

ANNUAL STATEMENT

OF THE

SECURITY UNION

TITLE INSURANCE

COMPANY

of **SANTA BARBARA**

in the state of **CALIFORNIA**

TO THE

Insurance Department

OF THE

STATE OF

FOR THE YEAR ENDED
December 31, 2007

TITLE

2007



50857200720100100

ANNUAL STATEMENT
For the Year Ended December 31, 2007
 OF THE CONDITION AND AFFAIRS OF THE
Security Union Title Insurance Company

NAIC Group Code 0670 0670 **NAIC Company Code** 50857 **Employer's ID Number** 95-2216067
(Current Period) (Prior Period)

Organized under the Laws of CA, **State of Domicile or Port of Entry** CA

Country of Domicile US

Incorporated/Organized: March 5, 1962 **Commenced Business:** April 30, 1962

Statutory Home Office: 4050 Calle Real Santa Barbara, CA 93110
(Street and Number) (City, State and Zip Code)

Main Administrative Office: 601 Riverside Ave Jacksonville, FL 32204 904-854-8100
(Street and Number) (City, State and Zip Code) (Area Code)(Telephone Number)

Mail Address: 601 Riverside Ave Jacksonville, FL 32204
(Street and Number) (City, State and Zip Code)

Primary Location of Books and Records: 171 North Clark Street 8th Floor Chicago, IL 60601 312-223-2000
(Street and Number) (City, State and Zip Code) (Area Code)(Telephone Number)

Internet Website Address: www.fnf.com

Statutory Statement Contact: Jan R. Wilson 904-854-8100
(Name) (Area Code)(Telephone Number)(Extension)
jan.wilson@fnf.com 904-357-1066
(E-Mail Address) (Fax Number)

OFFICERS

	Name	Title
1.	<u>Raymond Randall Quirk</u>	<u>Chairman President & CEO</u>
2.	<u>Todd Chliveny Johnson</u>	<u>SVP & Corporate Secretary</u>
3.	<u>Anthony John Park</u>	<u>EVP & Chief Financial Officer</u>

Vice-Presidents

Name	Title	Name	Title
<u>Christopher (NMN) Abbinante</u>	<u>President Eastern Operations</u>	<u>Roger Scott Jewkes</u>	<u>President Western Operations</u>
<u>Erika (NMN) Meinhardt</u>	<u>President National Agency Operations</u>	<u>Thomas Edgar Evans, Jr</u>	<u>EVP</u>
<u>Patrick Gerard Farenga</u>	<u>SVP & Treasurer</u>	<u>Harry Statten Geer, Jr</u>	<u>EVP</u>
<u>Paul Ignatius Perez #</u>	<u>EVP</u>	<u>Peter Tadeusz Sadowski</u>	<u>EVP</u>
<u>Alan Lynn Stinson</u>	<u>EVP</u>	<u>Gary Robert Urquhart</u>	<u>EVP</u>

DIRECTORS OR TRUSTEES

<u>Erika (NMN) Meinhardt</u>	<u>Anthony John Park</u>	<u>Raymond Randall Quirk</u>	

State of Florida
 County of Duval 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.

<u>Raymond Randall Quirk</u> <small>(Signature)</small> <u>Raymond Randall Quirk</u> <small>(Printed Name)</small> 1. <u>Chairman President & CEO</u> <small>(Title)</small>	<u>Todd Chliveny Johnson</u> <small>(Signature)</small> <u>Todd Chliveny Johnson</u> <small>(Printed Name)</small> 2. <u>SVP & Corporate Secretary</u> <small>(Title)</small>	<u>Anthony John Park</u> <small>(Signature)</small> <u>Anthony John Park</u> <small>(Printed Name)</small> 3. <u>EVP & Chief Financial Officer</u> <small>(Title)</small>
--	---	---

Subscribed and sworn to before me this _____ day of _____, 2008

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	38,430,615		38,430,615	43,607,112
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	18,086,859		18,086,859	29,481,711
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	217,075		217,075	218,855
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ (665,984), Schedule E-Part 1), cash equivalents (\$ 0 Schedule E-Part 2) and short-term investments (\$ 8,471,907, Schedule DA)	7,805,923		7,805,923	9,503,672
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities	20,514		20,514	85,219
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	64,560,986		64,560,986	82,896,569
11. Title plants less \$ 0 charged off (for Title insurers only)	15,122,682	509,339	14,613,343	15,050,947
12. Investment income due and accrued	479,132		479,132	585,442
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	1,289,136	765,090	524,046	1,060,523
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon	2,449,207		2,449,207	1,811,315
16.2 Net deferred tax asset	3,724,079	2,992,049	732,030	880,655
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software	290		290	
19. Furniture and equipment, including health care delivery assets (\$ 0)	2,886	2,886		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	626,572		626,572	4,872,029
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	677,663	677,663		
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	88,932,633	4,947,027	83,985,606	107,157,480
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	88,932,633	4,947,027	83,985,606	107,157,480

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301. Other Assets	101,059	101,059		
2302. Prepaid Expenses	576,604	576,604		
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	677,663	677,663		

LIABILITIES, SURPLUS AND OTHER FUNDS	1 Current Year	2 Prior Year
1. Known claims reserve (Part 2B, Line 3, Col. 4)	9,847,553	7,660,070
2. Statutory premium reserve (Part 1B, Line 2.5, Col. 1)	22,542,602	23,222,670
3. Aggregate of other reserves required by law		
4. Supplemental reserve (Part 2B, Col. 4, Line 12)		
5. Commissions, brokerage and other charges due or accrued to attorneys, agents and real estate brokers		
6. Other expenses (excluding taxes, licenses and fees)	1,633,827	4,873,437
7. Taxes, licenses and fees (excluding federal and foreign income taxes)	2,988,022	3,556,287
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. 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	396,877	557,762
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	11,542	483,986
19. Payable for securities		
20. Aggregate write-ins for other liabilities		
21. Total liabilities (Lines 1 through 20)	37,420,423	40,354,212
22. Aggregate write-ins for special surplus funds		
23. Common capital stock	30,250,000	30,250,000
24. Preferred capital stock		
25. Aggregate write-ins for other than special surplus funds		
26. Surplus notes		
27. Gross paid in and contributed surplus	12,777,384	12,777,384
28. Unassigned funds (surplus)	3,537,799	23,775,884
29. Less treasury stock, at cost:		
29.1 0 shares common (value included in Line 23 \$ 0)		
29.2 0 shares preferred (value included in Line 24 \$ 0)		
30. Surplus as regards policyholders (Lines 22 to 28 less 29)(Page 4, Line 32)	46,565,183	66,803,268
31. Totals (Page 2, Line 26, Col. 3)	83,985,606	107,157,480

DETAILS OF WRITE-INS		
0301.		
0302.		
0303.		
0398. Summary of remaining write-ins for Line 3 from overflow page		
0399. Totals (Lines 0301 through 0303 plus 0398) (Line 3 above)		
2001.		
2002.		
2003.		
2098. Summary of remaining write-ins for Line 20 from overflow page		
2099. Totals (Lines 2001 through 2003 plus 2098) (Line 20 above)		
2201.		
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)		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		

OPERATIONS AND INVESTMENT EXHIBIT STATEMENT OF INCOME		1	2
		Current Year	Prior Year
OPERATING INCOME			
1. Title insurance and related income (Part 1):			
1.1 Title insurance premiums earned (Part 1B, Line 3, Col. 1)		64,329,252	90,438,447
1.2 Escrow and settlement services (Part 1A, Line 2, Col. 4)		1,021,865	2,023,972
1.3 Other title fees and service charges (Part 1A, Line 3, Col. 4)		1,270,640	1,739,707
2. Aggregate write-ins for other operating income			
3. Total Operating Income (Lines 1 through 2)		66,621,757	94,202,126
DEDUCT:			
4. Losses and loss adjustment expenses incurred (Part 2A, Line 10, Col. 4)		10,051,219	6,131,495
5. Operating expenses incurred (Part 3, Line 24, Cols. 4 and 6)		62,327,142	84,670,716
6. Aggregate write-ins for other operating deductions			
7. Total Operating Deductions		72,378,361	90,802,211
8. Net operating gain or (loss) (Lines 3 minus 7)		(5,756,604)	3,399,915
INVESTMENT INCOME			
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)		7,368,227	7,650,952
10. Net realized capital gains (losses) less capital gains tax of \$ 467,849 (Exhibit of Capital Gains (Losses))		868,864	343,308
11. Net investment gain (loss) (Lines 9 + 10)		8,237,091	7,994,260
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 (Lines 8 + 11 + 12)		2,480,487	11,394,175
14. Federal and foreign income taxes incurred		(1,130,923)	1,679,481
15. Net income (Lines 13 minus 14)		3,611,410	9,714,694
CAPITAL AND SURPLUS ACCOUNT			
16. Surplus as regards policyholders, December 31 prior year (Page 3, Line 30, Column 2)		66,803,268	63,223,090
17. Net income (from Line 15)		3,611,410	9,714,694
18. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 38,286		(20,154,158)	847,870
19. Change in net unrealized foreign exchange capital gain (loss)			
20. Change in net deferred income tax		(141,845)	(560,355)
21. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)		218,297	1,500,554
22. Change in provision for unauthorized reinsurance (Page 3, Line 15, Cols. 2 minus 1)			
23. Change in supplemental reserves (Page 3, Line 4, Cols. 2 minus 1)			
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		(5,000,000)	(10,000,000)
29. Change in treasury stock (Page 3, Lines (29.1) and (29.2), Cols. 2 minus 1)			
30. Aggregate write-ins for gains and losses in surplus		1,228,211	2,077,415
31. Change in surplus as regards policyholders for the year (Lines 17 through 30)		(20,238,085)	3,580,178
32. Surplus as regards policyholders, December 31 current year (Lines 16 plus 31) (Page 3, Line 30)		46,565,183	66,803,268

DETAILS OF WRITE-INS			
0201.			
0202.			
0203.			
0298. Summary of remaining write-ins for Line 2 from overflow page			
0299. Totals (Lines 0201 through 0203 plus 0298) (Line 2 above)			
0601.			
0602.			
0603.			
0698. Summary of remaining write-ins for Line 6 from overflow page			
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)			
1201.			
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. Adjustment for pension and other post retirement benefit plans		1,228,211	2,077,415
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)		1,228,211	2,077,415

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	64,588,904	90,552,748
2. Net investment income	7,999,885	8,413,271
3. Miscellaneous income	2,292,505	3,763,679
4. Total (Lines 1 through 3)	74,881,294	102,729,698
5. Benefit and loss related payments	7,863,736	5,544,599
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	66,295,901	85,183,146
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	(173,806)	2,712,900
10. Total (Lines 5 through 9)	73,985,831	93,440,645
11. Net cash from operations (Line 4 minus Line 10)	895,463	9,289,053
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	101,514,377	48,024,249
12.2 Stocks	59,709,998	37,044,358
12.3 Mortgage loans	1,780	256,425
12.4 Real estate		
12.5 Other invested assets		2,110,000
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	161,226,155	87,435,032
13. Cost of investments acquired (long-term only):		
13.1 Bonds	96,890,775	50,280,097
13.2 Stocks	47,066,756	35,562,910
13.3 Mortgage loans		217,486
13.4 Real estate		
13.5 Other invested assets	20,000,000	
13.6 Miscellaneous applications	(5,138,163)	
13.7 Total investments acquired (Lines 13.1 to 13.6)	158,819,368	86,060,493
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	2,406,787	1,374,539
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		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	5,000,000	10,000,000
16.6 Other cash provided (applied)		(3,934,349)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(5,000,000)	(13,934,349)
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)	(1,697,750)	(3,270,757)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	9,503,672	12,774,429
19.2 End of year (Line 18 plus Line 19.1)	7,805,922	9,503,672

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

20.0001.		
20.0002.		
20.0003.		

