

**QUARTERLY STATEMENT**

**OF THE**

**ENTITLE INSURANCE**  
**COMPANY**  
of **INDEPENDENCE**  
in the state of **OHIO**

**TO THE**

**Insurance Department**

**OF THE**

**STATE OF**

**STATE OF OHIO**

**FOR THE QUARTER ENDED**

**June 30, 2013**

**TITLE**

**2013**



51632201320100102

QUARTERLY STATEMENT

AS OF JUNE 30, 2013  
OF THE CONDITION AND AFFAIRS OF THE

EnTitle Insurance Company

NAIC Group Code	0000	0000	NAIC Company Code	51632	Employer's ID Number	34-1252928
	(Current Period)	(Prior Period)				
Organized under the Laws of	Ohio			State of Domicile or Port of Entry	OHIO	
Country of Domicile	United States of America					
Incorporated/Organized	April 7, 1978			Commenced Business	April 7, 1978	
Statutory Home Office	4600 Rockside Road, Suite 104			Independence, OH US 44131		
	(Street and Number)			(City or Town, State, Country and Zip Code)		
Main Administrative Office	4600 Rockside Road, Suite 104					
	(Street and Number)					
	Independence, OH US 44131			216-524-3400		
	(City or Town, State, Country and Zip Code)			(Area Code) (Telephone Number)		
Mail Address	4600 Rockside Road, Suite 104			Independence, OH US 44131		
	(Street and Number or P.O. Box)			(City or Town, State, Country and Zip Code)		
Primary Location of Books and Records	4600 Rockside Road, Suite 104			Independence, OH US 44131	216-524-3400	
	(Street and Number)			(City or Town, State, Country and Zip Code)	(Area Code) (Telephone Number)	
Internet Website Address	www.entitleins.com					
Statutory Statement Contact	Sheila Kale			216-524-3400		
	(Name)			(Area Code) (Telephone Number)	(Extension)	
	skale@entitleins.com			216-524-3488		
	(E-Mail Address)			(Fax Number)		

OFFICERS

	Name	Title
1.	Timothy M. Dwyer	President
2.	James S. Shoenfelt	Secretary
3.	Lee H. Baskey	Chief Operating Officer

VICE-PRESIDENTS

Name	Title	Name	Title

DIRECTORS OR TRUSTEES

Timothy M. Dwyer	Hanley C. Clark	James S. Shoenfelt	Lee H. Baskey

State of Ohio

County of Cuyahoga ss

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

(Signature)	(Signature)	(Signature)
Timothy M. Dwyer	James S. Shoenfelt	Lee H. Baskey
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	Secretary	Chief Operating Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this  
day of August, 2013

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

ASSETS

	Current Statement Date			4  December 31 Prior Year Net Admitted Assets
	1  Assets	2  Nonadmitted Assets	3  Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	3,346,504		3,346,504	3,591,720
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 14,578,839), cash equivalents (\$ 0), and short-term investments (\$ 0)	14,578,839		14,578,839	15,328,459
6. Contract loans (including \$ 0 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				
12. Subtotals, cash and invested assets (Lines 1 to 11)	17,925,343		17,925,343	18,920,179
13. Title plants less \$ 0 charged off (for Title insurers only)	42,852		42,852	42,852
14. Investment income due and accrued	11,125		11,125	3,531
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	609,758	50,440	559,318	644,762
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	34		34	13,677
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	3,290,082	1,347,082	1,943,000	2,032,008
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	199,729		199,729	149,037
21. Furniture and equipment, including health care delivery assets (\$ 0)	102,849	102,849		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	586,438	586,438		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	22,768,210	2,086,809	20,681,401	21,806,046
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	22,768,210	2,086,809	20,681,401	21,806,046

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. PREPAID EXPENSE	464,811	464,811		
2502. RETAINERS	63,643	63,643		
2503. ESCROW ADVANCES	21,683	21,683		
2598. Summary of remaining write-ins for Line 25 from overflow page	36,301	36,301		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	586,438	586,438		

NONE

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31 Prior Year
1. Known claims reserve	129,500	455,705
2. Statutory premium reserve	5,038,854	4,761,489
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)	302,739	340,379
7. Taxes, licenses and fees (excluding federal and foreign income taxes)	7,565	106,647
8.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
8.2 Net deferred tax liability		
9. Borrowed money \$ 0 and interest thereon \$ 0		
10. Dividends declared and unpaid		
11. Premiums and other consideration received in advance	12,683	16,770
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 and certified reinsurance		
16. Net adjustments in assets and liabilities due to foreign exchange rates		
17. Drafts outstanding		
18. Payable to parent, subsidiaries and affiliates	509,844	903,073
19. Derivatives		
20. Payable for securities		
21. Payable for securities lending		
22. Aggregate write-ins for other liabilities		
23. Total liabilities (Lines 1 through 22)	6,001,185	6,584,063
24. Aggregate write-ins for special surplus funds		
25. Common capital stock	2,000,000	2,000,000
26. Preferred capital stock		
27. Aggregate write-ins for other than special surplus funds		
28. Surplus notes		
29. Gross paid in and contributed surplus	19,832,700	19,832,700
30. Unassigned funds (surplus)	(7,152,484)	(6,610,717)
31. Less treasury stock, at cost:		
31.1 0 shares common (value included in Line 25 \$ 0)		
31.2 0 shares preferred (value included in Line 26 \$ 0)		
32. Surplus as regards policyholders (Lines 24 to 30 less 31)	14,680,216	15,221,983
33. Totals (Page 2, Line 28, Col. 3)	20,681,401	21,806,046

