

ASSETS

	Current Statement Date			4
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Col. 1 minus Col. 2)	December 31 Prior Year Net Admitted Assets
1. Bonds				
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	420,163	65,000	355,163	355,163
3. Mortgage loans on real estate:				
3.1 First liens	21,157,731		21,157,731	18,961,380
3.2 Other than first liens	1,123,618		1,123,618	1,423,956
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)	55,299		55,299	55,299
5. Cash (\$ 322,367), cash equivalents (\$) and short-term investments (\$)	322,367		322,367	213,114
6. Contract loans (including \$ premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets	51,474		51,474	51,710
12. Subtotals, cash and invested assets (Line 1 to Line 11)	23,130,652	65,000	23,065,652	21,060,622
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued				
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$)	40,259	40,259		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	11,823,751	5,107,729	6,716,022	7,947,671
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	34,994,662	5,212,988	29,781,674	29,008,293
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Totals (Line 26 and Line 27)	34,994,662	5,212,988	29,781,674	29,008,293
DETAILS OF WRITE-INS				
1101. Interest Receivable	51,474		51,474	51,710
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Line 1001 through Line 1103 plus Line 1198) (Line 11 above)	51,474		51,474	51,710
2501. Miscellaneous receivables and prepaids other than pension	4,039,124	4,039,124		
2502. Prepaid Pension	1,068,605	1,068,605		
2503. Funds Segregated for others	6,716,022		6,716,022	7,947,671
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	11,823,751	5,107,729	6,716,022	7,947,671

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Known claim reserve		
2. Statutory premium reserve	81,255	76,936
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)	143,694	111,764
7. Taxes, licenses and fees (excluding federal and foreign income taxes)		
8.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	24,640	(87,135)
8.2 Net deferred tax liability	62,824	62,824
9. Borrowed money \$ and interest thereon \$	13,598,436	11,296,970
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		
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		
19. Derivatives		
20. Payable for securities		
21. Payable for securities lending		
22. Aggregate write-ins for other liabilities	6,713,979	7,996,346
23. Total liabilities (Line 1 through Line 22)	20,624,828	19,457,705
24. Aggregate write-ins for special surplus funds		
25. Common capital stock		
26. Preferred capital stock	631,250	631,250
27. Aggregate write-ins for other than special surplus funds		
28. Surplus notes		
29. Gross paid in and contributed surplus	5,456,495	5,456,495
30. Unassigned funds (surplus)	3,069,101	3,462,843
31. Less treasury stock, at cost:		
31.1 shares common (value included in Line 25 \$)		
31.2 shares preferred (value included in Line 26 \$)		
32. Surplus as regards policyholders (Line 24 to Line 30 less Line 31)	9,156,846	9,550,588
33. TOTALS (Page 2, Line 28, Col. 3)	29,781,674	29,008,293
DETAILS OF WRITE-INS		
0301		
0302		
0303		
0398. Summary of remaining write-ins for Line 3 from overflow page		
0399. Totals (Line 0301 through Line 0303 plus Line 0398) (Line 3 above)		
2201. Loan Escrow	(2,041)	48,673
2202. Funds Segregated for others	6,716,022	7,947,671
2203. Rounding	(2)	2
2298. Summary of remaining write-ins for Line 22 from overflow page		
2299. Totals (Line 2201 through Line 2203 plus Line 2298) (Line 22 above)	6,713,979	7,996,346
2401		
2402		
2403		
2498. Summary of remaining write-ins for Line 24 from overflow page		
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above)		
2701		
2702		
2703		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)		