OPERATIONS AND INVESTMENT EXHIBIT

PART 1A - SUMMARY OF TITLE INSURANCE PREMIUMS WRITTEN AND RELATED REVENUES

	1 Direct Operations	Agency Operations		4 Current Year Total (Cols. 1 + 2 + 3)	5 Prior Year Total
		2 Non-Affiliated Agency Operations	3 Affiliated Agency Operations		
1. Direct premiums written	11,530,727	36,182,556	15,844,405	63,557,688	90,969,194
2. Escrow and settlement service charges	1,021,865	X X X	X X X	1,021,865	2,023,972
3. Other title fees and service charges (Part 1C, Line 5)	1,270,640	X X X	X X X	1,270,640	1,739,707
4. Totals (Lines 1 + 2 + 3)	13,823,232	36,182,556	15,844,405	65,850,193	94,732,873

PART 1B - PREMIUMS EARNED EXHIBIT

	1 Current Year	2 Prior Year
1. Title premiums written:		
1.1 Direct (Part 1A, Line 1)	63,557,688	90,969,193
1.2 Assumed	245,130	145,917
1.3 Ceded	153,636	38,993
1.4 Net title premiums written (Lines 1.1 + 1.2 - 1.3)	63,649,182	91,076,117
2. Statutory premium reserve:		
2.1 Balance at December 31 prior year	23,222,674	22,585,005
2.2 Additions during the current year	2,977,968	4,270,819
2.3 Withdrawals during the current year	3,658,037	3,633,150
2.4 Other adjustments to statutory premium reserves		
2.5 Balance at December 31 current year	22,542,605	23,222,674
3. Net title premiums earned during year (Lines 1.4 - 2.2 + 2.3)	64,329,251	90,438,448

PART 1C - OTHER TITLE FEES AND SERVICE CHARGES

	1 Current Year	2 Prior Year
1. Title examinations	5,930	33,835
2. Searches and abstracts	23,081	5,333
3. Surveys		
4. Aggregate write-ins for service charges	1,241,629	1,700,539
5. Totals	1,270,640	1,739,707

DETAILS OF WRITE-INS		
	1	2
0401. Other Income	1,241,539	1,700,489
0402. Other Title Fees	90	50
0403.		
0498. Summary of remaining write-ins for Line 4 from overflow page		
0499. Total (Lines 0401 through 0403 plus 0498) (Line 4 above)	1,241,629	1,700,539

OPERATIONS AND INVESTMENT EXHIBIT
PART 2A - LOSSES PAID AND INCURRED

	1	Agency Operations		4	5
		2	3		
	Direct Operations	Non-Affiliated Agency Operations	Affiliated Agency Operations	Total Current Year (Cols. 1+2+3)	Total Prior Year
1. Losses and allocated loss adjustment expenses paid - direct business, less salvage	3,450,855	3,788,471		7,239,326	5,038,239
2. Losses and allocated loss adjustment expenses paid - reinsurance assumed, less salvage					
3. Total (Line 1 plus Line 2)	3,450,855	3,788,471		7,239,326	5,038,239
4. Deduct: Recovered during year from reinsurance					
5. Net payments (Line 3 minus Line 4)	3,450,855	3,788,471		7,239,326	5,038,239
6. Known claims reserve - current year (Page 3, Line 1, Column 1)	3,307,014	6,540,539		9,847,553	7,660,070
7. Known claims reserve - prior year (Page 3, Line 1, Column 2)	2,067,705	5,592,262	103	7,660,070	7,073,174
8. Losses and allocated Loss Adjustment Expenses incurred (Ln 5 + Ln 6 - Ln 7)	4,690,164	4,736,748	(103)	9,426,809	5,625,135
9. Unallocated loss adjustment expenses incurred (Part 3, Line 24, Column 5)	297,645	326,765		624,410	506,356
10. Losses and loss adjustment expenses incurred (Line 8 plus Line 9)	4,987,809	5,063,513	(103)	10,051,219	6,131,491

OPERATIONS AND INVESTMENT EXHIBIT
PART 2B - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

	1	Agency Operations		4	5
		2	3		
	Direct Operations	Non-Affiliated Agency Operations	Affiliated Agency Operations	Total Current Year (Cols. 1 + 2 + 3)	Total Prior Year
1. Loss and allocated LAE reserve for title and other losses of which notice has been received:					
1.1 Direct (Schedule P, Part 1, Line 12, Col. 17)	3,307,014	6,540,539		9,847,553	7,660,070
1.2 Reinsurance assumed (Schedule P, Part 1, Line 12, Col. 18)					
2. Deduct reinsurance recoverable from authorized and unauthorized companies (Schedule P, Part 1, Line 12, Col. 19)					
3. Known claims reserve (Line 1.1 plus Line 1.2 minus Line 2)	3,307,014	6,540,539		9,847,553	7,660,070
4. Incurred But Not Reported:					
4.1 Direct (Schedule P, Part 1, Line 12, Col. 20)	7,188,000	11,559,000		18,747,000	20,736,000
4.2 Reinsurance assumed (Schedule P, Part 1, Line 12, Col. 21)					
4.3 Reinsurance ceded (Schedule P, Part 1, Line 12, Col. 22)					
4.4 Net incurred but not reported	7,188,000	11,559,000		18,747,000	20,736,000
5. Unallocated LAE reserve (Schedule P, Part 1, Line 12, Col. 23)	X X X	X X X	X X X	3,794,000	X X X
6. Less discount for time value of money, if allowed (Sch. P, Part 1, Line 12, Col. 33)	X X X	X X X	X X X		X X X
7. Total Schedule P reserves (Lines 3 + 4.4 + 5 - 6)(Sch. P, Part 1, Line 12, Col. 35)	X X X	X X X	X X X	32,388,553	X X X
8. Statutory premium reserve at year end	X X X	X X X	X X X	22,542,602	X X X
9. Aggregate of other reserves required by law	X X X	X X X	X X X		X X X
10. Gross supplemental reserve (a) (Lines 7 - (3 + 8 + 9))	X X X	X X X	X X X		X X X
11. Unrecognized Schedule P transition obligation	X X X	X X X	X X X		X X X
12. Net recognized supplemental reserve (Lines 10 - 11)	X X X	X X X	X X X		X X X

(a) If the sum of Lines 3 + 8 + 9 is greater than Line 7, place a "0" in this Line.

OPERATIONS AND INVESTMENT EXHIBIT
PART 3 - EXPENSES

	Title and Escrow Operating Expenses				5 Unallocated Loss Adjustment Expenses	6 Other Operations	7 Investment Expenses	Totals	
	1 Direct Operations	Agency Operations		4 Total (Cols. 1 + 2 + 3)				8 Current Year (Cols. 4 + 5 + 6 + 7)	9 Prior Year
		2 Non-affiliated Agency Operations	3 Affiliated Agency Operations						
1. Personnel costs:									
1.1 Salaries	7,657,315	688,620	39,086	8,385,021	424,599		8,809,620	12,358,581	
1.2 Employee relations and welfare	873,989	226,556	52,621	1,153,166	38,713		1,191,879	1,785,424	
1.3 Payroll taxes	498,492	47,929	3,573	549,994	30,596		580,590	701,465	
1.4 Other personnel costs	5,051	2,143	539	7,733	1,873		9,606	3,860	
1.5 Total personnel costs	9,034,847	965,248	95,819	10,095,914	495,781		10,591,695	14,849,330	
2. Amounts paid to or retained by title agents		29,084,141	14,222,195	43,306,336			43,306,336	58,858,052	
3. Production services (purchased outside):									
3.1 Searches, examinations and abstracts	1,394,477	(187)	(55)	1,394,235	624		1,394,859	1,726,440	
3.2 Surveys									
3.3 Other	(184)	320		136			136	(723)	
4. Advertising	35,931	3,715	798	40,444			40,444	30,870	
5. Boards, bureaus and associations	7,180	14,806	1,029	23,015			23,015	16,684	
6. Title plant rent and maintenance	10,432			10,432			10,432		
7. Claim adjustment services									
8. Amounts charged off, net of recoveries	6,116	129,415		135,531			135,531	128,962	
9. Marketing and promotional expenses	95,633	10,801		106,434			106,434	200,909	
10. Insurance	51,291	17,085	294	68,670	2,498		71,168	257,165	
11. Directors' fees									
12. Travel and travel items	860,095	109,630	11,217	980,942	13,113		994,055	1,273,000	
13. Rent and rent items	660,015	180,383	38,073	878,471	68,061		946,532	802,603	
14. Equipment	359,686	138,868	37,282	535,836	8,742		544,578	609,490	
15. Cost or depreciation of EDP equipment and software	601,282	264,268	77,120	942,670	3,122		945,792	1,094,953	
16. Printing, stationery, books and periodicals	360,455	40,468	9,050	409,973	15,610		425,583	565,615	
17. Postage, telephone, messengers and express	1,085,944	83,724	19,187	1,188,855	11,239		1,200,094	1,691,061	
18. Legal and auditing	678,663	331,194	96,798	1,106,655	3,747		1,110,402	1,306,397	
19. Totals (Lines 1.5 to 18)	15,241,863	31,373,879	14,608,807	61,224,549	622,537		61,847,086	83,410,808	
20. Taxes, licenses and fees:									
20.1 State and local insurance taxes	166,998	524,029	229,473	920,500			920,500	1,414,620	
20.2 Insurance department licenses and fees	21,709	66,410	29,081	117,200			117,200	320,485	
20.3 Gross guaranty association assessments									
20.4 All other (excluding federal income and real estate)	(42,485)	(21,126)	(6,208)	(69,819)			(69,819)	79,791	
20.5 Total taxes, licenses and fees (Lines 20.1 + 20.2 + 20.3 + 20.4)	146,222	569,313	252,346	967,881			967,881	1,814,896	
21. Real estate expenses									
22. Real estate taxes									
23. Aggregate write-ins for miscellaneous expenses	(1,268,727)	1,839,848	(436,419)	134,702	1,873		136,575	(48,636)	
24. Total expenses incurred (Lines 19 + 20.5 + 21 + 22 + 23)	14,119,358	33,783,040	14,424,734	62,327,132	624,410		(a) 62,951,542	85,177,068	
25. Less unpaid expenses - current year	1,633,827	2,988,022	396,877	5,018,726			5,018,726	8,987,486	
26. Add unpaid expenses - prior year	4,873,437	3,556,287	557,762	8,987,486			8,987,486	9,499,916	
27. TOTAL EXPENSES PAID (Lines 24 - 25 + 26)	17,358,968	34,351,305	14,585,619	66,295,892	624,410		66,920,302	85,689,498	
DETAILS OF WRITE-INS									
2301. Other expenses	(1,268,727)	1,839,848	(436,419)	134,702	1,873		136,575	(48,636)	
2302.									
2303.									
2398. Summary of remaining write-ins for Line 23 from overflow page									
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	(1,268,727)	1,839,848	(436,419)	134,702	1,873		136,575	(48,636)	

(a) Includes management fees of \$ 0 to affiliates and \$ 0 to non-affiliates.

**OPERATIONS AND INVESTMENT EXHIBIT
PART 4 - NET OPERATING GAIN/LOSS EXHIBIT**

	1 Direct Operations	Agency Operations		4 Total (Cols. 1 + 2 + 3)	5 Other Operations	Totals	
		2 Non-affiliated Agency Operations	3 Affiliated Agency Operations			6 Current Year (Cols. 4 + 5)	7 Prior Year
1. Title insurance and related income (Part 1):							
1.1 Title insurance premiums earned (Part 1B, Line 3, Col. 1)	11,670,705	36,621,797	16,036,749	64,329,251		64,329,251	90,438,448
1.2 Escrow and settlement services (Part 1A, Line 2, Col. 4)	1,021,865			1,021,865		1,021,865	2,023,972
1.3 Other title fees and service charges (Part 1A, Line 3, Col. 4)	1,270,640			1,270,640		1,270,640	1,739,707
2. Aggregate write-ins for other operating income							
3. Total Operating Income (Lines 1.1 through 1.3 + 2)	13,963,210	36,621,797	16,036,749	66,621,756		66,621,756	94,202,127
DEDUCT:							
4. Losses and loss adjustment expenses incurred (Part 2A, Line 10, Col. 4)	4,987,809	5,063,513	(103)	10,051,219		10,051,219	6,131,491
5. Operating expenses incurred (Part 3, Line 24, Cols. 1 to 3 + 6)	14,128,074	33,773,081	14,425,987	62,327,142		62,327,142	84,670,712
6. Aggregate write-ins for other operating deductions							
7. Total Operating Deductions (Lines 4 + 5 + 6)	19,115,883	38,836,594	14,425,884	72,378,361		72,378,361	90,802,203
8. Net operating gain or (loss) (Lines 3 minus 7)	(5,152,673)	(2,214,797)	1,610,865	(5,756,605)		(5,756,605)	3,399,924
DETAILS OF WRITE-INS							
0201.							
0202.							
0203.							
0298. Summary of remaining write-ins for Line 2 from overflow page							
0299. Totals (Lines 0201 through 0203 plus 0298)							
0601.							
0602.							
0603.							
0698. Summary of remaining write-ins for Line 6 from overflow page							
0699. Totals (Lines 0601 through 0603 plus 0698)							

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 566,697	550,439
1.1 Bonds exempt from U.S. tax	(a) 836,770	773,997
1.2 Other bonds (unaffiliated)	(a) 444,392	417,112
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	20,419	20,419
2.21 Common stocks of affiliates	5,348,733	5,348,733
3. Mortgage loans	(c) 130	130
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 318,507	318,507
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	7,535,648	7,429,337
11. Investment expenses		(g) 61,110
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		61,110
17. Net investment income (Line 10 minus Line 16)		7,368,227

DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page			
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)			
1501.			
1502.			
1503.			
1598. Summary of remaining write-ins for Line 15 from overflow page			
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)			

- (a) Includes \$ 7,996 accrual of discount less \$ 533,345 amortization of premium and less \$ 339,473 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	23,890		23,890		
1.1 Bonds exempt from U.S. tax	(23,563)		(23,563)		
1.2 Other bonds (unaffiliated)	(12,866)		(12,866)		
1.3 Bonds of affiliates				(15,010)	
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	1,923,607	(574,354)	1,349,253	124,398	
2.21 Common stocks of affiliates				(225,260)	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets				(20,000,000)	
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	1,911,068	(574,354)	1,336,714	(20,115,872)	

DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)					

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)	509,339	509,339	
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	765,090	1,103,632	338,542
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	2,992,049	3,023,555	31,506
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets	2,886	4,169	1,283
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivables from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	677,663	525,337	(152,326)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	4,947,027	5,166,032	219,005
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	4,947,027	5,166,032	219,005

DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Other Assets	101,059	115,906	14,847
2302. Prepaid Expenses	576,604	301,920	(274,684)
2303. Title Plant Improvements		107,511	107,511
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	677,663	525,337	(152,326)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

The financial statements of Security Union Title Insurance Company are presented on the basis of accounting practices prescribed or permitted by the State of California Department of Insurance.