DETAILS OF WRITE-INS		
0301.	NONE	
0302.		
0303.		
0398. Summary of remaining write-ins for Line 03 from overflow page		
0399. Totals (Lines 0301 through 0303 plus 0398) (Line 03 above)		
2201.	NONE	
2202.		
2203.		
2298. Summary of remaining write-ins for Line 22 from overflow page		
2299. Totals (Lines 2201 through 2203 plus 2298) (Line 22 above)		
2401.	NONE	
2402.		
2403.		
2498. Summary of remaining write-ins for Line 24 from overflow page		
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)		
2701.	NONE	
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)		

OPERATIONS AND INVESTMENT EXHIBIT

STATEMENT OF INCOME	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>OPERATING INCOME</b>			
1. Title insurance and related income:			
1.1 Title insurance premiums earned	6,375,921	5,334,378	12,045,296
1.2 Escrow and settlement services	2,566,094	2,512,921	4,369,625
1.3 Other title fees and service charges	1,224,000	42,589	1,237,209
2. Aggregate write-ins for other operating income			
3. Total Operating Income (Lines 1 through 2)	10,166,015	7,889,888	17,652,130
<b>EXPENSES:</b>			
4. Losses and loss adjustment expenses incurred	91,894	90,114	357,663
5. Operating expenses incurred	10,432,034	8,759,908	18,684,164
6. Aggregate write-ins for other operating expenses			
7. Total Operating Expenses	10,523,928	8,850,022	19,041,827
8. Net operating gain or (loss) (Lines 3 minus 7)	(357,913)	(960,134)	(1,389,697)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	13,669	13,565	17,772
10. Net realized capital gains (losses) less capital gains tax of \$ 0			
11. Net investment gain (loss) (Lines 9 + 10)	13,669	13,565	17,772
<b>OTHER INCOME</b>			
12. Aggregate write-ins for miscellaneous income or (loss)			
13. Net income, after capital gains tax and before all other federal income taxes (Lines 8 + 11 + 12)	(344,244)	(946,569)	(1,371,925)
14. Federal and foreign income taxes incurred			
15. Net income (Lines 13 minus 14)	(344,244)	(946,569)	(1,371,925)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
16. Surplus as regards policyholders, December 31 prior year	15,221,983	5,209,889	5,209,889
17. Net income (from Line 15)	(344,244)	(946,569)	(1,371,925)
18. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	53	3,098	23,306
19. Change in net unrealized foreign exchange capital gain (loss)			
20. Change in net deferred income taxes	120,332	321,382	602,112
21. Change in nonadmitted assets	(317,908)	(586,193)	758,601
22. Change in provision for unauthorized and certified 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			10,000,000
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			
29. Change in treasury stock			
30. Aggregate write-ins for gains and losses in surplus			
31. Change in surplus as regards policyholders (Lines 17 through 30)	(541,767)	(1,208,282)	10,012,094
32. Surplus as regards policyholders as of statement date (Lines 16 plus 31)	14,680,216	4,001,607	15,221,983

DETAILS OF WRITE-IN LINES			
0201.	NONE		
0202.			
0203.			
0298. Summary of remaining write-ins for Line 02 from overflow page			
0299. Totals (Lines 0201 through 0203 plus 0298) (Line 02 above)			
0601.	NONE		
0602.			
0603.			
0698. Summary of remaining write-ins for Line 06 from overflow page			
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)			
1201.	NONE		
1202.			
1203.			
1298. Summary of remaining write-ins for Line 12 from overflow page			
1299. Totals (Lines 1201 through 1203 plus 1298) (Line 12 above)			
3001.	NONE		
3002.			
3003.			
3098. Summary of remaining write-ins for Line 30 from overflow page			
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)			

CASH FLOW

	1	2	3
Cash from Operations	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
1. Premiums collected net of reinsurance	6,737,414	5,685,327	12,086,299
2. Net investment income	27,018	46,589	58,085
3. Miscellaneous income	3,790,094	2,555,510	5,606,834
4. Total (Lines 1 to 3)	10,554,526	8,287,426	17,751,218
5. Benefit and loss related payments	404,456	888,165	890,547
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	10,501,941	8,399,036	18,691,493
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)			
10. Total (Lines 5 through 9)	10,906,397	9,287,201	19,582,040
11. Net cash from operations (Line 4 minus Line 10)	(351,871)	(999,775)	(1,830,822)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	201,000	1,195,000	2,940,000
12.2 Stocks			
12.3 Mortgage loans			
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	23,326	8,149	20,671
12.8 Total investment proceeds (Lines 12.1 to 12.7)	224,326	1,203,149	2,960,671
13. Cost of investments acquired (long-term only):			
13.1 Bonds		200,908	3,109,176
13.2 Stocks			
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications	117,496	51,467	56,936
13.7 Total investments acquired (Lines 13.1 to 13.6)	117,496	252,375	3,166,112
14. Net increase (or decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	106,830	950,774	(205,441)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock		1,200,000	11,200,000
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	(504,579)	(97,942)	569,033
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(504,579)	1,102,058	11,769,033
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(749,620)	1,053,057	9,732,770
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	15,328,459	5,595,689	5,595,689
19.2 End of period (Line 18 plus Line 19.1)	14,578,839	6,648,746	15,328,459

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

20.0001			
20.0002			
20.0003			

## NOTES TO FINANCIAL STATEMENTS

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

#### 1. Summary of Significant Accounting Policies

##### Accounting Practices

The financial statements of EnTitle Insurance Company (the “Company”) have been prepared in conformity with accounting practices prescribed or permitted by the Ohio Department of Insurance and the National Association of Insurance Commissioners (“NAIC”).

##### 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 amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known and impacts the amounts reported and disclosed in the Financial Statements.