OPERATIONS AND INVESTMENT EXHIBIT STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
OPERATING INCOME			
1. Title insurance and related income:			
1.1 Title insurance premiums earned	38,871	29,119	59,074
1.2 Escrow and settlement services			
1.3 Other title fees and service charges			
2. Aggregate write-ins for other operating income	2,545,865	1,470,526	1,408,515
3. Total Operating Income (Line 1 through Line 2)	2,584,736	1,499,645	1,467,589
EXPENSES:			
4. Losses and loss adjustment expenses incurred			
5. Operating expenses incurred	31,507	22,937	47,106
6. Aggregate write-ins for other operating expenses	2,226,416	1,115,267	1,295,708
7. Total Operating Expenses	2,257,923	1,138,204	1,342,814
8. Net operating gain or (loss) (Line 3 minus Line 7)	326,813	361,441	124,775
INVESTMENT INCOME			
9. Net investment income earned	54,931	16,837	608,954
10. Net realized capital gains (losses) less capital gains tax of \$			
11. Net investment gain (loss) (Line 9 plus Line 10)	54,931	16,837	608,954
OTHER INCOME			
12. Aggregate write-ins for miscellaneous income or (loss)			
13. Net income, after capital gains tax and before all other federal income taxes (Line 8 plus Line 11 plus Line 12)	381,744	378,278	733,729
14. Federal and foreign income taxes incurred	136,775	128,612	203,337
15. Net income (Line 13 minus Line 14)	244,969	249,666	530,392
CAPITAL AND SURPLUS ACCOUNT			
16. Surplus as regards policyholders, December 31 prior year	9,550,588	10,592,715	10,592,715
17. Net income (from Line 15)	244,969	249,666	530,392
18. Change in net unrealized capital gains or (losses) less capital gains tax of \$			(27,466)
19. Change in net unrealized foreign exchange capital gain (loss)			
20. Change in net deferred income taxes			(41,163)
21. Change in nonadmitted assets	(371,314)	(995,411)	(938,042)
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			
27.2 Transferred to capital (Stock Dividend)			
27.3 Transferred from capital			
28. Dividends to stockholders	(267,398)	(314,362)	(537,825)
29. Change in treasury stock			
30. Aggregate write-ins for gains and losses in surplus	1	(28,059)	(28,023)
31. Change in surplus as regards policyholders for the year (Line 17 through Line 30)	(393,742)	(1,088,166)	(1,042,127)
32. Surplus as regards policyholders as of statement date (Line 16 plus Line 31)	9,156,846	9,504,549	9,550,588
DETAILS OF WRITE-INS			
0201. Mortgage Operations	2,545,865	1,470,526	1,408,515
0202.			
0203.			
0298. Summary of remaining write-ins for Line 2 from overflow page			
0299. Totals (Line 0201 through Line 0203 plus Line 0298) (Line 2 above)	2,545,865	1,470,526	1,408,515
0601. Mortgage Operations	2,226,416	1,115,267	1,295,708
0602.			
0603.			
0698. Summary of remaining write-ins for Line 6 from overflow page			
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)	2,226,416	1,115,267	1,295,708
1201.			
1202.			
1203.			
1298. Summary of remaining write-ins for Line 12 from overflow page			
1299. Totals (Line 1201 through Line 1203 plus Line 1298) (Line 12 above)			
3001. Rounding	1	(38)	(2)
3002. Prior period adjustment after the completion of the 2010 report		(28,021)	(28,021)
3003.			
3098. Summary of remaining write-ins for Line 30 from overflow page			
3099. Totals (Line 3001 through Line 3003 plus Line 3098) (Line 30 above)	1	(28,059)	(28,023)

CASH FLOW

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	38,871	29,119	59,074
2. Net investment income	54,931	16,837	608,954
3. Miscellaneous income	2,545,865	1,470,526	1,408,515
4. Total (Line 1 through Line 3)	2,639,667	1,516,482	2,076,543
5. Benefit and loss related payments			
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	2,257,923	1,138,204	1,342,814
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	136,775	128,612	203,337
10. Total (Line 5 through Line 9)	2,394,698	1,266,816	1,546,151
11. Net cash from operations (Line 4 minus Line 10)	244,969	249,666	530,392
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds			
12.2 Stocks			
12.3 Mortgage loans	43,645,823	13,225,530	41,966,600
12.4 Real estate			
12.5 Other invested assets			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds			
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	43,645,823	13,225,530	41,966,600
13. Cost of investments acquired (long-term only):			
13.1 Bonds			
13.2 Stocks			
13.3 Mortgage loans	45,541,831	11,182,958	41,394,586
13.4 Real estate			
13.5 Other invested assets			715
13.6 Miscellaneous applications			
13.7 Total investments acquired (Line 13.1 through Line 13.6)	45,541,831	11,182,958	41,395,301
14. Net increase or (decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(1,896,008)	2,042,572	571,299
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			
16.3 Borrowed funds	2,301,466	(1,094,448)	162,799
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders	267,398	314,362	537,825
16.6 Other cash provided (applied)	(273,776)	(865,623)	(1,101,691)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	1,760,292	(2,274,433)	(1,476,717)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	109,253	17,805	(375,026)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	213,114	588,140	588,140
19.2 End of period (Line 18 plus Line 19.1)	322,367	605,945	213,114

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

20.0001			
20.0002			
20.0003			
20.0004			
20.0005			
20.0006			
20.0007			
20.0008			
20.0009			
20.0010			

NOTES TO FINANCIAL STATEMENTS

NOTES TO 3/12 QUARTERLY FINANCIAL STATEMENT

Note 1 – Summary of Significant Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of The Bankers Guarantee Title & Trust Company and Subsidiary (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity.