A. Accounting Practices:

To the extent possible, the accompanying financial statements have been prepared in substantial conformity with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual*, (NAIC SAP), except where the laws of the State of California differ. Significant variances between California basis of accounting and NAIC SAP are: investments in title plants under California laws are limited to 50% of an insurer's capital stock, as compared to NAIC SAP which allows the lesser of 20% of admitted assets or 40% of surplus; and recovery rates for amounts set aside in the statutory premium reserves differ.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of California is shown below:

	<u>12/31/2007</u>	<u>12/31/2006</u>
Net Income, California Basis	3,611,410	9,714,694
State Prescribed/Permitted Practices (Income):		
Statutory Premium Reserve Recovery, net of tax	690,543	813,136
Net Income, NAIC SAP basis	4,301,953	10,527,830
Statutory Surplus, California Basis	46,565,183	66,803,268
State Prescribed/Permitted Practices (Surplus):		
Statutory Premium Reserve	5,036,195	4,345,652
Title Plants	0	0
Statutory Surplus, NAIC SAP Basis	51,601,378	71,148,920

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

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

C. Accounting Policy:

A portion of title insurance premiums written, escrow fees and other title fees is deferred and set aside in the statutory premium reserve which is computed and amortized in accordance with accounting practices prescribed by the California Department of Insurance. The remaining portion of title insurance premiums, escrow fees and other title fees are recognized at the time of the closing of the related real estate transaction.

Amounts paid to or retained by title agents are recognized as an expense when incurred.

In addition, the company uses the following accounting policies:

- (1) Short term investments are stated at amortized cost.
- (2) Bonds are stated at amortized cost using the effective interest method with exception to those bonds with a NAIC designation of 3-6, which are stated at the lower of amortized cost or market value.
- (3) Unaffiliated common stock holdings are stated at NAIC market value.
- (4) Preferred stocks are stated at NAIC market value with exception to the preferred stock with a NAIC designation of 3-6, which are stated at the lower of cost or market.
- (5) Mortgage Loans on Real Estate are stated at the aggregate carrying value less accrued interest.
- (6) Loan-backed securities are stated at amortized cost or the lower of amortized cost or market value.
- (7) Investment in Subsidiaries, Controlled or Affiliated Companies are valued using the underlying statutory equity, as adjusted, or audited GAAP equity, adjusted for certain non-admitted assets, as appropriate for each individual investment.
- (8) Interest in Joint Ventures are valued based on the underlying audited GAAP equity of the investee, and may include adjustments for certain non-admitted assets depending on the ownership interest in the investee and the nature of the joint venture.

NOTES TO FINANCIAL STATEMENTS

(9) Derivatives - None

(10) Anticipated investment income to be used as a factor in a premium deficiency calculation - None

(11) Unpaid losses and loss adjustment expense include an amount determined from individual case estimates and loss reports. Such liabilities are necessarily based on assumptions and estimates. While management believes the amount is adequate, the ultimate liability maybe in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

(12) The Company has not modified its capitalization policy from the prior period.

2. Accounting Changes and Correction of Errors:

A. None

3. Business Combinations and Goodwill:

Non-applicable.

4. Discontinued Operations:

Non-applicable.

5. Investments:

A. Mortgage Loans – At December 31, 2007 and December 31, 2006, the Company had mortgage loans receivable, consisting of promissory notes secured by first deeds of trust on real estate, with installments due monthly through 2033 or upon sale of real estate securing such promissory notes. Interest rates ranged from 0% to 7.65% in 2007 and 0% to 7.65% in 2006.

B. Debt Restructuring – Non-applicable

C. Reverse Mortgages – Non-applicable

D. Loan Backed Securities

Prepayment assumptions for single class and multi-class mortgage backed/asset backed securities were obtained from broker dealer survey values or internal estimates.

A broker market analysis was used in determining the market value of its loan-back securities.

E. Repurchase Agreements – Non Applicable

6. Joint Ventures, Partnerships and Limited Liability Companies:

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

7. Investment Income:

There was no due and accrued income excluded in the financial statements.

8. Derivative Instruments:

None

9. Income Taxes:

A. **The components of the net DTA recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:**

	Dec. 31, 2007	Dec. 31, 2006
(1) Total of gross deferred tax assets	3,815,782	3,917,813
(2) Total of deferred tax liabilities	(91,704)	(13,603)
Net deferred tax asset	3,724,079	3,904,210
(3) Deferred tax asset nonadmitted	(2,992,049)	(3,023,555)
(4) Net admitted deferred tax asset (not less than zero)	732,029	880,656
(5) Increase(decrease) in nonadmitted asset	(31,506)	

NOTES TO FINANCIAL STATEMENTS

B. N/A

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

	Dec. 31, 2007	Dec. 31, 2006
Federal	(1,130,923)	1,679,481
Foreign	0	0
Sub-total	(1,130,923)	1,679,481
Other	467,850	184,858
Federal income taxes incurred	(663,073)	1,864,339

The main components of the deferred tax amounts are as follows:

	Statutory	Tax	Difference	Tax Effect
Deferred tax assets:				
Discounting of reserves		5,066,138	(5,066,138)	1,773,148
Employee Benefits	(17,413)		(17,413)	6,095
State Tax	(1,278)		(1,278)	447
Pension plan	(608,637)		(608,637)	213,023
Market Discount	(1,366,589)		(1,366,589)	478,306
Retiree Medical FASB 106/FAS 112 Post Employee	(396,747)		(396,747)	138,861
Unrealized Gains	(1,691,264)		(1,691,264)	591,942
Amortization/Depreciation	(1,251,077)		(1,251,077)	437,877
Other	(503,092)		(503,092)	176,082
Total deferred tax assets	(5,836,097)	5,066,138	(10,902,235)	3,815,782
Nonadmitted deferred tax assets			8,548,713	(2,992,049)
Admitted deferred tax assets			(2,353,522)	823,733
Deferred tax liabilities:				
Gain/Loss Sale of Assets	0		0	0
State Tax	75,262		75,262	(26,342)
Amortization/Depreciation		0	0	0
Unrealized Gain	186,748		186,748	(65,362)
Other	0		0	0
Total deferred tax liabilities	262,010	0	262,010	(91,704)
Net admitted deferred tax asset (not less than zero)			0	732,029

The changes in main components of DTAs and DTLs are as follows:

	Dec. 31, 2007	Dec. 31, 2006	Change
Deferred tax assets:			
Discounting of reserves	1,773,148	1,798,021	(24,873)
Employee Benefits	6,095	47,916	(41,821)
State Tax	447	26,662	(26,215)
Pension plan	213,023	934,959	(721,936)
Market Discount	478,306	483,711	(5,405)
Retiree Medical FASB 106	138,861	195,217	(56,356)
Unrealized Gains	591,942	0	591,942
Amortization/Depreciation	437,877	280,915	156,962
Other	176,082	150,412	25,670
Total deferred tax assets	3,815,782	3,917,813	(102,031)
Nonadmitted deferred tax assets	(2,992,049)	(3,023,555)	31,506
Admitted deferred tax assets	823,733	894,258	(70,525)
Deferred tax liabilities:			
Gain/Loss Sale of Assets	0	0	0
State Tax	(26,342)	0	(26,342)
Amortization/Depreciation	0	0	0
Unrealized Gain	(65,362)	(13,603)	(51,759)
Other	0	0	0
Total deferred tax liabilities	(91,704)	(13,603)	(78,101)
Net admitted deferred tax asset (not less than zero)	732,029	880,655	(148,626)

NOTES TO FINANCIAL STATEMENTS

D. Among the more significant book to tax adjustments were the following:

	Amount	Tax Effect
Income before taxes	2,480,485	868,170
Capital (Gain)/Loss Adjustment	(868,864)	(304,102)
Tax exempt income deduction	(697,173)	(244,011)
Dividends received deduction	(5,200,000)	(1,820,000)
Meals & Entertainment	276,743	96,860
Other non deductible adjustments	(83,834)	(29,342)
Subtotal after permanent differences	(4,092,643)	(1,432,425)
Temporary differences and prior year adjustments	861,435	301,502
Taxable Income/Current Tax	(3,231,208)	(1,130,923)

E. The Company does not have any capital loss or operating loss carry forwards.

(1)

E.(2) The amount of Federal income taxes incurred and available for recoupment in the event of future net losses is:

a. 2007	0
b. 2006	1,864,339
c. 2005	2,287,944

F. The Company is included in a consolidated federal income tax return with its parent company, Fidelity National Financial, Inc. (See organizational chart on Schedule Y for a complete listing of the Fidelity National Financial consolidated group). The Company has a written agreement, approved by the Company's Board of Directors, which set forth the manner in which the total combined federal income tax is allocated to each entity that is a party to the consolidation. Pursuant to this agreement, the Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes. The written agreement also provides that each entity in Fidelity's consolidated group compute their tax as though the entity pays tax on a stand alone basis.

10. Information Concerning Parent, Subsidiaries and Affiliates:

A. The Company is a member of a holding company group, as disclosed on Schedule Y Part 1 of this Statement.

During 2006, following appropriate corporate and regulatory approvals, the Board of Directors of FNF effectuated a corporate restructuring which eliminated the existing holding company of FNF. On October 24, 2006, FNF transferred insurance and other assets to FNT, in exchange for shares of FNT stock. FNF shareholders then received all shares of FNT stock owned by FNF upon the closing of the transaction. FNT became a stand alone public company. On November 9, 2006, FNF merged with and into its remaining subsidiary, Fidelity National Information Services (FIS), and subsequently FNT changed its name to Fidelity National Financial, Inc (new FNF) on November 10, 2006. Both FIS and the new FNF are now separate publicly traded companies. This restructuring did not have a material effect on the financial condition of the Company.

B. A summary of material transactions between the Company and its parent, subsidiaries and affiliates is disclosed on Schedule Y Part 2 of the Annual Statement.

On March 31, 2006, the outstanding collateral loan receivable from Chicago Title and Trust Company, with a remaining principal balance of \$810,000 was repaid in full. On June 30, 2006, the outstanding collateral loan receivable from Fidelity National Financial Inc, with a remaining principal balance of \$1,300,000 was repaid in full.

C. The dollar amount of material transactions between the Company and its parent, subsidiaries and affiliates is disclosed on Schedule Y Part 2 of the Annual Statement.

D. At December 31, 2007 and December 31, 2006, the Company has a receivable from the parent and/or other related parties totaling \$626,572 and \$4,872,029 respectively, and a payable to the parent and/or other related parties of \$11,542 and \$483,986 respectively. Intercompany balances are generally settled on a monthly basis.

E. There are no guarantees or undertakings, written or otherwise, for the benefit of an affiliate or related party that could result in a material contingent exposure of the reporting entity's or any related party's assets or liabilities.

NOTES TO FINANCIAL STATEMENTS

- F. The Company has several service agreements and cost sharing arrangements with its subsidiaries and affiliates. These arrangements are based on a straight pass-through allocation of actual costs incurred by the insurer. The balances on these arrangements are shown on Schedule Y.
- G. Chicago Title and Trust Company, domiciled in the State of Illinois, owns 100% of the outstanding shares of the Company.
- H. The Company owns no shares of its ultimate parent.
- I. The Company owns 100% of the stock of CTI Oregon, an insurance company, whose carrying value is approximately 10% of the admitted assets of the Company. The Company carried this investment at the statutory equity of the insurer.

The statement value of CTI Oregon assets, liabilities and equity as of 12/31/2007 and 12/31/2006 was

	12/31/2007	12/31/2006
Assets	\$27,965,083	\$28,819,024
Liabilities	\$14,398,196	\$14,831,312
Equity	\$13,566,887	\$13,987,712

Net income of CTI Oregon for the period ending 12/31/2007 and 12/31/2006 was \$3,913,228 and \$5,244,724, respectively.

- J. Impairment write downs – None
- K. Foreign insurance company subsidiaries - none

11. Debt:

The Company has no debt.

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

- A. Defined Benefit Plan - None
- B. Defined Contribution Plan – None
- C. Multi-employer Plan – None
- D. Consolidated/Holding Company Plans – The Company’s employees are covered under a qualified voluntary contributory savings plan (“401(k) Plan”) sponsored by FNF. Under the plan, participating employees make contributions of up to 40% from pre-tax annual compensation, up to the amount allowed pursuant to the Internal Revenue Code, into individual accounts that are generally not available until the employee reaches age 59 ½. The Company matches participants’ contributions at a rate of 50% of the first 6% of compensation. Matching contributions of \$101,405 and \$115,327 were made in 2007 and 2006, respectively.

The Company’s employees are covered to participate in an Employee Stock Purchase Plan (“ESPP”). Under this plan, eligible employees may voluntarily purchase, at current market prices, shares of FNF’s common stock through payroll deduction. Pursuant to the ESPP Plans, employees may contribute an amount between 3% and 15% of their base salary and certain commissions. The Company contributes varying amounts as specified in the ESPP Plan. The Company’s cost of its employer matching contributions for the years 2007 and 2006 were \$98,429 and \$104,810, respectively.