##### Accounting Policy

For premiums written in Ohio, Ohio insurance law requires the Company to establish an unearned premium reserve equal to 10% of the premium retained by the Company. The Company may release 5% of that which was added to the reserve during the previous 20 years. For all other states where the Company writes insurance, the Company follows the various state insurance department regulations when determining what statutory premium reserves are established. Premiums on title insurance policies issued by the Company are recognized as revenue when the Company is legally or contractually entitled to collect the premium. Premiums from title policies issued by the Company through independent agents are recognized when the policies are reported by the agent.

Case loss and loss adjustment expense reserves are recorded for outstanding known claims at the time of determination.

Investments in bonds are generally reported at amortized cost, using the effective interest method, unless the National Association of Insurance Commissioners’ (NAIC) rating specifies another value. Held-to-maturity investments are reported at amortized cost, and the remaining investments are at fair value, with unrealized holding gains and losses reported in operations for those designated as trading, and as a separate component of shareholder’s equity for those designated as available-for-sale. Non-agency residential mortgage backed securities (RMBS) are valued using the NAIC financial model as approved by the Valuation of Securities Task Force and Financial Condition Committee.

Common stock is carried at NAIC prescribed market values.

#### 2. Accounting Changes and Correction of Errors

None

#### 3. Business Combinations and Goodwill

None

#### 4. Discontinued Operations

None

#### 5. Investments

- Mortgage Loans

## NOTES TO FINANCIAL STATEMENTS

- a. None
- Debt Restructuring
  - b. None
- Reverse Mortgages
  - c. None
- Loan-Backed Securities
  - d. None
- Repurchase Agreements
  - e. None
- Real Estate
  - f. None
- 6. Joint Ventures, Partnerships and Limited Liability Companies**
  - a. None
- 7. Investment Income**
  - a. Investment income is recorded on the accrual basis of accounting with the appropriate adjustments made for amortization of premium and accretion of discounts relating to bonds and notes acquired at other than par value. Dividends on stocks are credited to income on the ex-dividend date. Realized gains or losses on disposition of securities owned are determined on a specific identification basis and are reflected in the statement of income. Unrealized investment gains or losses are credited or charged directly to unassigned surplus net of allowed deferred income taxes. At June 30, 2013, the Company had no bonds or note investments in default as to principal and/or interest. Excluding U.S. Government fixed maturity securities; the company is not exposed to any significant concentration of credit risk.
- 8. Derivative Instruments**
  - a. None
- 9. Income Taxes**
  - a. As of June 30, 2013 the Company had a net deferred tax asset of \$3,290,082 of which \$1,347,082 was considered non-admitted.
  - b. Not applicable
  - c. At June 30, 2013, temporary differences which give rise to deferred tax assets and liabilities are as follows:

### Deferred Tax Assets

- Statutory premium reserve recorded for financial statements
- Known claim reserve recorded for financial statements
- Unrealized net holding loss on securities
- Net operating losses

### Deferred Tax Liabilities

- Tax depreciation deducted in excess of book depreciation

For the quarter ended June 30, 2013 the Company has no current tax expense.



## NOTES TO FINANCIAL STATEMENTS

- d. The Company's tax expense at June 30, 2013 differs from the federal statutory rate applied to its pretax net income primarily due to permanent differences between book income and taxable income as a result of tax-exempt interest income, the dividends received deduction, and IRC Section 832 (b)(5)(B).
- e. At June 30, 2013, the Company had an estimated net operating loss of \$8,276,323 available to offset against future taxable income. This net operating loss will begin to expire in 2028.
- f. On September 2, 2008, EnTitle Insurance Company entered into a federal income tax allocation agreement with Entitle Direct Group, Inc. formerly BDT Holdings Inc. EnTitle Insurance Company is included in the Entitle Direct Group, Inc. affiliated group under federal income tax law and such affiliated group plans to file consolidated federal income tax returns. The tax allocation agreement was approved by the Ohio Department of Insurance on August 21, 2008.

### 10. Information Concerning Parent, Subsidiaries and Affiliates

- a. On July 13, 2007, the Company was acquired by BDT Holdings Inc., now by change of name, Entitle Direct Group, Inc. ("EDG"), pursuant to a Stock Purchase Agreement with Guardian Financial Services, Inc. The Company's Articles of Incorporation were amended as of that date to increase the par value of its shares from \$4,000 per share to \$5,000 per share. The change in par value had the effect of increasing the Company's common capital stock from \$800,000 to \$1.0 million (200 shares of common voting stock being outstanding). As set forth in the Form A Statement filed with the Ohio Department of Insurance on May 16, 2007, EDG contributed \$2.0 million to the Company on July 16, 2007 in exchange for the issuance to EDG of an additional 200 shares of the Company's common voting stock, thus increasing the Company's common capital stock to \$2.0 million and its contributed and paid-in surplus to \$1.8 million. In addition, EDG contributed the following: \$3.0 million as additional paid-in capital and contributed surplus to the Company on July 25, 2007; \$3.0 million as additional paid-in capital and contributed surplus to the Company effective December 31, 2010; \$1.2 million as additional paid-in capital and contributed surplus to the Company effective June 30, 2011; \$1.2 million as additional paid-in capital and contributed surplus to the Company effective December 31, 2011; and \$10 million as additional paid-in capital and contributed surplus to the Company effective September 30, 2012. The Company currently operates as a wholly-owned subsidiary of EDG, a privately held Delaware corporation.

On August 15, 2012, Entitle Direct Group, Inc. (EDG), the sole shareholder of EnTitle Insurance Company, entered into an investment agreement with an affiliate of PartnerRe Ltd. (NYSE: PRE). PRE is a global reinsurance company based in Bermuda with total capital of \$7.4 billion and assets of over \$23 billion as of June 30, 2012. The agreement called for PRE to invest \$19 million for a minority equity stake in EDG. Existing EDG shareholders invested an additional \$2 million alongside PRE. The transaction closed on October 3, 2012. In connection with that transaction, EDG contributed \$10 million to EnTitle Insurance Company as referenced above.