1. Basis of Consolidation

The consolidated financial statements include the accounts of The Bankers Guarantee Title & Trust Company and its wholly owned subsidiary Ohio General Corp (both are corporations organized under the laws of the State of Ohio). All significant inter-company accounts and transactions have been eliminated in consolidation.

2. Business Activities

The Company is a title guarantee and trust company and a mortgage banker. The Company's primary activities include the origination of mortgage loans which are subsequently pooled and sold. The Company retains the servicing rights to the pooled mortgages. Other activities include the lending of funds for investment purposes. The Company grants credit to customers located primarily in Ohio.

3. Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash balances with financial institutions in excess of the Federal Deposit Insurance Corporation's (FDIC) insurance limitations, cash equivalents (Note B), and long-term mortgages held for investment (Note C).

4. Cash Equivalents

For purposes of the Consolidated Statement of Cash Flows, the Company considers all short-term investments purchased with a maturity of three months or less to be cash equivalents (Note B).

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

5. Mortgage Loans Held for Sale

Mortgage loans held for sale are valued, in aggregate, at the lower of cost or estimated fair market value. The lower of cost or market is determined by the FNMA bid price for delivery in January 2012, and any buy up or buy down adjustment at December 31. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income. The details of the balances at December 31 are as follows:

	2011	2010
First mortgage loans	\$ 5,554,068	\$ 5,207,469
Less; Valuation allowance	-0-	(29,390)
	<u>\$ 5,554,068</u>	<u>\$ 5,178,379</u>

6. Real Estate Held for Sale

Real estate held for sale is recorded at the lower of cost or market. Real estate which is not expected to be sold during the next fiscal year is classified as non-current and included in Other Assets (Note C).

7. Property and equipment

Depreciation is computed using an accelerated method for furniture and fixtures and automobiles. Leasehold improvements on rental property are amortized over the life of the lease on the straight-line method.

8. Title Insurance Reserve

Title insurance reserves at December 31 are comprised of the following:

	2011	2010
Reserve for title insurance and unearned title insurance premiums	\$ 76,936	\$ 74,182

The reserve for unearned title insurance premiums has been established and adjusted annually in accordance with Section 3953.11 and Section 1735.04 of the Ohio Revised Code.

There are no known claims pending at December 31, 2011.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

9. Income Taxes

NOTES TO FINANCIAL STATEMENTS

The company is an accrual basis taxpayer which files with the Internal Revenue Service as part of a consolidated group with its parent, Nevada General Corporation. The company records its pro-rata share of federal income taxes based on the consolidated annual tax return and incurs a liability to Nevada General Corporation on this basis.

Income taxes (Note J) are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due and deferred taxes. Deferred taxes relate primarily to differences between the financial and income tax reporting basis of depreciable property and equipment, pension plan assets, and loan servicing fees.

The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 740 requires management to evaluate its tax positions to determine if any might be considered uncertain. Management reviews its tax positions on an annual basis and when necessary, consults outside parties, to evaluate the risk that all of its tax positions would be sustained upon examination. Management is of the opinion that all of its tax positions are sustainable as of December 31, 2011. During the years ended December 31, 2011 and 2010, the Company has not incurred any interest or penalties on its income tax returns. Tax returns filed by the Company generally remain subject to examination by major tax jurisdictions for three years from the date on which the returns are filed.

10. Loan Origination Costs

The Company has chosen to continue expensing all costs associated with loan originations instead of capitalizing the cost of original loans and amortizing them in future periods. The Company does not believe the fair value of servicing rights can be accurately estimated without additional costs and the use of assumptions which would increase the likelihood of volatility in future periods. The practice of expensing origination costs is conservative and allows for continued comparability of prior years' results.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**11. Foreclosed Assets**

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at cost at the date of foreclosure. Subsequent to foreclosure, any additional costs incurred are capitalized and included in the gain or loss on disposal. Historically, losses, if any, on foreclosure have not been material. In years where expected losses are considered material, an allowance is recorded. Due to existing market conditions as of December 31,