Certain Company officers are participants in the 1987, 1991, 1993, 1998, 2001 and 2004 Executive Incentive Stock Option Plans and the 2005 Omnibus Incentive Plan (the “Plans”) sponsored by FNF. Under the Plans, participants have the option to purchase shares of FNF stock at annually declining share prices. Options granted under these plans expire within a specified period from the grant date. The 2005 Plan provides for the grant of stock options, stock appreciation rights, restricted stock, and other cash and stock-based awards and dividend equivalents. There is no material effect on the Company’s financial statements as a result of the creation of these Plans.

In connection with the acquisition of its parent by FNF in 2000, FNF assumed the options outstanding under CT&T’s existing stock option plans: the 1998 Long-term Incentive Plan and the Directors Stock Option Plan. Pursuant to the acquisition agreement, options under these plans became fully vested on March 20, 2000. The options granted in accordance with these two plans generally have a term of five to ten years.

In connection with the acquisition of its parent by FNF in 2000, FNF also assumed CT&T’s noncontributory defined benefit plan (the “Pension Plan”). The Pension Plan covers certain CT&T and subsidiary employees. The benefits are based on years of service and the employee’s average monthly

NOTES TO FINANCIAL STATEMENTS

compensation in the highest 60 consecutive calendar months during 120 months ending at retirement or termination. The parent company's funding policy is to contribute annual at least the minimum required contribution under the Employee Retirement Income Security Act (ERISA). Contributions are intended to provide not only for benefits accrued to date, but also for those expected to be earned in the future. Each year the Company is allocated net periodic pension expense from CT&T based on employee count for plan participants. Effective January 1, 2001, the Pension Plan was frozen and future contributions of Pension Plan benefits will terminate. The Company's net periodic pension expense associated with this plan in 2007 and 2006 was \$573,437 and \$1,031,015, respectively. The accrued pension liability at December 31, 2007 and December 31, 2006 was \$608,637 and \$2,671,312 respectively. Other disclosures required by generally accepted accounting principles are not calculated on a separate company basis.

The Company recorded an adjustment to statutory equity in the amount of \$1,228,213 and \$2,077,415 during 2007 and 2006, respectively, to adjust the funded status of the pension and other post retirement benefit plans.

FNF assumed certain health care and life insurance benefits for retired CT&T and subsidiary employees in connection with the CT&T acquisition. The cost of these benefit plans are accrued during the periods the employees render service. CT&T is self insured for its post retirement health care and life insurance benefit plans, and the plans are not funded. The health care plans provide for insurance benefits after retirement and are generally contributory, with contributions adjusted annually. Post retirement life insurance benefits are contributory, with coverage amounts declining with increases in a retiree's age. The current expenses of these plans are charged to participating subsidiaries on a pass through cost basis. The Company experienced net health care and life insurance cost of approximately \$(6,415) and \$(6,148) after retiree contributions during 2007 and 2006, respectively.

Certain Company employees and directors may be eligible to participate in a non-qualified deferred compensation plan sponsored by the Company's ultimate parent, FNF. Selected participants may elect to defer an annual amount of salary, bonus, commissions and/or directors' fees for a minimum of \$25,000 and a maximum of 100%. Plan assets are maintained by a trust established by the sponsor, and there is no expense to the Company in connection with this plan.

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

- A. Share information on the Company's common stock is disclosed in General Interrogatories in this Annual Statement.
- B. Share information on the Company's preferred stock, if any, is disclosed in General Interrogatories in this Annual Statement.
- C. The maximum amount of dividends, which can be paid by State of California Insurance companies to shareholders without prior approval of the Insurance Commissioner, is subject to restrictions relating to statutory surplus. The maximum dividend payout which may be made without prior approval in 2008 is \$3,537,799. During 2006, the Company paid \$10,000,000 in cash dividends, and during 2007, the Company paid \$5,000,000 in dividends.
- D. Within the limitations of (C) above, there are no restrictions on the portion of the Company's profits that may be paid as ordinary dividends to shareholders.
- E. The Company has no restrictions placed on unassigned funds (surplus).
- F. Advances to surplus not repaid – Non-applicable.
- G. The Company holds no stock for any option or employee benefit plans.
- H. Changes in balances in special surplus funds – Non-applicable
- I. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$(8,795,616).
- J. Surplus Notes – None
- K. Quasi-reorganization – Non-applicable

14. Contingencies:

- A. Contingent Commitments – None
- B. Assessments – Non-applicable
- C. Gain Contingencies - None

NOTES TO FINANCIAL STATEMENTS

D. All Other Contingencies:

In the ordinary course of business, we are involved in various pending and threatened litigation matters related to our operations, some of which include claims for punitive or exemplary damages. We believe that no actions, other than those listed below, depart from customary litigation incidental to its business and that the resolution of all pending and threatened litigation will not have a material effect on our results of operations, financial position or liquidity.

As background to the disclosure below, please note the following:

These matters raise difficult and complicated factual and legal issues and are subject to many uncertainties and complexities, including but not limited to the underlying facts of each matter, novel legal issues, variations between jurisdictions in which matters are being litigated, differences in applicable laws and judicial interpretations, the length of time before many of these matters might be resolved by settlement or through litigation and, in some cases, the timing of their resolutions relative to other similar cases brought against other companies, the fact that many of these matters are putative class actions in which a class has not been certified and in which the purported class may not be clearly defined, the fact that many of these matters involve multi-state class actions in which the applicable law for the claims at issue is in dispute and therefore unclear, and the current challenging legal environment faced by large corporations and insurance companies.

In these matters, plaintiffs seek a variety of remedies including equitable relief in the form of injunctive and other remedies and monetary relief in the form of compensatory damages. In most cases, the monetary damages sought include punitive or treble damages. Often more specific information beyond the type of relief sought is not available because plaintiffs have not requested more specific relief in their court pleadings. In addition, the dollar amount of damages sought is frequently not stated with specificity. In those cases where plaintiffs have made a statement with regard to monetary damages, they often specify damages either just above or below a jurisdictional limit regardless of the facts of the case. These limits represent either the jurisdictional threshold for bringing a case in federal court or the maximum they can seek without risking removal from state court to federal court. In our experience, monetary demands in plaintiffs' court pleadings bear little relation to the ultimate loss, if any, we may experience.

For the reasons specified above, it is not possible to make meaningful estimates of the amount or range of loss that could result from these matters at this time. We review these matters on an on-going basis and follow the provisions of SFAS No. 5, "Accounting for Contingencies" when making accrual and disclosure decisions. When assessing reasonably possible and probable outcomes, we base our decision on our assessment of the ultimate outcome following all appeals.

In the opinion of management, while some of these matters may be material to our operating results for any particular period if an unfavorable outcome results, none will have a material adverse effect on our overall financial condition.

A class action in Ohio (*Dubin v. Security Union Title Insurance Company*, filed on March 12, 2003, in the Court of Common Pleas, Cuyahoga County, Ohio), alleges that the Company failed to provide notice of premium discounts to consumers refinancing their mortgages, and failed to give discounts in refinancing transactions in violation of the filed rates. The Company filed a Motion for Summary Judgment which is under submission and trial is scheduled for early 2008. The action seeks refunds of the premiums charged and punitive damages. We intend to vigorously defend this action.

The Company gets inquiries and requests for information from state insurance departments, attorneys general and other regulatory agencies from time to time about various matters relating to its business. Sometimes these take the form of civil investigative subpoenas. The Company attempts to cooperate with all such inquiries. From time to time, the Company is assessed fines for violations of regulations or other matters or enters into settlements with such authorities which require the Company to pay money or take other actions.

In January 2007, the California Insurance Commissioner submitted to the California Office of Administrative Law (the "OAL") proposed regulations (the "Proposed Regulations") that would have significant effects on the title insurance industry in California. On February 21, 2007, the OAL disapproved the Proposed Regulations. On June 28, 2007, the California Department of Insurance (the "CDI") submitted a modified version of the Proposed Regulations to the OAL. The only substantive change in this modified version of the Proposed Regulations was to delay the implementation dates by approximately one year. The OAL approved the modified version of the Proposed Regulations on July 26, 2007 (as approved, the "Regulations") and filed them with the California Secretary of State. Notwithstanding the promulgation of the Regulations, we, as well as others, have been engaged in discussions with the CDI regarding possible industry reforms that may result in the CDI's decision to modify or repeal the Regulations prior to their implementation. In the event that the CDI does not modify or repeal the Regulations prior to their implementation, the Regulations are expected to have significant effects on the title insurance industry in California. Among other things, the Regulations set "maximum" rates, effective as of October 1, 2010, for title and escrow using industry data to be reported through the statistical plan described below and published by the CDI. In addition, the Regulations establish an interim reduction of all title and escrow rates effective October 1, 2010 if the CDI is unable to publish the data necessary for the calculation of the maximum rates by August 1, 2010. These interim rate reductions are intended to roll rates

NOTES TO FINANCIAL STATEMENTS

back so that, in effect, premiums would be charged on the basis of real property values from the year 2000. Title insurers would be required to reduce their rates to a level below their 2000 rates, with the amount of the reduction determined by a formula adjusting for real estate appreciation and inflation. We are concerned that the reduced rates set by the Regulations will significantly reduce the title and escrow rates that are charged in California, while precluding title insurers from seeking relief from those reduced or maximum rates. In addition, the Regulations create a detailed statistical plan, and require each title insurer, underwritten title company, and controlled escrow company to collect data at the individual transaction level beginning on January 1, 2009, and to report such data to the CDI on an annual basis beginning April 30, 2010.

Compliance with the data collection and reporting requirements of the Regulations would necessitate a significant revision and augmentation of our existing data collection and accounting systems before January 1, 2009, and would require a significant expenditure to comply with the April 30, 2010 reporting deadline. The required rate reductions and maximum rates would significantly reduce the title insurance rates that our subsidiaries can charge, and would likely have a significant negative impact on our California revenues. In addition, the increased cost of compliance with the statistical data collection and reporting requirements would negatively impact our cost of doing business in California. California is the largest source of revenue for the title insurance industry, including for us.

We continue to meet with the CDI to discuss possible modifications to the Regulations and alternatives that could result in the repeal of the Regulations prior to their initial implementation. On October 5, 2007, the California Insurance Commissioner sent a letter to the title insurance industry outlining a series of acts that he has agreed to undertake in an effort to minimize the impact of the Regulations and to lay further groundwork for a possible resolution involving the modification or repeal of the Regulations prior to their initial implementation.

Among other things, the California Insurance Commissioner stated in such letter that: (i) the CDI will propose substantial changes to the data collection and reporting requirements of the Regulations that are designed to minimize compliance costs, (ii) the CDI will delay all effective dates in the Regulations by one year, which will have the effect of deferring the date on which the industry would be required to submit its first statistical report under the Regulations to April 30, 2011, and deferring the first possible rate reduction under the Regulations to October 1, 2011, and (iii) if the industry works with the CDI to enact substantive alternative reforms, the CDI is willing to eliminate the maximum rate formula altogether. In addition, we are exploring litigation alternatives in the event that the CDI does not modify or repeal the Regulations, including a possible lawsuit challenging the CDI's authority to promulgate rate regulations and statistical plan regulations related thereto.

15. Leases:

The Company is a party to a number of long-term non-cancelable operating leases for certain facilities, furniture and equipment which expire at various times thru 2012. Rental expense for the years 2007 and 2006 was \$493,929 and \$657,148, respectively. At December 31, 2007, the minimum rental commitments under all such leases with initial or remaining terms of more than one year, exclusive of any additional amounts that may become due under escalation clauses, are:

2008	373,020
2009	180,683
2010	44,714
2011	14,653
2012 & beyond	625
	613,695

16. Information About Financial Instruments With Off Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk:

None

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

Securities Lending Activity:

The Company has entered into a Securities Lending Agreement ("the Agreement") with Bank of New York ("BNY"), whereby it lends certain securities to certain BNY customers. The loaned securities remain assets of the Company. The Company receives cash collateral having a fair market value as of the transaction date at least equal to 102% of the fair value of loaned securities. A liability is established for the return of the collateral.

As of December 31, 2007, the fair value of securities loaned was as follows: Long term bonds, \$0.

As of December 31, 2007, the Company held the following collateral associated with securities lending transactions: cash equivalents, \$0.

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

NOTES TO FINANCIAL STATEMENTS

Non-applicable

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

Non-applicable

20. Other Items:

A. Extraordinary Items – None

B. Troubled Debt Restructuring – None

C. Other Disclosures:

(1) Assets in the amount of \$4,869,018 at December 31, 2007 were on deposit with government authorities or trustees as required by law.

In conducting its operations, the Company routinely holds customers' assets in trust, pending completion of real estate transactions. Such amounts are maintained in segregated bank accounts and have not been included in the accompanying statutory financial statements. At December 31, 2007 and December 31, 2006, the Company held approximately \$4,554,789 and \$72,832,230 of such assets in trust and has a contingent liability relating to the proper disposition of these assets for its customers.