- b. At December 31, 2008, the Company had related party transactions with BDT Holdings Inc., now by change of name, Entitle Direct Group, Inc. ("EDG") as set forth in the Company's Form D approved by the Ohio Department of Insurance on October 3, 2008. Under such arrangement, EDG provides, upon the request of the Company, certain management advisory and administrative services to the Company relating to strategic planning, business advisory, general management, regulatory / legal, data processing and software, investment, and budgetary and accounting guidance. In addition, EDG and the Company desire to share the costs

## NOTES TO FINANCIAL STATEMENTS

of certain payroll and employee benefit services provided by third-party service providers and to provide for the method that costs shall be allocated between the parties. Each party to the Agreement shall be responsible for the costs of payroll and employee benefits for each of their specific employees.

For the first half of 2013, EDG provided to the Company marketing, advertising, information technology, and other advisory and management services associated with this arrangement totaling \$1,348,684. These costs are included in the Statement of Income under operating expenses incurred. During the entire year of 2012, \$2,388,533 in services provided by EDG were similarly charged to the Company under the arrangement. Also included in operating expenses for 2013, were \$68,718 of net legal expenses incurred in connection with the recovery effort relating to the defalcation that occurred in late 2010.

- c. Not applicable
- d. Not applicable
- e. Not applicable
- f. Not applicable
- g. At June 30, 2013, all outstanding shares of the Company were owned by Entitle Direct Group, Inc.
- h. Not applicable
- i. Not applicable
- j. Not applicable

### 11. Debt

- a. At June 30, 2013, the Company had no debt outstanding.

### 12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans

- a. The Company's employees participate in a joint-contributory 401(k) plan, which includes Entitle Direct Group, Inc., the Company's parent.
- b. Not applicable
- c. Not applicable
- d. Not applicable

### 13. Capital and Surplus, Dividend Restriction and Quasi-Reorganization

- a. At June 30, 2013, the Company had 800 shares of common stock authorized, and 400 shares outstanding with a par value of \$5,000.
- b. The Company has no preferred stock outstanding.
- c. The Company may pay dividends only from statutory earned surplus, not exceeding the greater of the prior year's net investment income or 10% of the prior year's statutory surplus, without the approval of the Superintendent of Insurance.
- d. Not Applicable
- e. Not Applicable

### 14. Contingencies

- a. Contingent Commitments - None
- b. Assessments – None
- c. Gain Contingencies – None
- d. All Other Contingencies - None

### 15. Leases

At June 30, 2013, the Company leases office space from Valre Properties LLC. The Company's remaining lease obligation for 2013 is \$16,867, which includes utilities. The

NOTES TO FINANCIAL STATEMENTS

space is located at 4600 Rockside Road, Suite 200, Independence, Ohio, 44131. The lease expired on May 31, 2013.

At June 30, 2013, the Company sub-leases office space from Mortgage Connect, LP. The Company's obligation is \$11,272.33 per month which includes IT support and equipment lease. The space is located at 260 Airside Drive Moon Township, PA 15108. As to the occupancy of the facilities and equipment provided by Mortgage Connect, LP, said occupancy may be terminated by either party with sixty (60) days written notice to the other of its intention to terminate.

At June 30, 2013, the company leases office space from Dos Lagos Office, LLC located at 4160 Temescal Canyon Road, Suite 214, Corona, CA 92883. The lease obligation for 2013 is \$65,728. The lease commenced November 2011 and will expire November 2014.

At June 30, 2013, the Company has a Title Plant Lease Agreement with Mason County Title Company, a Washington Corporation. The title plant is located in Mason County, Washington. The Company's annual lease obligation for 2013 is \$12,000.

At June 30, 2013, the Company leases copier equipment from ComDoc, Inc. The lease commenced on December 23, 2009 for a sixty month term. The Company's annual lease obligation for 2013 is \$11,892.

**16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk.**

The Company does not invest in swaps, futures, derivatives or options.

**17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

At June 30, 2013, the Company has not sold, transferred or serviced any of its other assets and has not extinguished any of its liabilities.

**18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans**

Not applicable for title insurance companies

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

Not applicable for title insurance companies

**20. Other Items**

- a. Extraordinary Items  
At June 30, 2013, the Company had no extraordinary items to report.
- b. Troubled Debt Restructuring: Debtors  
Not applicable.
- c. Other Disclosures  
None

**21. Events Subsequent**

None

**22. Reinsurance**

- a. Unsecured Reinsurance Recoverables  
At June 30, 2013, the Company had unsecured reinsurance recoverables of \$34.00.
- b. Reinsurance Recoverable in Dispute

## NOTES TO FINANCIAL STATEMENTS

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At June 30, 2013, the Company had no reinsurance recoverables in dispute.

c. Reinsurance Ceded

(1) At June 30, 2013, the Company had no reinsurance liability.

(2) There is no additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements.

d. Uncollectible Reinsurance

At June 30, 2013, the Company had no uncollectible reinsurance.

e. Commutation of Ceded Reinsurance

At June 30, 2013, the Company had no commutation of ceded reinsurance.

f. Retroactive Reinsurance

At June 30, 2013, the Company had no retroactive reinsurance.

g. Reinsurance Accounted for as a Deposit

At June 30, 2013, the Company did not do deposit accounting for any reinsurance agreements.

### **23. Retrospectively Rated Contracts & Contracts Subject to Re-determination**

Not applicable for title insurance companies.

### **24. Change in Incurred Losses and Loss Adjustment Expenses**

At June 30, 2013, there were no significant changes to the reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years.

### **25. Inter-company Pooling Arrangements**

Not applicable for title insurance companies.

### **26. Structured Settlements**

At June 30, 2013, the Company had no structured settlements.