NOTES TO FINANCIAL STATEMENTS

2011 and 2010, the Company established reserves of \$251,773 and \$238,871 respectively

12. Derivative Financial Instruments

Financial Accounting Standards Board (FASB) Accounting Standards Topic 815, Accounting for Derivatives Hedging Activities, requires that all derivatives be recorded as assets and liabilities in the balance sheet and measured at fair value. Included in their definition are loan commitments related to the origination of mortgage loans held for sale. The Company does enter into commitments to sell forward mortgage loans as a hedge against fluctuation in interest rates. However, such commitments are typically 60 days or less in duration from year end and utilize only forward sales into mortgage backed securities. The Company does not utilize other types of derivatives when hedging mortgages held for sale. Management has not recorded the fair value of such commitments as the value is not material.

13. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

14. Date of Management's Review

Subsequent events were evaluated through March 7, 2012 which is the date the financial statements were available to be issued.

Note 2 – Accounting Changes and Corrections of Errors

None.

Note 3 – Business Combinations and Goodwill

None.

Note 4 – Discontinued Operations

None.

Note 5 – Investments

The company as a course of business lends money for real estate lending. The company does not invest outside of its defined benefit pension plan.

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

None.

NOTES TO FINANCIAL STATEMENTS

Note 7 – Investment Income

Derived from its real estate lending business.

Note 8 – Derivative Investments

None.

Note 9 – Income taxes

FEDERAL INCOME TAX

Income tax expense for the years ended December 31, 2011 and 2010 consists of federal income taxes currently due and deferred income taxes relating to temporary differences (Note A). The Company records deferred income taxes in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic No. 740 - Income Taxes.

The net deferred tax assets and liabilities in the balance sheet at December 31, 2011 and 2010 include the following components:

	2011	2010
Current deferred tax asset		
Deferred tax assets	\$ 90,627	\$ 98,348
Deferred tax liabilities	-0-	-0-
	\$ 90,627	\$ 98,348
Non-current deferred tax liabilities		
Deferred tax assets	\$ 608,318	\$ 624,303
Deferred tax liabilities	(761,769)	(758,461)
	\$ (153,451)	\$ (134,158)

Note 10 – Information Concerning Parent, Subsidiaries and Affiliates

RELATED PARTIES

Nevada General Corporation owns 98.42% of the capital stock of Bankers. Periodically, Nevada General Corporation advances and/or borrows funds to or from Bankers for operational needs. These advances bear interest. There were interest charges paid to Nevada General Corporation of \$26,014 and \$26,064 during 2011 and 2010, respectively, and there was \$2,600,000 and \$2,605,000 owed to Nevada General Corporation at December 31, 2011 and 2010. The Company received no interest income from Nevada General Corporation during 2011 and 2010.

The Bankers Guarantee Title & Trust Company also owns 100% of the stock of Ohio General Corporation, an Ohio Corp engaged in real estate lending.

Note 11 – Debt

WAREHOUSE LINE OF CREDIT

NOTES TO FINANCIAL STATEMENTS

The Company has a \$10,000,000 line of credit with Chase Bank which expires April 30, 2013. At December 31, 2011, the Company had draws totaling \$2,360,750 on the line of credit. The line of credit bears interest at the floating rate of the 1-month London Inter Bank Offered Rate (LIBOR) plus a margin of 2.35%. The line of credit is secured by promissory notes and mortgage deeds of un-pooled mortgages and related accounts receivable on pooled loans.

The line of credit agreement contains certain restrictions and covenants. Under these restrictions, the Company will not hereafter incur any indebtedness for borrowed funds either on a secured or unsecured basis in excess of \$14,000,000 in the aggregate of which \$4,000,000 may be with unrestricted creditors and of which \$10,000,000 may only be with the Federal Home Loan Bank. Management considers any loans or advances secured by real estate to be in its ordinary course of business. The Company has complied with these restrictions and covenants.