D. Uncollectible Balances – Not applicable

E. Business Interruption Insurance Recoveries – Not applicable

F. State Transferable Tax Credits – None

G. Amount of Deposits under Section 6603 of IRS Code – None

H. Hybrid Securities – Not applicable

I. Subprime Exposure

The subprime lending sector, also referred to as B-paper, near-prime, or second chance lending, is the sector of the mortgage lending industry which lends to borrowers who do not qualify for prime market interest rates because of poor or insufficient credit history. The term also refers to paper taken on property that cannot be sold on the primary market, including loans on certain types of investment properties and certain types of self-employed individuals. Instability in the domestic and international credit markets due to problems in the subprime sector dictates the need for additional information related to exposure to subprime mortgage related risk.

For purposes of this disclosure, subprime exposure is defined as the potential for financial loss through direct investment, indirect investment, or underwriting risk associated with risk from the subprime lending sector. For purposes of this note, subprime exposure is not limited solely to the risk associated with holding direct mortgage loans, but also includes any indirect risk through investments in debt securities, asset backed or structured securities, hedge funds, common stock, subsidiaries and affiliates, and insurance product issuance. Although it can be difficult to determine the indirect risk exposures, it should be noted that not only does it include expected losses, it also includes the potential for losses that could occur due to significantly depressed fair value of the related assets in an illiquid market.

As it relates to the exposure described above, the following information is disclosed:

(1) Direct exposure through investments in subprime mortgage loans – None

(2) Indirect exposure to subprime mortgage risk through investments in the following securities – None

(3) Underwriting exposure to subprime mortgage risk – None

(4) The Company monitors its investments and the portfolio's performance on a continuous basis. The process comprises an analysis of 30, 60, and 90 day delinquency rates, cumulative net losses and levels of subordination, all of which are updated on a monthly basis, where applicable.

21. Events Subsequent:

None

22. Reinsurance:

A. Unsecured Reinsurance Recoverable – None

B. Reinsurance in Dispute – None

C. Reinsurance Assumed or Ceded – Non-applicable

NOTES TO FINANCIAL STATEMENTS

D. Uncollectible Reinsurance – None

E. Commutation of Ceded Reinsurance – None

F. Retroactive Reinsurance – None

G. Reinsurance Accounted for as Deposit - None

23. Retrospectively Rated Contracts:

None

24. Change in Incurred Losses and Loss Adjustment Expenses:

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has increased (decreased) by \$2,187,483 from \$7,660,070 in 2006 to \$9,847,553 in 2007 as a result of re-estimation of unpaid losses and loss adjustment expenses. This increase (decrease) is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

25. Inter-company Pooling Arrangements:

None

26. Structured Settlements:

None

27. Supplemental Reserves:

None

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	3,760,381	5.825	3,760,381	5.825
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies	6,446,869	9.986	6,446,869	9.986
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	18,766,533	29.068	18,766,533	29.068
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	1,277,307	1.978	1,277,307	1.978
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA				
1.512 Issued or guaranteed by FNMA and FHLMC				
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523 All other				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	8,179,524	12.669	8,179,524	12.669
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated	3,150,787	4.880	3,150,787	4.880
3.4 Other equity securities:				
3.41 Affiliated	14,936,072	23.135	14,936,072	23.135
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties	217,075	0.336	217,075	0.336
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (including \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ 0 property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities	20,514	0.032	20,514	0.032
8. Cash, cash equivalents and short-term investments	7,805,923	12.091	7,805,923	12.091
9. Other invested assets				
10. Total invested assets	64,560,985	100.000	64,560,985	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [X] N/A []
- 1.3 State Regulating? CALIFORNIA
- 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: 12/31/2006
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2006
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2003
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/29/2003
- 3.4 By what department or departments? California Dept. Of Ins.

- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [X] No []
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [X] No []
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the 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]
- 6.2 If yes, give full information
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control 0 %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

- 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.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 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 the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 KPMG, LLC
 ONE INDEPENDENT DRIVE, SUITE 2700, Independent Square, Jacksonville, FL 32202
 10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? Timothy Schilling, FCAS, MAAA
 Fidelity National Title Group, Inc
 601 Riverside Ave, Jacksonville, FL 32204

- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- | | |
|---|----------|
| 11.11 Name of real estate holding company | _____ |
| 11.12 Number of parcels involved | _____ |
| 11.13 Total book/adjusted carrying value | \$ _____ |

11.2 If yes, provide explanation _____

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [X]
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [X] N/A []
- 13.1 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 []
- 13.11 If the response to 13.1 is No, please explain: _____

- 13.2 Has the code of ethics for senior managers been amended? Yes [X] No []
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
 Enhanced to reinforce company's core values, behavior, ethics and business practices. _____

- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s). _____

BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []
15. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | |
|---|----------|
| 18.11 To directors or other officers | \$ _____ |
| 18.12 To stockholders not officers | \$ _____ |
| 18.13 Trustees, supreme or grand (Fraternal only) | \$ _____ |
- 18.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | |
|---|----------|
| 18.21 To directors or other officers | \$ _____ |
| 18.22 To stockholders not officers | \$ _____ |
| 18.23 Trustees, supreme or grand (Fraternal only) | \$ _____ |

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- | | | | |
|-------|----------------------|----|---|
| 19.21 | Rented from others | \$ | 0 |
| 19.22 | Borrowed from others | \$ | 0 |
| 19.23 | Leased from others | \$ | 0 |
| 19.24 | Other | \$ | 0 |
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 20.2 If answer is yes:
- | | | | |
|-------|--|----|---|
| 20.21 | Amount paid as losses or risk adjustment | \$ | 0 |
| 20.22 | Amount paid as expenses | \$ | 0 |
| 20.23 | Other amounts paid | \$ | 0 |
- 21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 626,572

INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes [X] No []
- 22.2 If no, give full and complete information, relating thereto
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1). Yes [X] No []
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- | | | | |
|--------|--|----|-----------|
| 23.21 | Loaned to others | \$ | 0 |
| 23.22 | Subject to repurchase agreements | \$ | 0 |
| 23.23 | Subject to reverse repurchase agreements | \$ | 0 |
| 23.24 | Subject to dollar repurchase agreements | \$ | 0 |
| 23.25 | Subject to reverse dollar repurchase agreements | \$ | 0 |
| 23.26 | Pledged as collateral | \$ | 0 |
| 23.27 | Placed under option agreements | \$ | 0 |
| 23.28 | Letter stock or securities restricted as to sale | \$ | 0 |
| 23.29 | On deposit with state or other regulatory body | \$ | 4,869,018 |
| 23.291 | Other | \$ | 0 |

23.3 For category (23.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.
- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]
- 25.2 If yes, state the amount thereof at December 31 of the current year. \$ 0
26. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []
- 26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
BANK OF NEW YORK	700 S. FLOWER STREET
	SUITE 200
	LOS ANGELES, CA 90017

26.02 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)

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes [] No [X]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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

26.05 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 Number(s)	2 Name	3 Address
MANAGED IN HOUSE	MATTHEW HARTMANN	601 RIVERSIDE AVE, JACKSONVILLE, FL 32204
MANAGED IN HOUSE	SEAN CASEY	601 RIVERSIDE AVE, JACKSONVILLE, FL 32204

27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [] No [X]

27.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
		0
		0
		0
		0
27.2999	Total	0

27.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
		0	
		0	
		0	
		0	

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	46,902,521	47,033,362	130,840
28.2 Preferred stocks	0	0	0
28.3 Totals	46,902,521	47,033,362	130,840

28.4 Describe the sources or methods utilized in determining the fair values: Fair values determined based on guidelines set forth in NAIC Securities Valuation Manual, NAIC Annual Statement Instructions, and when deemed necessary, information provided by market service organizations.

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

29.2 If no, list exceptions: _____

OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 16,434

30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
AMERICAN LAND TITLE ASSOCIATION	\$ 7,337
MICHIGAN LAND TITLE ASSOCIATION	\$ 8,847
	\$ 0

31.1 Amount of payments for legal expenses, if any? \$ 267,620

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

31.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	\$ 0
	\$ 0
	\$ 0

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 0

32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$ 0
	\$ 0
	\$ 0
	\$ 0

GENERAL INTERROGATORIES

PART 2-TITLE INTERROGATORIES

- | | |
|---|----------------------|
| 1. Did any persons while an officer, director, trustee, or employee receive directly or indirectly, during the period covered by this statement, any compensation in addition to his/her regular compensation on account of the reinsurance transactions of the reporting entity? | YES [] NO [X] |
| 2. Largest net aggregate amount insured in any one risk. | \$ <u>37,487,496</u> |
| 3.1 Has this reporting entity reinsured any risk with any other 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] |
| 3.2 If yes, give full information | |
| | |
| | |
| | |
| 4. If the reporting entity has assumed risk from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? | YES [X] NO [] |
| 5.1 Has this reporting entity guaranteed policies issued by any other entity and now in force? | YES [] NO [X] |
| 5.2 If yes, give full information | |
| | |
| | |
| | |
| 6. Uncompleted building construction loans: | |
| 6.1 Amount already loaned | \$ <u>0</u> |
| 6.2 Balance to be advanced | \$ <u>0</u> |
| 6.3 Total amount to be loaned | \$ <u>0</u> |
| 7.1 Does the reporting entity issue bonds secured by certificates of participation in building construction loans prior to the completion of the buildings? | YES [] NO [X] |
| 7.2 If yes, give total amount of such bonds or certificates of participation issued and outstanding. | \$ <u>0</u> |
| 8. What is the aggregate amount of mortgage loans owned by the reporting entity which consist of co-ordinate interest in first liens? | \$ <u>0</u> |
| 9.1 Reporting entity assets listed on Page 2 include the following segregated assets of the Statutory Premium Reserve or other similar statutory reserves: | |
| 9.11 Bonds | \$ <u>22,600,000</u> |
| 9.12 Short-term investments | \$ <u>0</u> |
| 9.13 Mortgages | \$ <u>0</u> |
| 9.14 Cash | \$ <u>0</u> |
| 9.15 Other admissible invested assets | \$ <u>0</u> |
| 9.16 Total | \$ <u>22,600,000</u> |
| 9.2 List below segregate 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 1D Summary and the "From Separate Accounts, Segregated Accounts and Protected Cell Accounts" line on Page 2 except for escrow funds held by Title insurers). | |
| 9.21 Custodial funds not included in this statement were held pursuant to the governing agreements of custody in the amount of: | \$ <u>4,554,789</u> |
| These funds consist of: | |
| 9.22 In cash on deposit | \$ <u>4,554,789</u> |
| 9.23 Other forms of security | \$ <u>0</u> |

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2007	2 2006	3 2005	4 2004	5 2003
Source of Direct Title Premiums Written (Part 1A)					
1. Direct operations (Part 1A, Line 1, Col. 1)	11,530,727	20,566,807	25,398,218	24,820,414	12,891,221
2. Non-affiliated agency operations (Part 1A, Line 1, Col. 2)	36,182,556	47,852,613	28,134,819	51,245,119	43,375,207
3. Affiliated agency operations (Part 1A, Line 1, Col. 3)	15,844,405	22,549,774	27,635,453	18,631,976	18,280,821
4. Total	63,557,688	90,969,194	81,168,490	94,697,509	74,547,249
Operating Income Summary (Page 4 & Part 1)					
5. Premiums earned (Part 1B, Line 3)	64,329,251	90,438,448	81,035,488	92,547,753	73,102,108
6. Escrow and settlement service charges (Part 1A, Line 2)	1,021,865	2,023,972	2,967,713	3,103,053	1,453,974
7. Title examinations (Part 1C, Line 1)	5,930	33,835		1,010	
8. Searches and abstracts (Part 1C, Line 2)	23,081	5,333	2,612	23,519,834	25,840,817
9. Surveys (Part 1C, Line 3)					
10. Aggregate write-ins for service charges (Part 1C, Line 4)	1,241,629	1,700,539	167,953	4,040,681	5,814,055
11. Aggregate write-ins for other operating income (Page 4, Line 2)					
12. Total operating income (Page 4, Line 3)	66,621,756	94,202,127	84,173,766	123,212,331	106,210,954
Statement of Income (Page 4)					
13. Net operating gain or (loss) (Line 8)	(5,756,604)	3,399,915	3,143,192	9,972,805	4,814,719
14. Net investment gain or (loss) (Line 11)	8,237,091	7,994,260	11,252,916	24,709,235	10,092,593
15. Total other income (Line 12)					
16. Federal and foreign income taxes incurred (Line 14)	(1,130,923)	1,679,481	2,287,944	5,331,354	3,558,079
17. Net income (Line 15)	3,611,410	9,714,694	12,108,164	29,350,686	11,349,233
Balance Sheet (Pages 2 and 3)					
18. Title insurance premiums and fees receivable (Page 2, Line 13, Col. 3)	524,046	1,060,523	993,431	365,893	1,374,767
19. Total admitted assets excluding segregated accounts (Page 2, Line 24, Col. 3)	83,985,606	107,157,480	108,850,718	120,269,207	115,837,389
20. Known claims reserve (Page 3, Line 1)	9,847,553	7,660,070	7,073,174	5,736,033	5,512,241
21. Statutory premium reserve (Page 3, Line 2)	22,542,602	23,222,672	22,585,004	22,388,566	21,343,285
22. Total liabilities (Page 3, Line 21)	37,420,423	40,354,214	45,627,628	46,971,283	51,841,110
23. Capital paid up (Page 3, Lines 23 + 24)	30,250,000	30,250,000	30,250,000	30,250,000	30,250,000
24. Surplus as regards policyholders (Page 3, Line 30)	46,565,183	66,803,268	63,223,090	73,297,924	63,996,280
Cash Flow (Page 5)					
25. Net cash from operations (Line 11)	895,463	9,289,053	10,478,771	19,479,896	16,310,422
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3)					
(Item divided by Page 2, Line 10, Col. 3) x 100.0					
26. Bonds (Line 1)	59.5	52.6	48.4	52.7	50.6
27. Stocks (Lines 2.1 & 2.2)	28.0	35.6	34.2	24.0	30.8
28. Mortgage loans on real estate (Line 3.1 and 3.2)	0.3	0.3	0.1	0.1	0.1
29. Real estate (Lines 4.1, 4.2 & 4.3)				0.4	1.7
30. Cash, cash equivalents and short-term investments (Line 5)	12.1	11.5	14.7	18.6	13.5
31. Contract loans (Line 6)					
32. Other invested assets (Line 7)			2.4	2.9	3.2
33. Receivable for securities (Line 8)		0.1		1.2	
34. Aggregate write-ins for invested assets (Line 9)					
35. Subtotals cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
36. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
37. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
38. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)	14,936,074	15,161,333	14,691,295	16,062,477	33,003,799
39. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 7)					
40. Affiliated mortgage loans on real estate					
41. All other affiliated			2,110,000	2,640,000	3,170,000
42. Total of above Lines 36 to 41	14,936,074	15,161,333	16,801,295	18,702,477	36,173,799
43. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 42 above divided by Page 3, Line 30, Col. 1 x 100.0)	32.0	22.7	26.6	25.5	56.5