### **27. Supplemental Reserve**

The Company does not use any discounting in the calculation of its supplemental reserve.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

Yes [ ] No [X]

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

Yes [ ] No [ ]

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

Yes [ ] No [X]

2.2 If yes, date of change:

3.1 Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes [ ] No [X]

3.2 If the response to 3.1 is yes, provide a brief description of those changes.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [ ] No [X]

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

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

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

12/31/2011

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.

04/28/2013

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).

05/08/2013

6.4 By what department or departments?  
Ohio Department of Insurance

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

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

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

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

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

Yes [ ] No [X]

7.2 If yes, give full information

GENERAL INTERROGATORIES

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

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

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

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

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

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

(e) Accountability for adherence to the code.

Yes [ X ] No [ ]

9.11 If the response to 9.1 is No, please explain:

.....

.....

.....

9.2 Has the code of ethics for senior managers been amended? Yes [ ] No [ X ]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

.....

.....

.....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [ X ]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

.....

.....

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [ X ]

10.2 If yes, indicate any 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:

.....

.....

.....

GENERAL INTERROGATORIES

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	2
	Prior Year-End Book/Adjusted Carrying Value	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 Lines 14.21 to 14.26)	\$	\$
14.28 Total Investment in Parent included in Lines 14.21 to 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?  
If no, attach a description with this statement. Yes [ ] No [ ]

16. For the reporting entity's security lending program, state the amount of the following as current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$

16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$

16.3 Total payable for securities lending reported on the liability page \$

17. 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 Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

17.1 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
Century Trust	100 S. Federal Place Santa Fe, NM 87501
Bank of New York Mellon Trust Company N.A.	10161 Centurion Parkway, Jacksonville, FL 32256
Xerox Business Services, LLC	100 Hancock Street, 10th Floor Quincy, MA 02171
Citizens Bank	RWR 110 PO Box 9587 Providence, RI 02940
City National Bank	555 S. Flower St., 17th Floor, Los Angeles, CA 90071
First Bank Trust N.A.	P.O. Box 1347 Sioux Falls, SD 57101
First Republic Bank	148 East 79th St., New York, NY 10075
Harris N.A.	P.O. Box 755 Chicago, IL 60690
Huntington National Bank	7 Easton Oval EA4E95, Columbus, OH 43219
JP Morgan Chase	P.O. Box 260180 Baton Rouge, LA 70826
Merrill Lynch	1375 East 9th Street, Cleveland, OH 44114
Regions Bank	400 W. Capitol Little Rock, AR 72201
Regions Bank	1900 5th Avenue N. Suite 2500 Birmingham, AL 35203
Sun Trust	919 E. Main Street 7th Floor Richmond, VA 23219
Third Federal Savings & Loan	7007 Broadway Avenue, Cleveland, OH 44105
US Bank	555 SW Oak St, Portland, OR 97204
US Bank	One Enterprise Street 255 Eater St., Suite 700 Jacksonville, FL
US Bank	One West Fourth Street, Winsaton-Salem, NC 27101
Texas Treasury Trust	208 East 10th Street Austin, TX 78701

GENERAL INTERROGATORIES

17.2 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)

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [ ] No [X]

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]

18.2 If no, list exceptions:  
.....  
.....  
.....



GENERAL INTERROGATORIES

PART 2 - TITLE

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change?  
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	2	3	Total Discount				Discount Taken During Period			
			4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Discount Rate	Unpaid Losses	Unpaid LAE	IBNR	TOTAL	Unpaid Losses	Unpaid LAE	IBNR	TOTAL
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total			.....	.....	.....	.....	.....	.....	.....	.....

5.1 Reporting entity assets listed on Page 2 include the following segregated assets of the Statutory Premium Reserve or other similar statutory reserves:

5.11 Bonds	\$ 250,000
5.12 Short-term investments	\$
5.13 Mortgages	\$
5.14 Cash	\$
5.15 Other admissable invested assets	\$
5.16 Total	\$ 250,000

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:	\$ 10,474,902
These funds consist of:	
5.22 In cash on deposit	\$ 10,474,902
5.23 Other forms of security	\$



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

		1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Known Claim Reserve	
			2	3	4	5	6	7
States, Etc.		Active Status	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date
1. Alabama	AL	L	4,298	7,052				
2. Alaska	AK	N						
3. Arizona	AZ	L	2,876	10,144	20			
4. Arkansas	AR	L	2,807	1,544				
5. California	CA	L	626,837	478,127	313,651	591,008		39,840
6. Colorado	CO	N						
7. Connecticut	CT	L	91,088	67,401				
8. Delaware	DE	L	41,973	30,657				
9. District of Columbia	DC	L	23,627	25,431				
10. Florida	FL	L	724,593	231,481	36,545	1,468		
11. Georgia	GA	L	55,222	36,523	18,649		17,500	
12. Hawaii	HI	N						
13. Idaho	ID	N						
14. Illinois	IL	L	17,382	28,653	2,130	7,911		17,563
15. Indiana	IN	L	10,274	7,753				
16. Iowa	IA	L						
17. Kansas	KS	L	7,461	7,901				
18. Kentucky	KY	L	11,859	9,634		952		
19. Louisiana	LA	L	1,797	317				
20. Maine	ME	N						
21. Maryland	MD	L	176,578	176,051				
22. Massachusetts	MA	L	83,893	59,879				
23. Michigan	MI	N						
24. Minnesota	MN	L	14,669	11,572	5,312			
25. Mississippi	MS	L	4,235	10,257				
26. Missouri	MO	L	2,968	30,925	(5,156)	2,297		
27. Montana	MT	L	5,346	600				
28. Nebraska	NE	L	3,583					
29. Nevada	NV	L	2	6,219	28,006	245,411	110,000	116,151
30. New Hampshire	NH	N						
31. New Jersey	NJ	N						
32. New Mexico	NM	L						
33. New York	NY	L	2,741,752	2,079,743				
34. North Carolina	NC	L	17,700	26,081		2,835		
35. North Dakota	ND	L	1,606	1,753				
36. Ohio	OH	L	126,648	559,330	8,713	29,676	1,000	3,307
37. Oklahoma	OK	L	357					
38. Oregon	OR	L						
39. Pennsylvania	PA	L	1,387,464	1,338,279	962	5,987		
40. Rhode Island	RI	L	5,535	9,588				
41. South Carolina	SC	L	17,488	18,033				
42. South Dakota	SD	L	511					
43. Tennessee	TN	L	18,101	16,943	2,770			
44. Texas	TX	L						
45. Utah	UT	L			3,649	620		
46. Vermont	VT	N						
47. Virginia	VA	L	476,941	364,722	4,848		1,000	
48. Washington	WA	L		(5,690)				
49. West Virginia	WV	L	6,471	6,109				
50. Wisconsin	WI	L	1,845	971				
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	CAN	N						
58. Aggregate Other Alien	OT	X X X						
59. Totals		(a) 41	6,715,787	5,653,983	420,099	888,165	129,500	176,861