LONG-TERM DEBT

1. Notes Payable-FHLB

	2011	2010
<p>The Company is a stockholder/member of the Federal Home Loan Bank of Cincinnati (FHLB). The FHLB makes advances to the Company which are secured by mortgage loans. Prepayment penalties may be required for early payment. Advances outstanding are as follows:</p>		
<p>Advances payable over 120 months including principal and interest with rates ranging from 2.70% to 4.08%</p>	\$ 1,362,920	\$ 2,238,610
<p>Advance with interest only payable monthly at 3.24% and due February, 2014</p>	1,750,000	1,750,000
<p>Advance with interest only payable monthly at 1.99% and due April, 2012</p>	1,750,000	1,750,000
<p>Advance with interest only payable monthly at 4.07% callable quarterly after one year and due December, 2016</p>	1,000,000	1,000,000
	5,862,920	6,738,610
<p>Less: Current maturities</p>	(2,481,577)	(875,690)
	\$ 3,381,343	\$ 5,862,920

NOTE L - LONG-TERM DEBT - continued

Long-term debt maturing in succeeding years is:

December 31,	2012	\$
		2,481,577
	2013	281,804
	2014	1,839,154
	2015	70,713

NOTES TO FINANCIAL STATEMENTS

2016	1,063,241
Thereafter	126,431
	<u>\$ 5,862,920</u>

Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**EMPLOYEE 401 (k) PLAN**

Effective January 1, 2003, The Bankers Guarantee Title & Trust Company implemented a 401 (k) Plan. This plan allows eligible participants to defer up to 25% of their qualifying compensation under IRC Section 401 (k), up to a maximum salary deferral of \$16,500 in 2011. In addition, the Company will contribute 25% of the amount deferred, up to 8% of each employee's salary. Participating employees fully vest in the employer contributions after six years. The company's matching contribution to the Plan totaled \$8,535 for 2011 and \$9,161 for 2010.

NOTE D – PENSION PLAN

The Company has a non-contributory defined benefit pension plan covering all full-time employees. The Company funds the pension plan by payment to an employee pension trust. Due to the over-funded status of the plan, no contributions were made in 2011 or 2010.

Effective December 31, 2008, the Company adopted certain required provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 715, *Compensation – Retirement Benefits*, which became effective for private companies with fiscal years ending after December 15, 2008. Net (cost) earnings due to net periodic (expense) benefits were \$19,715 and \$(280) for the years ended December 31, 2011 and 2010, respectively. ASC 715 does not recognize unrecognized investment gains or losses as a component of the prepaid asset, but requires these gains and losses to be recorded as part of comprehensive income. Unrecognized gains (losses) net of tax, included in comprehensive income, were \$(27,466) and \$54,394 for 2011 and 2010 respectively.

The Company uses a December 31 measurement date for all its plans.

	2011	2010
Projected benefit obligation December 31	<u>\$ 1,777,420</u>	<u>\$ 1,666,578</u>
Fair value of plan assets December 31	<u>2,846,025</u>	<u>2,757,083</u>
Funded status	<u>\$ 1,068,605</u>	<u>\$ 1,090,505</u>
Prepaid pension cost	<u>\$ 1,068,605</u>	<u>\$ 1,090,505</u>

NOTES TO FINANCIAL STATEMENTS

The following are weighted-average assumptions used to determine benefit obligations at December 31, 2011 and December 31, 2010:

	2011	2010
Discount rate	5.00%	5.00%
Rate of compensation increase	3.50%	3.50%

The following are weighted average assumptions used to determine net periodic benefit cost for the years ended December 31, 2011 and December 31, 2010:

	2011	2010
Discount rate	5.00%	5.00%
Expected long-term return on plan assets	8.00%	8.00%
Rate of compensation increase	3.50%	3.50%

NOTE D – PENSION PLAN - continued

Beginning in 2009, the Company's expected long-term return on plan assets and rate of compensation increase assumptions are based on historical analysis of actual results for the 20 year period ended December 31, 2009.

The Plan's net periodic pension cost, employer contributions and benefits paid for the years ended December 31, 2011 and 2010 were:

	2011	2010
Benefit cost (income)	\$ (19,715)	\$ 280
Employer contributions	\$ -0-	\$ -0-
Benefits paid	\$ 77,220	\$ 70,083

The accumulated benefit obligation for all defined benefit pension plans was \$1,495,819 and \$1,421,424 at December 31, 2011 and December 31, 2010, respectively.

The Company's pension plan weighted-average asset allocations at December 31, 2011 and December 31, 2010 by asset category are as follows:

	Plan assets at December 31	
	2011	2010
Asset Category		
Equity securities – preferred	9%	9%
Equity securities – other	48%	43%

NOTES TO FINANCIAL STATEMENTS

Debt securities	3%	12%
Cash and other	40%	36%
Total	<u>100%</u>	<u>100%</u>

The Company does not target an asset allocation, but instead consults periodically with investments professionals, and looks to replace maturing assets with similar instruments when it feels it is able to and in the best interest of the plan. The Company also uses its own judgment when consulting professionals.

