oregon	Portland OR	1.750	3,785		110,000	110,000	110,000	
SunTrust Bank	Norfolk VA	1.540	1,625		200,000	200,000	200,000	
Wachovia Bank	Norfolk VA	1.590	1,542		200,000	200,000	200,000	
Fifth Third Bank	Cleveland OH	1.550			200,000	200,000	200,000	
Trust Company of Montreal	Ontario CD	2.000	1,063		432,004	441,726	657,538	
Bank of Montreal	Ontario CD	0.750	6,583		3,408,917	4,084,473	3,392,990	
0299998 Deposits in (120) depositories which do not exceed the allowable limit in any one depository (see instructions)		X X X	18,960		5,319,640	5,082,792	4,961,779	X X X
0299999 Total General Funds		X X X	156,255		51,338,382	46,145,648	32,243,086	X X X
Open Depositories - Section (C) - Reinsurance Reserve Funds								
Southwest Bank of Texas	Houston TX				534,939	539,839	539,587	
0399998 Deposits in (0) depositories which do not exceed the allowable limit in any one depository (see instructions)		X X X						X X X
0399999 Total Reinsurance Reserve Funds		X X X			534,939	539,839	539,587	X X X
0499999 Total Open Depositories		X X X	165,167		76,689,487	73,689,404	60,109,516	X X 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)		X X X						X X X
0599999 Total Segregated Funds held for others		X X X						X X X
Suspended Depositories - Section (B) - General Funds								
0699998 Deposits in (0) depositories which do not exceed the allowable limit in any one depository (see instructions)		X X X						X X X
0699999 Total General Funds		X X X						X X X
Suspended Depositories - Section (C) - Reinsurance Reserve Funds								
0799998 Deposits in (0) depositories which do not exceed the allowable limit in any one depository (see instructions)		X X X						X X X
0799999 Total Reinsurance Reserve Funds		X X X						X X X
0899999 Total Suspended Depositories		X X X						X X X
0999999 Total cash on Deposit		X X X	165,167		76,689,487	73,689,404	60,109,516	X X X
1099999 Cash in Company's Office		X X X	X X X	X X X	3,584	3,589	3,584	X X X
1199999 TOTAL CASH		X X X	165,167		76,693,071	73,692,993	60,113,100	X X X