DETAILS OF WRITE-INS							
58001.		X X X					
58002.		X X X					
58003.		X X X					
58998.	Summary of remaining write-ins for Line 58 from overflow page	X X X					
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X					

(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**

Exhibit A

**TIMOTHY M. DWYER  
TWO STAMFORD PLAZA  
281 TRESSER BLVD.  
SIXTH FLOOR  
STAMFORD, CT 06901  
ULTIMATE CONTROLLING PARTY**

**ENTITLE DIRECT GROUP, INC.  
TWO STAMFORD PLAZA  
281 TRESSER BLVD.  
SIXTH FLOOR  
STAMFORD, CT 06901  
FEIN – 26-0331910  
100% OWNERSHIP OF  
ENTITLE INSURANCE COMPANY**

**ENTITLE INSURANCE COMPANY  
4600 ROCKSIDE ROAD  
SUITE 104  
INDEPENDENCE, OHIO 44131  
FEIN – 34-1252928  
STATE OF DOMICLE - OHIO**

## SCHEDULE Y

## PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
		00000	26-0331910				ENTITLE DIRECT GROUP	CT	UDP	TIMOTHY M. DWYER	OWNERSHIP	100.0	TIMOTHY M. DWYER	
							NONE							

Asterik	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, Lines 1.2 + 1.3 + 2)	3  Direct Losses Incurred	4  Direct Loss Percentage Cols. 3 / (1 + 2)	
1. Direct operations	4,973,701	3,789,145	72,968	0.80	1.10
2. Agency operations:					
2.1 Non-affiliated agency operations	1,742,087	950	18,926	1.10	1.00
2.2 Affiliated agency operations					
3. Totals	6,715,788	3,790,095	91,894	0.90	1.10

PART 2 – DIRECT PREMIUMS WRITTEN

	1  Current Quarter	2  Current Year to Date	3  Prior Year Year to Date
1. Direct operations	2,401,666	4,973,701	3,548,378
2. Agency operations:			
2.1 Non-affiliated agency operations	1,103,545	1,742,087	2,105,605
2.2 Affiliated agency operations			
3. Totals	3,505,211	6,715,788	5,653,983

OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. SECURITY DEPOSIT	20,337	20,337		
2505. A/R AFFILIATE P31 TAX SHARING	10,964	10,964		
2506. RECEIVERS BOND	5,000	5,000		
2597. Totals (Lines 2501 through 2596) (Page 2, Line 2598)	36,301	36,301		

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		
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 the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

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		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
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		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

SCHEDULE BA - VERIFICATION  
Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
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		
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 (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

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	3,591,720	3,433,251
2. Cost of bonds and stocks acquired		3,109,176
3. Accrual of discount		
4. Unrealized valuation increase (decrease)	53	23,306
5. Total gain (loss) on disposals		
6. Deduct consideration for bonds and stocks disposed of	201,000	2,940,000
7. Deduct amortization of premium	44,269	34,013
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 (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	3,346,504	3,591,720
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	3,346,504	3,591,720



SCHEDULE D - PART 1B

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	3,257,123			(14,691)	3,257,123	3,242,432		3,476,461
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)	111,617			(7,545)	111,617	104,072		115,259
7. Total Bonds	3,368,740			(22,236)	3,368,740	3,346,504		3,591,720
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	3,368,740			(22,236)	3,368,740	3,346,504		3,591,720

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(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated, short-term and cash-equivalent bonds by NAIC designation:

NAIC 1 \$ 0; NAIC 2 \$ 0; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0

SCHEDULE DA - PART 1  
Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999					

SCHEDULE DA - VERIFICATION  
Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of short-term investments acquired		
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals		
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 (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)		
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)		

SCHEDULE DB - PART A - VERIFICATION

Options, Caps, Floors, Collars, Swaps and Forwards

1.	Book/Adjusted Carrying Value, December 31, prior year (Line 9, prior year)	
2.	Cost Paid/(Consideration Received) on additions	
3.	Unrealized Valuation increase/(decrease)	
4.	Total gain (loss) on termination recognized	
5.	Considerations received/(paid) on terminations	
6.	Amortization	
7.	Adjustment to the Book/Adjusted Carrying Value of hedged item	
8.	Total foreign exchange change in Book/Adjusted Carrying Value	
9.	Book/Adjusted Carrying Value at End of Current Period (Lines 1 + 2 + 3 + 4 - 5 + 6 + 7 + 8)	
10.	Deduct nonadmitted assets	
11.	Statement value at end of current period (Line 9 minus Line 10)	