Note 13 – Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations**CAPITAL REQUIREMENTS**

The Company is subject to various capital requirements in connection with seller/servicer agreements that the Company has entered into with secondary market investors. Failure to maintain minimum capital requirements could result in the Company’s inability to originate and service loans for the respective investor and, therefore could have a direct material effect on the Company’s financial statements. The Company’s actual capital amounts and the minimum amounts required for capital adequacy purposes, by investor, are as follows:

	Actual Capital	Minimum Required Capital
As of December 31, 2011		
GNMA	\$ 14,378,678	\$ 2,521,573
HUD	14,378,678	1,000,000
FNMA	14,378,678	3,024,443
As of December 31, 2010		
GNMA	\$ 14,452,937	\$ 1,054,569
HUD	14,452,937	250,000
FNMA	14,452,937	3,035,736

COMMITMENT

The Company’s Board of Directors previously voted to suspend its policy of paying a special dividend to shareholders in an amount sufficient to reduce the company’s equity to \$15,000,000 each year. At the April, 2010 Board of Directors meeting, the board approved reinstatement of its policy of paying a special dividend, subject to approval of the Ohio Department of insurance, and subject to a floor of \$14,300,000 in stockholders’ equity.

Note 14 – Contingencies

None.

NOTES TO FINANCIAL STATEMENTS

Note 15 – Leases

The Company renewed its lease for five years during January, 2012 with no increase in rent. They have one (1) additional five year renewal option where rent will be adjusted in accordance with increases in the Consumer Price Index. The current monthly rental payments are \$4,609. The Company has the right to cancel the lease, giving a six month notice.

The annual minimum rental commitment for the next five years is approximately \$55,308, subject to the Company's six month termination notice clause.

Office rent expense was \$56,076 each year for 2011 and 2010.

Note 16 – Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

In the normal course of business the Company is a party to financial instruments with off-balance-sheet risk. These financial instruments consist of mortgage loans pooled and sold with recourse. The majority of the Company's servicing portfolio consists of mortgage loans pooled and sold to FNMA. However, the Company also services mortgage loans which were pooled and sold to GNMA in prior years. The Company evaluates the credit extended to its mortgagors based on established mortgage bankers' credit approval criteria. These criteria are applied to both originated and purchased mortgages. The Company also requires mortgagors to obtain private mortgage insurance whenever the loan amount exceeds eighty percent of the value of the real estate, unless originated under an approved Fannie Mae variance. The mortgage notes are collateralized by their respective real estate, the majority of which is located in Northeast Ohio. The company's mortgage servicing portfolio totals approximately \$238,443,376 at December 31, 2011, of which, \$96,494,935 contains a recourse provision.

The Company's exposure to credit loss on this portfolio, if the borrower completely fails to perform and if the collateral proves to be of no value, is represented by the amount of unpaid recourse loans less any private mortgage insurance. Historically, losses from foreclosed loans have been nominal and management believes any losses resulting from loans in foreclosure, as of December 31, 2011, will be within established allowances.

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

None.

Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans.

None.

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

None.

Note 20 – September 11 Events

NOTES TO FINANCIAL STATEMENTS

None.

Note 21 – Other Items

None.

Note 22 – Events Subsequent

After the close of the calendar year, a borrower defaulted on repayment at maturity on a \$3,640,000 land loan. While the amount is significant, management does not anticipate any loss even without resorting to personal guarantees. Loan balance is approximately 46 % of value based on an appraisal dated 11/22/2010 for \$ 7,850,000.

As of July 2012 the borrower and Bankers have entered into a forbearance agreement in which the borrower will make a series of payments to pay the 3rd party costs and bring the interest current. Bankers will in turn allow the borrower more time to attempt to refinance the loan.

Note 23 – Reinsurance

None.

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

None.

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

Title – none.

Note 26 – Inter-company Pooling Arrangements

None.

Note 27 Structured Settlements

None.

Note 28 – Supplemental Reserve

None.

NOTES TO FINANCIAL STATEMENTS

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes () No (X)
- 1.2 If yes, has the report been filed with the domiciliary state? Yes () No ()
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes () No (X)
- 2.2 If yes, date of change:
- 3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes () No (X)
- 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 name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes () No () N/A (X)
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007
- 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. 03/23/2009
- 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). 03/23/2009
- 6.4 By what department or departments?
.....
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes () No () N/A (X)
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes () No () N/A (X)
- 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? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) 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)
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes () No (X)
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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 FDIC	6 SEC
.....
.....
.....