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2007	2 2006	3 2005	4 2004	5 2003
Capital and Surplus Accounts (Page 4)					
44. Net unrealized capital gains or (losses) (Line 18)	(20,154,158)	847,870	(2,713,810)	(14,014,618)	11,305,996
45. Change in nonadmitted assets (Line 21)	218,297	1,500,554	(2,410,250)	8,651,536	(2,987,945)
46. Dividends to stockholders (Line 28)	(5,000,000)	(10,000,000)	(20,000,000)	(13,158,355)	(5,200,000)
47. Change in surplus as regards policyholders for the year (Line 31)	(20,238,085)	3,580,178	(10,074,834)	9,301,644	11,357,365
Losses Paid and Incurred (Part 2A)					
48. Net payments (Line 5, Col. 4)	7,239,326	5,038,239	5,328,900	5,931,185	3,978,235
49. Losses and allocated LAE incurred (Line 8, Col. 4)	9,426,809	5,625,135	6,666,041	6,154,978	3,997,848
50. Unallocated LAE incurred (Line 9, Col. 4)	624,410	506,356			
51. Losses and loss adjustment expenses incurred (Line 10, Col. 4)	10,051,219	6,131,491	6,666,041	6,154,978	3,997,848
Operating Expenses to Total Operating Income (Part 3)(%) (Line item divided by Page 4, Line 3 x 100.0)					
52. Personnel costs (Part 3, Line 1.5, Col. 4)	15.1	15.3	19.7	21.6	22.0
53. Amount paid to or retained by title agents (Part 3, Line 2, Col. 4)	65.0	62.5	56.2	47.9	48.9
54. All other operating expenses (Part 3, Lines 24 minus 1.5 minus 2, Col. 4)	13.4	12.1	12.4	17.4	20.8
55. Total (Lines 52 to 54)	93.6	89.9	88.3	86.9	91.7
Operating Percentages (Page 4) (Line item divided by Page 4, Line 3 x 100.0)					
56. Losses and loss adjustment expenses incurred (Line 4)	15.1	6.5	7.9	5.0	3.8
57. Operating expenses incurred (Line 5)	93.6	89.9	88.3	86.9	91.7
58. Aggregate write-ins for other operating deductions (Line 6)					
59. Total operating deductions (Line 7)	108.6	96.4	96.3	91.9	95.5
60. Net operating gain or (loss) (Line 8)	(8.6)	3.6	3.7	8.1	4.5
Other Percentages (Line item divided by Part 1B, Line 1.4 x 100.0)					
61. Losses and loss expenses incurred to net premiums written (Page 4, Line 4)	15.8	6.7	8.2	6.5	5.4
62. Operating expenses incurred to net premiums written (Page 4, Line 5)	97.9	93.0	91.5	113.1	130.5

SCHEDULE D - SUMMARY BY COUNTRY
Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	10,207,250	10,490,350	10,552,395	9,985,000
	2. Canada				
	3. Other Countries				
	4. Totals	10,207,250	10,490,350	10,552,395	9,985,000
States, Territories and Possessions (Direct and guaranteed)	5. United States	18,766,533	18,792,201	19,250,939	18,055,000
	6. Canada				
	7. Other Countries				
	8. Totals	18,766,533	18,792,201	19,250,939	18,055,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	1,277,307	1,258,668	1,367,400	1,200,000
	10. Canada				
	11. Other Countries				
	12. Totals	1,277,307	1,258,668	1,367,400	1,200,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States				
	14. Canada				
	15. Other Countries				
	16. Totals				
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	8,179,524	7,945,395	8,565,434	7,905,000
	22. Canada				
	23. Other Countries				
	24. Totals	8,179,524	7,945,395	8,565,434	7,905,000
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	38,430,614	38,486,614	39,736,168	37,145,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States	3,150,787	3,150,787	2,949,029	
	50. Canada				
	51. Other Countries				
	52. Totals	3,150,787	3,150,787	2,949,029	
Parent, Subsidiaries and Affiliates	53. Totals	14,936,074	14,936,074	3,877,179	
	54. Total Common Stocks	18,086,861	18,086,861	6,826,208	
	55. Total Stocks	18,086,861	18,086,861	6,826,208	
	56. Total Bonds and Stocks	56,517,475	56,573,475	46,562,376	

SCHEDULE D - VERIFICATION BETWEEN YEARS
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	<u>73,088,823</u>	7. Amortization of premium	<u>533,344</u>
2. Cost of bonds and stocks acquired, Column 7, Part 3	<u>143,957,531</u>	8. Foreign Exchange Adjustment:	
3. Accrual of discount	<u>7,996</u>	8.1 Column 15, Part 1	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2 Section 1	
4.1 Columns 12 - 14, Part 1	<u>(15,010)</u>	8.3 Column 16, Part 2, Section 2	
4.2 Column 15 - 17, Part 2, Section 1		8.4 Column 15, Part 4	
4.3 Column 15, Part 2, Section 2	<u>(1,014,021)</u>	9. Book/adjusted carrying value at end of current period	<u>56,517,476</u>
4.4 Column 11 - 13, Part 4	<u>338,807</u>	10. Total valuation allowance	
	<u>(690,224)</u>	11. Subtotal (Lines 9 plus 10)	<u>56,517,476</u>
5. Total gain (loss), Column 19, Part 4	<u>1,911,067</u>	12. Total nonadmitted amounts	
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	<u>161,224,373</u>	13. Statement value of bonds and stocks, current period	<u>56,517,476</u>

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years In Which Policies Were Written	1 Amount of Insurance Written in Millions	Premiums Written and Other Income					Loss and Allocated Loss Adjustment Expenses Payments						
		2 Direct Premium	3 Assumed Premium	4 Other Income	5 Ceded Premium	6 Net	Loss Payments			Allocated LAE Payments			
							7 Direct	8 Assumed	9 Ceded	10 Direct	11 Assumed	12 Ceded	
1. Prior	X X X	2,294,545	20,012	410,528	5,328	2,719,757	147,531				106,569		
2. 1998	8,135	31,466	282	6,815	287	38,276	1,101				577		
3. 1999	9,454	33,110	397	9,043	29	42,521	1,858				1,187		
4. 2000	17,709	39,347	363	9,340	110	48,940	1,353				1,366		
5. 2001	14,557	47,327	325	24,570	16	72,206	787				632		
6. 2002	18,489	60,910	333	28,032	1	89,274	1,161				714		
7. 2003	23,266	74,547	162	33,109	46	107,772	2,484				790		
8. 2004	28,346	94,698	90	30,665	96	125,357	3,011				639		
9. 2005	27,507	81,168	130	3,138	67	84,369	3,326				764		
10. 2006	32,295	90,969	146	3,764	39	94,840	2,187				334		
11. 2007	24,755	63,558	245	2,292	154	65,941	44				7		
12. Totals	X X X	2,911,645	22,485	561,296	6,173	3,489,253	164,843				113,579		

	13 Salvage and Subrogation Received	14 Unallocated Loss Expense Payments	15 Total Net Loss and Expense Paid (Cols. 7+8+10+11-9-12+14)	16 Number of Claims Reported (Direct)	Loss and Allocated Loss Adjustment Expenses Unpaid						23 Unallocated Loss Expense Unpaid	
					Known Claim Reserves			IBNR Reserves				
					17 Direct	18 Assumed	19 Ceded	20 Direct	21 Assumed	22 Ceded		
1. Prior	55,539	209	254,309	27,921	1,347				8,055			1,726
2. 1998	245		1,678	273	30				140			11
3. 1999	147	9	3,054	279	53				274			21
4. 2000	936	9	2,728	234	9				296			18
5. 2001	238	31	1,450	174	115				329			10
6. 2002	188	41	1,916	185	181				493			13
7. 2003	549	101	3,375	210	404				950			213
8. 2004	95	166	3,816	350	1,434				1,221			216
9. 2005	489	271	4,361	359	1,971				1,372			409
10. 2006	90	227	2,748	289	2,756				2,299			777
11. 2007	114	64	115	50	1,548				3,318			380
12. Total	58,630	1,128	279,550	30,324	9,848				18,747			3,794

	24 Total Net Loss and LAE Unpaid (Cols. 17+18+20+21-19-22+23)	25 Number of Claims Outstanding (Direct)	Losses and Allocated Loss Expenses Incurred				Loss and LAE Ratio		32 Net Loss & LAE Per \$1000 Of Coverage For Time Value of Money	33 Discount For Time Value of Money	34 Inter-company Pooling Participation Percentage	35 Net Reserves After Discount (Cols. 24-33)
			26 Direct (Cols. 7+10+17+20)	27 Assumed (Cols. 8+11+18+21)	28 Ceded (Cols. 9+12+19+22)	29 Net	30 Direct Basis ((Cols. 14+23+26/[Cols. 2+4])	31 Net Basis ((Cols. 14+23+29)/Col.6)				
1. Prior	11,128	90	263,502			263,502	0.098	0.098	X X X		11,128	
2. 1998	181	6	1,848			1,848	0.049	0.049	0.229		181	
3. 1999	348	13	3,372			3,372	0.081	0.080	0.360		348	
4. 2000	323	10	3,024			3,024	0.063	0.062	0.172		323	
5. 2001	454	11	1,863			1,863	0.026	0.026	0.131		454	
6. 2002	687	15	2,549			2,549	0.029	0.029	0.141		687	
7. 2003	1,567	35	4,628			4,628	0.046	0.046	0.212		1,567	
8. 2004	2,871	80	6,305			6,305	0.053	0.053	0.236		2,871	
9. 2005	3,752	124	7,433			7,433	0.096	0.096	0.295		3,752	
10. 2006	5,832	163	7,576			7,576	0.091	0.090	0.266		5,832	
11. 2007	5,246	36	4,917			4,917	0.081	0.081	0.217		5,246	
12. Total	32,389	583	307,017			307,017	X X X	X X X	X X X		X X X	32,389