NONE

SCHEDULE DB - PART B - VERIFICATION

Future Contracts

1.	Book/Adjusted carrying value, December 31 of prior year (Line 6, prior year)	
2.	Cumulative cash change (Section 1, Broker Name/Net Cash Deposits Footnote - Cumulative Cash Change column)	
3.1	Add:	
	Change in variation margin on open contracts - Highly Effective Hedges	
3.11	Section 1, Column 15, current year to date minus	
3.12	Section 1, Column 15, prior year	
	Change in variation margin on open contracts - All Other	
3.13	Section 1, Column 18, current year to date minus	
3.14	Section 1, Column 18, prior year	
3.2	Add:	
	Change in adjustment to basis of hedged item	
3.21	Section 1, Column 17, current year to date minus	
3.22	Section 1, Column 17, prior year	
	Change in amount recognized	
3.23	Section 1, Column 19, current year to date minus	
3.24	Section 1, Column 19, prior year	
3.3	Subtotal (Line 3.1 minus Line 3.2)	
4.1	Cumulative variation margin on terminated contracts during the year	
4.2	Less:	
4.21	Amount used to adjust basis of hedged item	
4.22	Amount recognized	
4.3	Subtotal (Line 4.1 minus Line 4.2)	
5.	Dispositions gains (losses) on contracts terminated in prior year:	
5.1	Total gain (loss) recognized for terminations in prior year	
5.2	Total gain (loss) adjusted into the hedged item(s) for terminations in prior year	
6.	Book/Adjusted carrying value at end of current period (Lines 1 + 2 + 3.3 - 4.3 - 5.1 - 5.2)	
7.	Deduct total nonadmitted amounts	
8.	Statement value at end of current period (Line 6 minus Line 7)	

NONE

SCHEDULE DB - PART C - SECTION 1

Replication (Synthetic Asset) Transactions Open as of Current Statement Date

Replicated (Synthetic Asset) Transactions								Components of the Replication (Synthetic Asset) Transactions							
1	2	3	4	5	6	7	8	Derivative Instrument(s) Open			Cash Instrument(s) Held				
		NAIC Designation or Other Description	Notional Amount	Book/Adjusted Carrying Value	Fair Value	Effective Date	Maturity Date	9	10	11	12	13	14 NAIC Designation or Other Description	15 Book/Adjusted Carrying Value	16 Fair Value
Number	Description							Description	Book/Adjusted Carrying Value	Fair Value	CUSIP	Description			
505															
9999999	Totals					X X X	X X X	X X X			X X X	X X X	X X X		

SCHEDULE DB - PART C - SECTION 2

Replication (Synthetic Asset) Transactions Open

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year to Date	
	1  Number of Positions	2  Total Replication (Synthetic Asset) Transactions Statement Value	3  Number of Positions	4  Total Replication (Synthetic Asset) Transactions Statement Value	5  Number of Positions	6  Total Replication (Synthetic Asset) Transactions Statement Value	7  Number of Positions	8  Total Replication (Synthetic Asset) Transactions Statement Value	9  Number of Positions	10  Total Replication (Synthetic Asset) Transactions Statement Value
1. Beginning Inventory										
2. Add: Opened or Acquired Transactions										
3. Add: Increases in Replication (Synthetic Asset) Transactions Statement Value	X X X		X X X		X X X		X X X		X X X	
4. Less: Closed or Disposed of Transactions										
5. Less: Positions Disposed of for Failing Effectiveness Criteria										
6. Less: Decreases in Replication (Synthetic Asset) Transactions Statement Value	X X X		X X X		X X X		X X X		X X X	
7. Ending Inventory										

9006

NONE

SCHEDULE DB VERIFICATION

Verification of Book/Adjusted Carrying Value, Fair Value and Potential Exposure of all Open Derivative Contracts

Book/Adjusted Carrying Value Check

1.	Part A, Section 1, Column 14	
2.	Part B, Section 1, Column 15 plus Part B, Section 1 Footnote - Total Ending Cash Balance	
3.	Total (Line 1 plus Line 2)	
4.	Part D, Section 1, Column 5	
5.	Part D, Section 1, Column 6	
6.	Total (Line 3 minus Line 4 minus Line 5)	

NONE

Fair Value Check

7.	Part A, Section 1, Column 16	
8.	Part B, Section 1, Column 13	
9.	Total (Line 7 plus Line 8)	
10.	Part D, Section 1, Column 8	
11.	Part D, Section 1, Column 9	
12.	Total (Line 9 minus Line 10 minus Line 11)	

Potential Exposure Check

13.	Part A, Section 1, Column 21	
14.	Part B, Section 1, Column 20	
15.	Part D, Section 1, Column 11	
16.	Total (Line 13 plus Line 14 minus Line 15)	

SCHEDULE E - VERIFICATION

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of cash equivalents acquired		
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals		
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 (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)		
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)		

NONE









SCHEDULE D - PART 3

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

1 CUSIP Ident- ification	2  Description	3  Foreign	4  Date Acquired	5  Name of Vendor	6 Number of Shares of Stock	7  Actual Cost	8  Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
E04									
9999999	Totals				X X X		X X X		X X X

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

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident- ification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid- eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amort- ization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Desig- nation or Market Indicator (a)
E05																					
9999999	Totals						X X X													X X X	X X X

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

## SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of Current Statement Date

[illegible]

(a)

E06

Code	Description of Hedged Risk(s)
	NONE

(b)

Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period
	NONE

SCHEDULE DB - PART B - SECTION 1

Future Contracts Open as of the Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14	Highly Effective Hedges			All Other	19	20	21	22
														15	16	17	18				
Ticker Symbol	Number of Contracts	Notional Amount	Description	Description of Item(s) Hedged, Used for Income Generation or Replicated	Schedule/ Exhibit/ Identifier	Type(s) of Risk(s) (a)	Date of Maturity or Expiration	Exchange	Trade Date	Transaction Price	Reporting Date Price	Fair Value	Book/ Adjusted Carrying Value	Cumulative Variation Margin	Deferred Variation Margin	Change in Variation Margin Gain (Loss) Used to Adjust Basis of Hedged Item	Cumulative Variation Margin		Potential Exposure	Hedge Effectiveness at Inception and at Quarter-end (b)	Value of One (1) Point
1449999 Total						X X X	X X X	X X X	X X X	X X X	X X X									X X X	