GENERAL INTERROGATORIES (continued)

PART 1 - COMMON INTERROGATORIES

GENERAL

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes (X) No ()
 (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.
- 9.11 If the response to 9.1 is No, please explain:

- 9.2 Has the code of ethics for senior managers been amended? Yes () No (X)
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes () No (X)
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes () No (X)
- 10.2 If yes, indicate the amounts receivable from parent included in the Page 2 amount: \$

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes () No (X)
- 11.2 If yes, give full and complete information relating thereto:

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$
13. Amount of real estate and mortgages held in short-term investments: \$
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes () No (X)
- 14.2 If yes, please complete the following:
- | | 1
Prior Year-End Book/
Adjusted Carrying Value | 2
Current Quarter Book/
Adjusted Carrying Value |
|---|--|---|
| 14.21 Bonds | \$ | \$ |
| 14.22 Preferred Stock | \$ | \$ |
| 14.23 Common Stock | \$ | \$ |
| 14.24 Short-Term Investments | \$ | \$ |
| 14.25 Mortgage Loans on Real Estate | \$ | \$ |
| 14.26 All Other | \$ | \$ |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Line 14.21 to Line 14.26) | \$ | \$ |
| 14.28 Total Investment in Parent included in Line 14.21 to Line 14.26 above | \$ | \$ |
- 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.

GENERAL INTERROGATORIES (continued)

PART 1 - COMMON INTERROGATORIES

INVESTMENT

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 1, III - General Examination Consideration, F - Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes () No (X)

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
The Federal Home Loan Bank of Cincinnati
.....
.....

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
.....
.....
.....

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/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
.....
.....
.....

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes () No (X)

17.2 If no, list exceptions:

Exemption in place
.....

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? Yes () No () N/A (X)
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 Page 8T (Discount Schedule) .
- 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 | \$ |
| 5.12 Short-term investments | \$ |
| 5.13 Mortgages | \$ 100,813 |
| 5.14 Cash | \$ |
| 5.15 Other admissible invested assets | \$ |
| 5.16 Total | \$ 100,813 |
- 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: | \$ |
| These funds consist of: | |
| 5.22 In cash on deposit | \$ |
| 5.23 Other forms of security | \$ |

Page 9

Schedule F - Ceded Reinsurance

NONE

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - By States and Territories

States, etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Known Claim Reserve		
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date	
1. Alabama	AL	N						
2. Alaska	AK	N						
3. Arizona	AZ	N						
4. Arkansas	AR	N						
5. California	CA	N						
6. Colorado	CO	N						
7. Connecticut	CT	N						
8. Delaware	DE	N						
9. District of Columbia	DC	N						
10. Florida	FL	N						
11. Georgia	GA	N						
12. Hawaii	HI	N						
13. Idaho	ID	N						
14. Illinois	IL	N						
15. Indiana	IN	N						
16. Iowa	IA	N						
17. Kansas	KS	N						
18. Kentucky	KY	N						
19. Louisiana	LA	N						
20. Maine	ME	N						
21. Maryland	MD	N						
22. Massachusetts	MA	N						
23. Michigan	MI	N						
24. Minnesota	MN	N						
25. Mississippi	MS	N						
26. Missouri	MO	N						
27. Montana	MT	N						
28. Nebraska	NE	N						
29. Nevada	NV	N						
30. New Hampshire	NH	N						
31. New Jersey	NJ	N						
32. New Mexico	NM	N						
33. New York	NY	N						
34. North Carolina	NC	N						
35. North Dakota	ND	N						
36. Ohio	OH	L	31,507	29,119				
37. Oklahoma	OK	N						
38. Oregon	OR	N						
39. Pennsylvania	PA	N						
40. Rhode Island	RI	N						
41. South Carolina	SC	N						
42. South Dakota	SD	N						
43. Tennessee	TN	N						
44. Texas	TX	N						
45. Utah	UT	N						
46. Vermont	VT	N						
47. Virginia	VA	N						
48. Washington	WA	N						
49. West Virginia	WV	N						
50. Wisconsin	WI	N						
51. Wyoming	WY	N						
52. American Samoa	AS	N						
53. Guam	GU	N						
54. Puerto Rico	PR	N						
55. U. S. Virgin Islands	VI	N						
56. Northern Mariana Islands	MP	N						
57. Canada	CN	N						
58. Aggregate Other Alien	OT	XXX						
59. Totals	(a) 1		31,507	29,119				
DETAILS OF WRITE-INS								
5801.		XXX						
5802.		XXX						
5803.		XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page		XXX						
5899. TOTALS (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)		XXX						