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN
Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed ? (Yes or No)	2 Premium Rate (b)	Direct Premiums Written			6 Other Income	7 Direct Premiums Earned	8 Direct Losses Paid	9 Direct Losses Incurred	10 Direct Losses Unpaid	
			3 Direct Operations	Agency Operations							
				4 Non-affiliated Agencies	5 Affiliated Agencies						
1. Alabama	AL	YES R	4,147	1,074,885		2,980	1,040,285	6,394	101,673	95,279	
2. Alaska	AK	YES AI	989			174	1,014				
3. Arizona	AZ	YES AI	24,734	128,529	15,844,405	96,272	15,899,311	743,050	588,071	135,150	
4. Arkansas	AR	YES R	750	72,666		580	78,009				
5. California	CA	YES AI	11,300,301	76		2,160,477	11,736,184	3,854,550	4,966,456	5,865,050	
6. Colorado	CO	YES AI	7,258	1,026,904		430	1,058,061	(34,495)	(48,364)	10,931	
7. Connecticut	CT	YES R	659				979		1,475	5,033	
8. Delaware	DE	YES R	362				1,459				
9. Dist. Columbia	DC	NO					11,926				
10. Florida	FL	YES R	59,799			2,936	84,793	19	(574)		
11. Georgia	GA	YES R	4,547	6,032,149			5,814,585	185,260	281,394	114,701	
12. Hawaii	HI	YES AI					292	8,774	3,871	19,374	
13. Idaho	ID	YES AI	1,721			750	4,321	52,456	339,922	292,900	
14. Illinois	IL	YES R	9,243	1,835,223		410	1,933,261	144,030	207,663	98,376	
15. Indiana	IN	YES R	1,255	41,087		4,345	82,286	182	7,471	20,289	
16. Iowa	IA	NO	3,900				3,577				
17. Kansas	KS	YES O	429	179,165			173,953	1,078	1,562	5,330	
18. Kentucky	KY	YES R	2,400	35,516		3,056	43,362				
19. Louisiana	LA	YES R	939			775	8,367	888	8,188	24,894	
20. Maine	ME	YES R					22				
21. Maryland	MD	NO					2,811	18,361	113,051	116,189	
22. Massachusetts	MA	YES R					5,579	14,017	(37,745)	8,617	
23. Michigan	MI	YES AI	3,143	5,204,705		54	5,454,730	987,696	1,109,741	964,924	
24. Minnesota	MN	NO					141				
25. Mississippi	MS	YES R		52,619			51,696				
26. Missouri	MO	YES R	750	594,271		800	605,473	361,596	534,372	508,330	
27. Montana	MT	YES AI	1,282			410	2,096	17,222	(5,264)	29,931	
28. Nebraska	NE	YES AI	601	377,334			368,097				
29. Nevada	NV	YES AI	13,952			625	55,263				
30. New Hampshire	NH	YES R					34				
31. New Jersey	NJ	YES R	9,986			270	13,742	68,695	200,431	441,647	
32. New Mexico	NM	YES AI		54,921		115	53,942				
33. New York	NY	NO					15,824				
34. No. Carolina	NC	YES R	1,295	30,232		2,045	172,426	51,949	(73,657)	27,238	
35. No. Dakota	ND	NO					3				
36. Ohio	OH	YES R	3,690	2,970,291			3,008,902	157,660	435,760	430,656	
37. Oklahoma	OK	YES R		256,272			250,784	7,838	7,838		
38. Oregon	OR	NO					179	83,980	24,382	44,975	
39. Pennsylvania	PA	YES O	2,574				3,507		20,228	20,228	
40. Rhode Island	RI	NO					19				
41. So. Carolina	SC	YES O	5,062			3,540	5,045				
42. So. Dakota	SD	YES AI		828,139			835,851		(390)		
43. Tennessee	TN	YES AI	1,254	2,382,441			2,321,949	93,937	152,012	147,693	
44. Texas	TX	YES AI	413	5,221,026		410	5,368,189	123,412	99,501	38,165	
45. Utah	UT	YES AI	22,140	2,871,506		2,496	2,880,154	9,816	47,685	132,002	
46. Vermont	VT	YES R	187				184				
47. Virginia	VA	YES R	18,636	208,671		6,199	229,880				
48. Washington	WA	YES AI	21,279	323,165		1,881	338,827	148,777	150,852	51,892	
49. West Virginia	WV	YES R	(300)			(300)	(224)				
50. Wisconsin	WI	YES AI	1,350	4,380,763		775	4,307,996	131,856	185,846	186,298	
51. Wyoming	WY	NO					1				
52. American Samoa	AS	NO									
53. Guam	GU	NO									
54. Puerto Rico	PR	NO									
55. U.S. Virgin Islands	VI	NO						330	3,358	11,461	
56. Northern Mariana Islands	MP	NO									
57. Canada	CN	NO									
58. Aggregate Other Alien	OT	X X X	X X X				88				
59. Totals	(a)	42	X X X	11,530,727	36,182,556	15,844,405	2,292,505	64,329,235	7,239,328	9,426,809	9,847,553

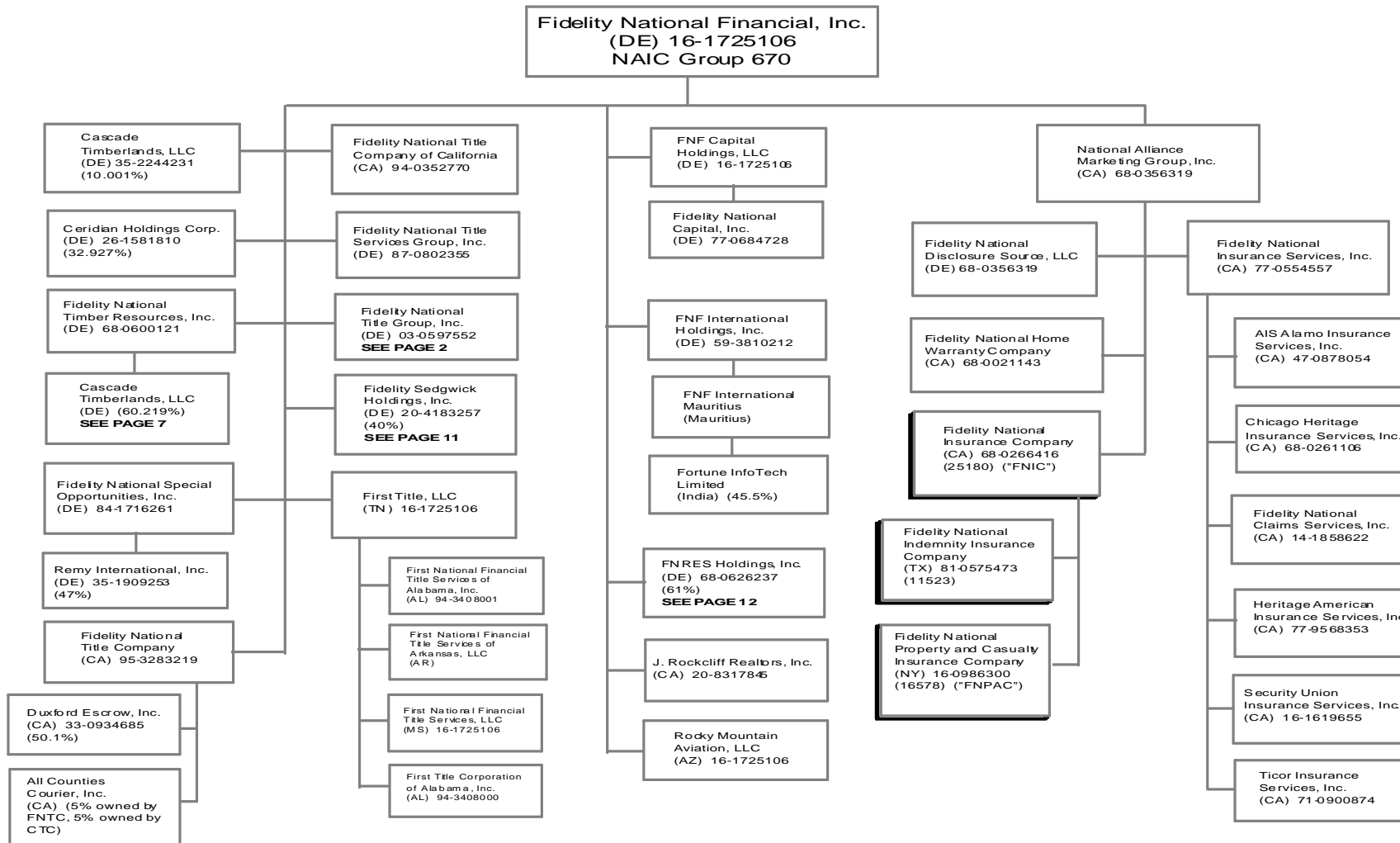
DETAILS OF WRITE-INS											
5801. Bahamas		X X X						47			
5802. Mexico		X X X						41			
5803.		X X X									
5898. Summary of remaining write-ins for Line 58 from overflow page		X X X	X X X								
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)		X X X	X X X					88			

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

(b) Insert "AI" if gross all-inclusive rate; "R" if gross risk rate; "O" if other and indicate rate type utilized:

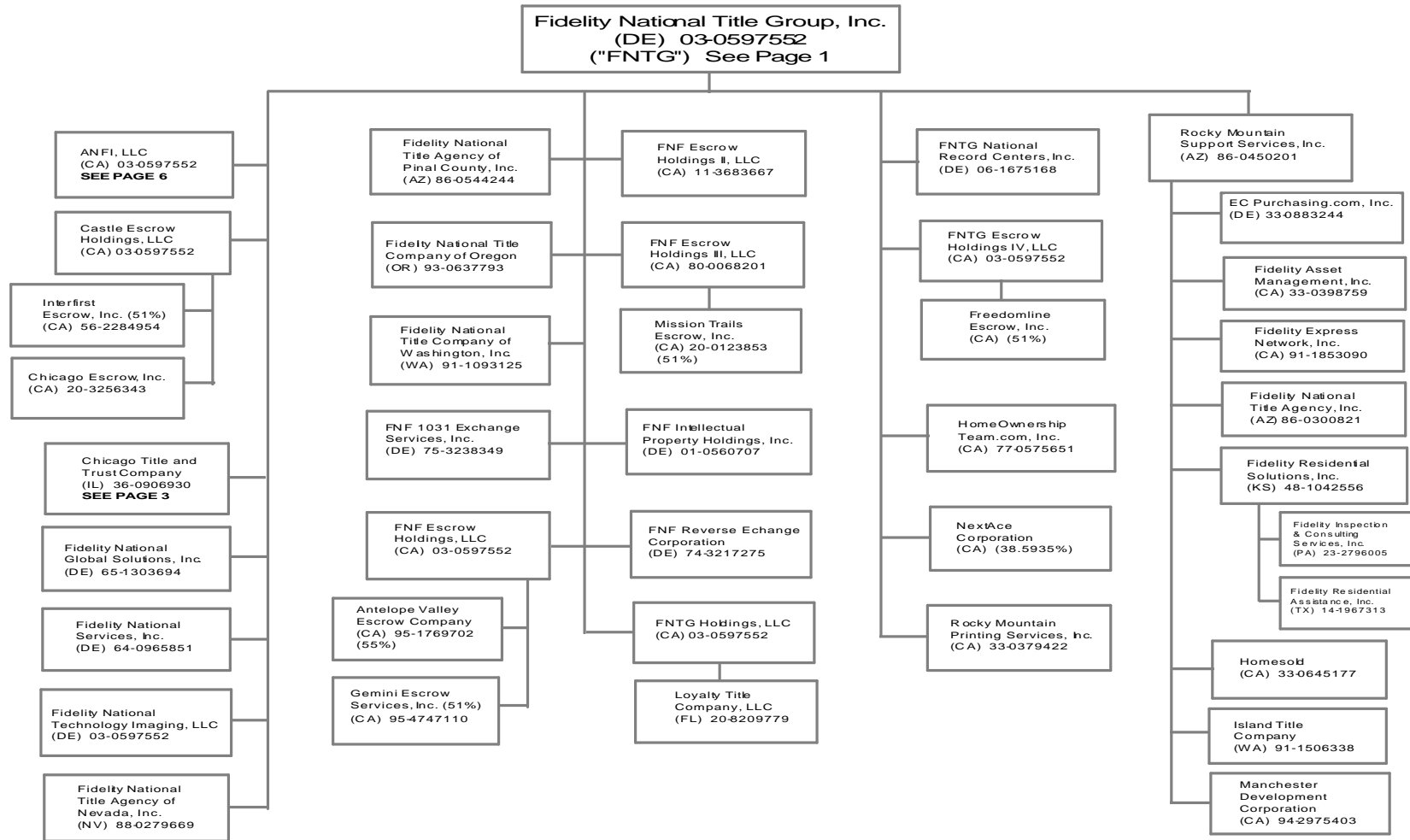
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

Page 1



Unless otherwise noted, all ownership is 100%.

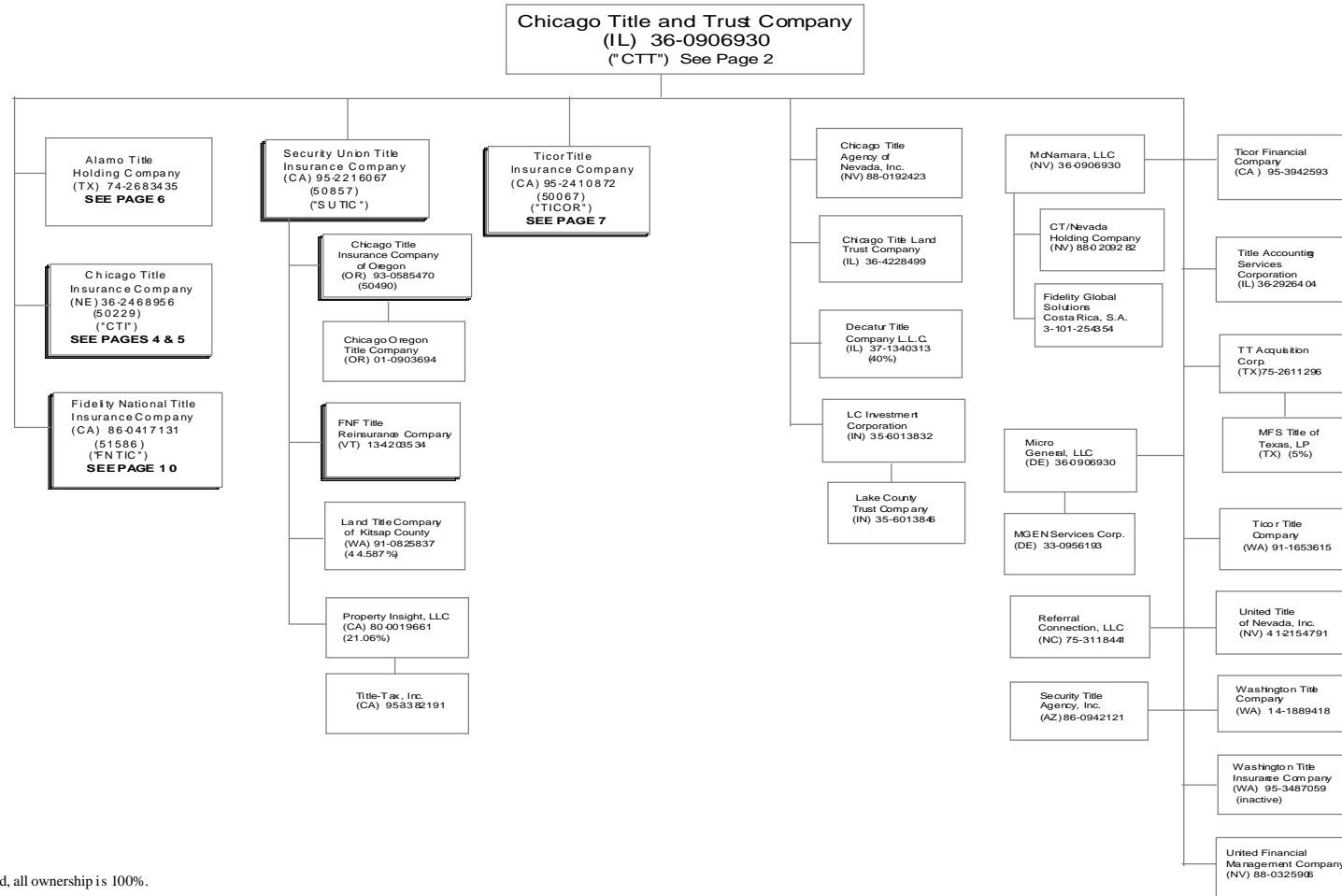
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



Unless otherwise noted, all ownership is 100%.