NONE

Broker Name	Beginning Cash Balance	Cumulative Cash Change	Ending Cash Balance
NONE			



SCHEDULE DB - PART D - SECTION 2

Collateral for Derivative Instruments Open as of Current Statement Date

Collateral Pledged by Reporting Entity

1	2	3	4	5	6	7	8	9
Exchange, Counterparty or Central Clearinghouse	Type of Asset Pledged	CUSIP Identification	Description	Fair Value	Par Value	Book / Adjusted Carrying Value	Maturity Date	Type of Margin (I, V or IV)
			NONE					
0199999 Total Collateral Pledged by Reporting Entity							X X X	X X X

Collateral Pledged to Reporting Entity

1	2	3	4	5	6	7	8	9
Exchange, Counterparty or Central Clearinghouse	Type of Asset Pledged	CUSIP Identification	Description	Fair Value	Par Value	Book / Adjusted Carrying Value	Maturity Date	Type of Margin (I, V or IV)
			NONE					
0299999 Total Collateral Pledged to Reporting Entity						X X X	X X X	X X X



## SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

[illegible]

### General Interrogatories:

1. Total activity for the year to date	Fair Value	\$	0	Book/Adjusted Carrying Value	\$	0
2. Average balance for the year to date	Fair Value	\$	0	Book/Adjusted Carrying Value	\$	0
3. Reinvested securities lending collateral assets book/adjusted carrying value included in this schedule by NAIC designation:						
NAIC 1 \$	0; NAIC 2 \$	0; NAIC 3 \$	0; NAIC 4 \$	0; NAIC 5 \$	0; NAIC 6 \$	0.



SCHEDULE E - PART 1 - CASH

Month-End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories - Section (A) - Segregated Funds Held for Others								
PNC Bank Pittsburgh, PA					9,471,129	3,437,280	9,245,846	
City National Bank City of Commerce, CA					938,030	890,730	872,131	
Dollar Bank Cleveland, OH					394,807	353,181	356,925	
0199998 Deposits in ( ) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X						X
0199999 Total Segregated Funds Held for Others	X X X	X X X			10,803,966	4,681,191	10,474,902	X
Open Depositories - Section (B) - General Funds								
DOLLAR BANK CLEVELAND, OH					727,658	406,130	518,806	
JP MORGAN CHASE NY NEW YORK, NY			1,288		10,406,614	10,407,053	10,407,478	
FIRST REBUBLIC BANK SAN FRANCISCO, CA			2		32,355	32,355	32,356	
CITY NATIONAL BANK LA PALMA, CA			33		132,459	132,470	132,480	
MERRILL LYNCH CLEVELAND, OH			120		1,591,053	1,595,589	1,603,037	
HARRIS N.A. CHICAGO, IL					10,100	10,100	10,100	
HUNTINGTON BANK CLEVELAND, OH					9,422	9,422	9,422	
THIRD FEDERAL CLEVELAND, OH			152		334,140	334,140	334,140	
US BANK PORTLAND, OR					115,000	115,000	115,000	
XEROX BUSINESS SERVICES QUINCY, MA					105,000	105,000	105,000	
FIRST BANK SIOUX FALLS, SD			3		106,000	106,000	106,000	
CITIZENS PROVIDENCE, RI					50,012	50,012	50,012	
US BANK JACKSONVILLE, FL			1		40,006	40,007	40,007	
US BANK JACKSONSVILLE, FL					200,000	200,000	200,000	
BANK OF NEW YORK JACKSONSVILLE, FL					105,000	105,000	105,000	
REGIONS BANK BIRMINGHAM,AL					1	1	1	
REGIONS BANK BIRMINGHAM,AL					105,000	105,000	105,000	
SUNTRUST BANK RICHMOND, VA			5		205,000	205,000	205,000	
TEXAS TRUST AUSTIN, TX					500,000	500,000	500,000	
0299998 Deposits in ( ) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X						X
0299999 Total General Funds	X X X	X X X	1,604		14,774,820	14,458,279	14,578,839	X
Open Depositories - Section (C) - Reinsurance Reserve Funds								
0399998 Deposits in ( ) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	X X X	X X X						X
0399999 Total Reinsurance Reserve Funds	X X X	X X X						X
0499999 Total Open Depositories	X X X	X X X	1,604		25,578,786	19,139,470	25,053,741	X
Suspended Depositories - Section (A) - Seg. Funds Held for Others								
0599998 Deposits in ( ) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Suspended Depositories	X X X	X X X						X
0599999 Total Segregated Funds Held for Others	X X X	X X X						X
Suspended Depositories - Section (B) - General Funds								
0699998 Deposits in ( ) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Suspended Depositories	X X X	X X X						X
0699999 Total General Funds	X X X	X X X						X
Suspended Depositories - Section (C) - Reinsurance Reserve Funds								
0799998 Deposits in ( ) depositories which do not exceed the allowable limit in any one depository (see Instructions) - Suspended Depositories	X X X	X X X						X
0799999 Total Reinsurance Reserve Funds	X X X	X X X						X
0899999 Total Suspended Depositories	X X X	X X X						X
0999999 Total Cash on Deposit	X X X	X X X	1,604		25,578,786	19,139,470	25,053,741	X
1099999 Cash in Company's Office	X X X	X X X	X X X	X X X				X
1199999 Total Cash	X X X	X X X	1,604		25,578,786	19,139,470	25,053,741	X