(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

Nevada General Corporation (Ultimate Parent)

The Bankers Guarantee Title & Trust Company (Insurance Company)

Ohio General Corp. (100% owned subsidiary)

Page 12
Schedule Y, Part 1A
NONE

Schedule Y, Part 1A, Explanation
NONE

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, Line 1.2 plus Line 1.3 plus Line 2)	3 Direct Losses Incurred	4 Direct Loss Percentage Column 3 / (Column 1 plus Column 2)	
1. Direct operations					
2. Agency operations:					
2.1 Non-affiliated agency operations	38,871	2,545,865			
2.2 Affiliated agency operations					
3. Totals	38,871	2,545,865			

PART 2 - DIRECT PREMIUMS WRITTEN

	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Direct operations			
2. Agency operations:			
2.1 Non-affiliated agency operations	28,897	38,871	29,200
2.2 Affiliated agency operations			
3. Totals	28,897	38,871	29,200

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	55,299	55,299
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 minus Line 5 plus Line 6 minus Line 7 minus Line 8)	55,299	55,299
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	55,299	55,299

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	20,385,336	20,957,350
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	45,541,831	41,394,586
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals	64,808	(82,309)
7. Deduct amounts received on disposals	43,710,626	41,884,291
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 (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)	22,281,349	20,385,336
12. Total Valuation Allowance		
13. Subtotal (Line 11 plus Line 12)	22,281,349	20,385,336
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)	22,281,349	20,385,336

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after a		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
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 (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

NONE

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	420,163	415,163
2. Cost of bonds and stocks acquired		5,000
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration for bonds and stocks disposed of		
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 minus Line 6 minus Line 7 plus Line 8 minus Line 9)	420,163	420,163
11. Deduct total nonadmitted amounts	65,000	65,000
12. Statement value at end of current period (Line 10 minus Line 11)	355,163	355,163

Page SI02

Schedule D, Part 1B

NONE

Page SI03

Schedule DA, Part 1

NONE

Schedule DA, Verification

NONE

Page SI04

Schedule DB, Part A, Verification

NONE

Schedule DB, Part B, Verification

NONE

Page SI05

Schedule DB, Pt. C, Section 1, Replicated (Synthetic Assets) Open

NONE

Page SI06

Sch DB, Pt C, Sn 2, Replication (Syn Assets) Transactions Open

NONE

Page SI07

Schedule DB, Verification

NONE

Page SI08

Schedule E, Verification (Cash Equivalents)

NONE

Page E01

Sch. A, Pt. 2, Real Estate Acquired

NONE

Sch. A, Pt. 3, Real Estate Disposed

NONE

Page E02

Schedule B, Part 2, Mortgage Loans Acquired

NONE

Schedule B, Part 3, Mortgage Loans Disposed

NONE

Page E03

Sch. BA, Pt. 2, Other Long-Term Invested Assets Acquired

NONE

Sch. BA, Pt. 3, Other Long-Term Invested Assets Disposed

NONE

Page E04

Schedule D, Part 3, Long-Term Bonds and Stocks Acquired

NONE

Page E05

Schedule D, Part 4, Long-Term Bonds and Stocks Disposed Of

NONE

Page E06

Schedule DB, Part A, Section 1

NONE

Financial or Economic Impact of the Hedge

NONE

Page E07

Schedule DB, Part B, Section 1

NONE

Schedule DB, Part B, Section 1, Broker Name

NONE

Schedule DB, Part B, Financial or Economic Impact of the Hedge

NONE

Page E08

Schedule DB, Part D

NONE

Page E09

Schedule DL, Part 1

NONE

Page E10

Schedule DL, Part 2

NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository		2	3	4	5	Book Balance at End of Each Month During Current Quarter			9 *
						6	7	8	
Name	Location and Supplemental Information	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 (B) -- General Funds									
Chase						484,491	633,563	322,367	
0299999 - TOTAL - Open Depositories -- Section (B) -- General Funds						484,491	633,563	322,367	
0499999 - TOTAL - Open Depositories						484,491	633,563	322,367	
0999999 - TOTAL Cash on Deposit						484,491	633,563	322,367	
1199999 - TOTAL Cash						484,491	633,563	322,367	

Page E12

Schedule E, Part 2, Cash Equivalents

NONE