531

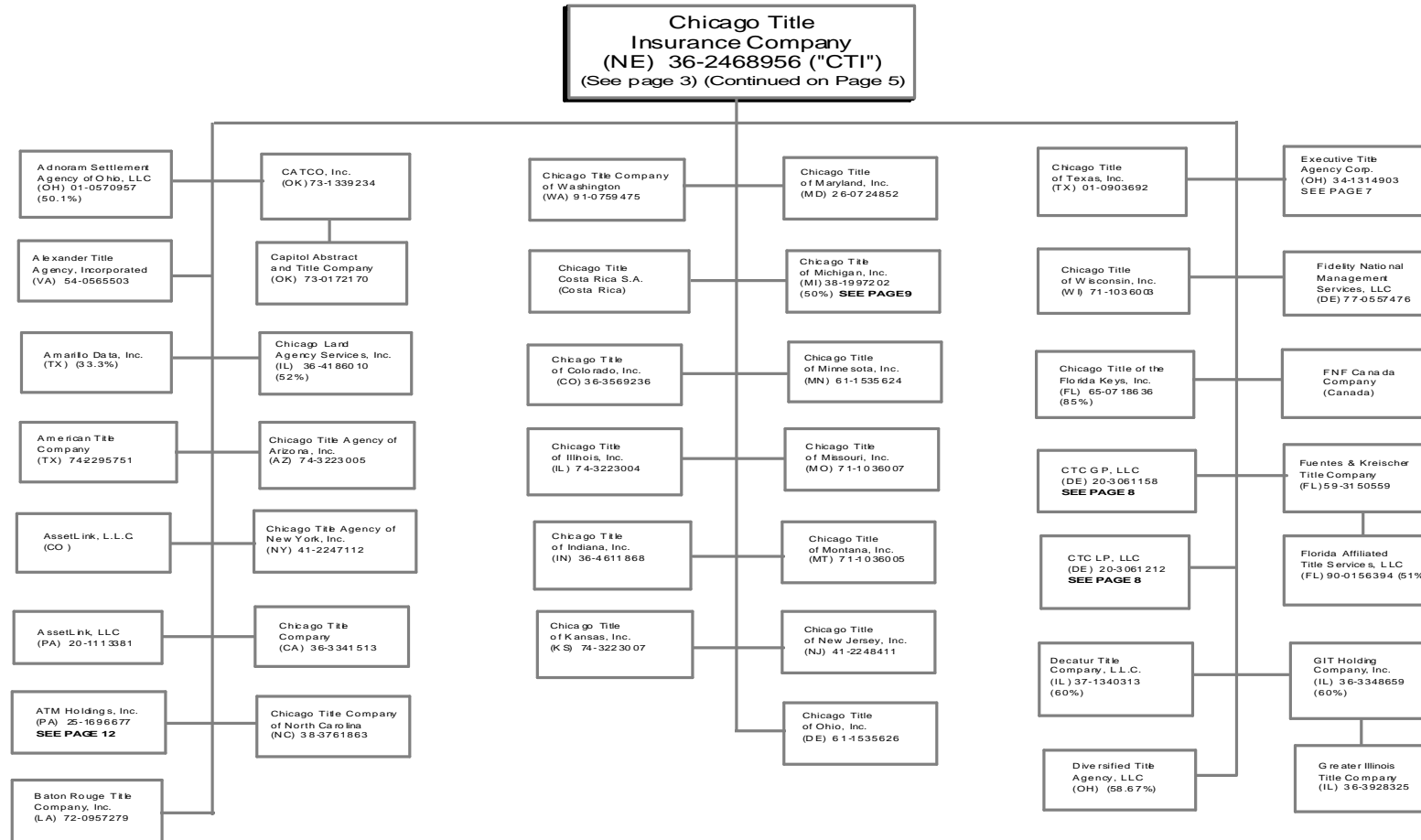
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



Unless otherwise noted, all ownership is 100%.

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

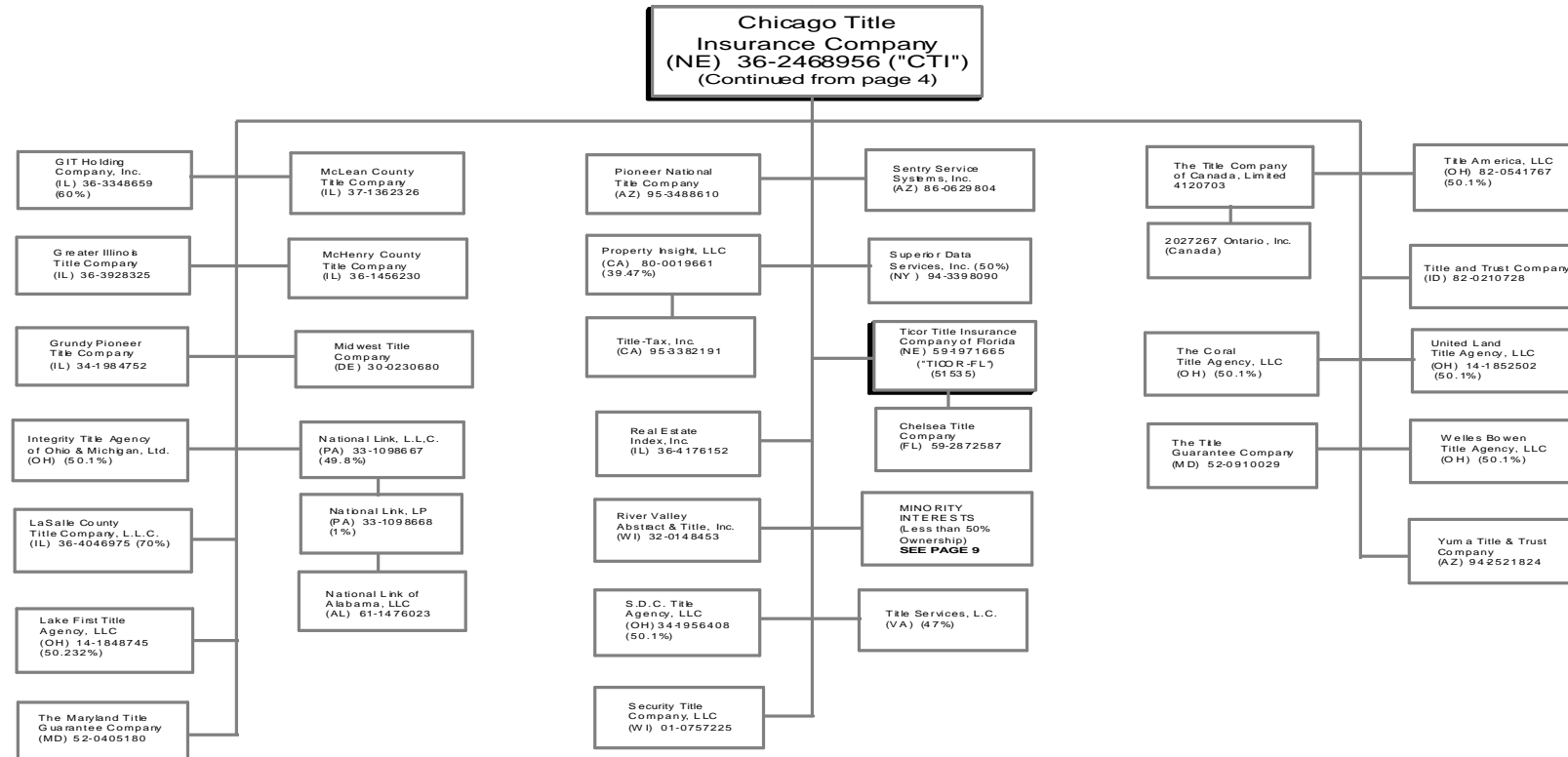
Page 4



Unless otherwise noted, all ownership is 100%.

5
3
3

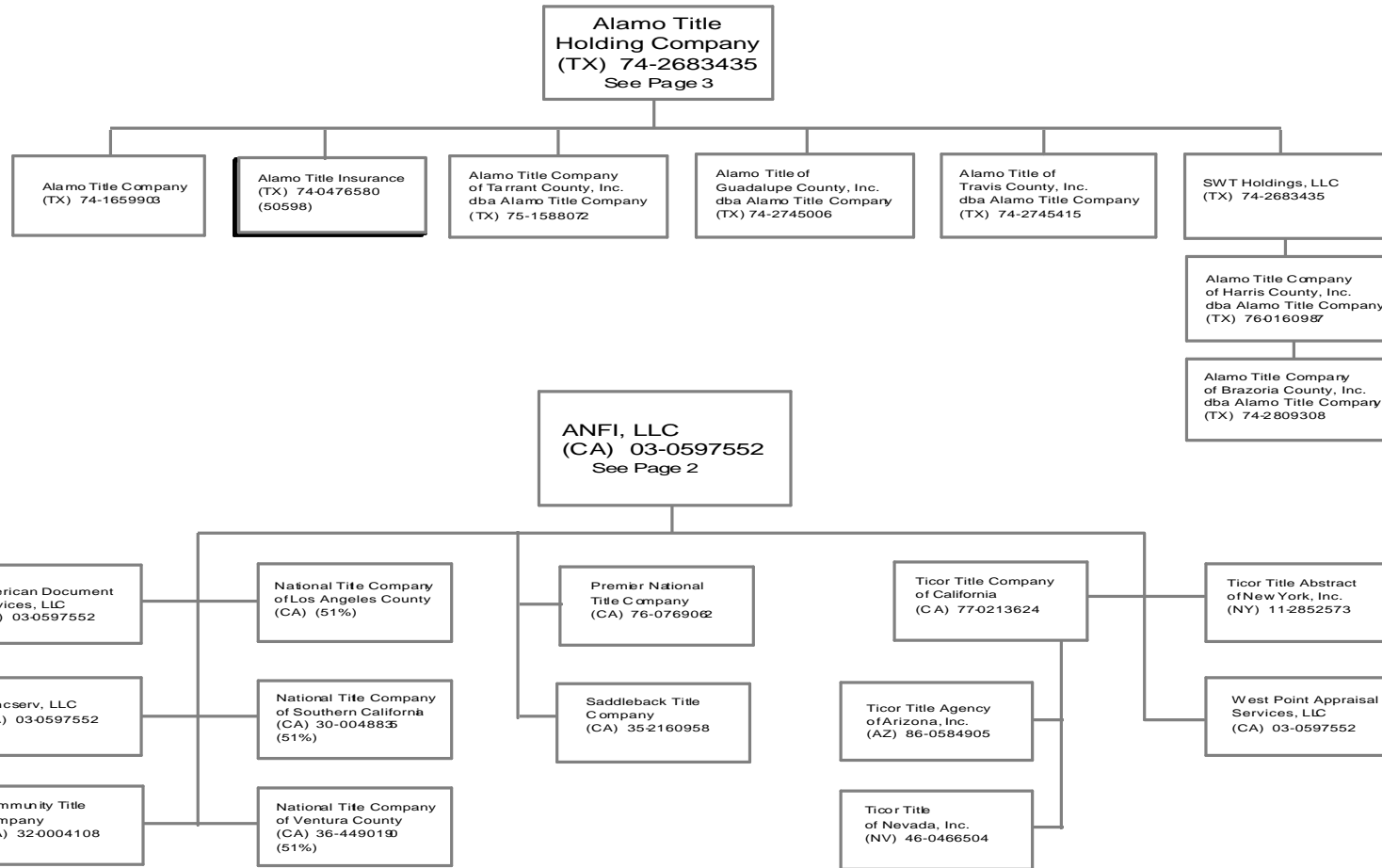
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



53-4

Unless otherwise noted, all ownership is 100%.

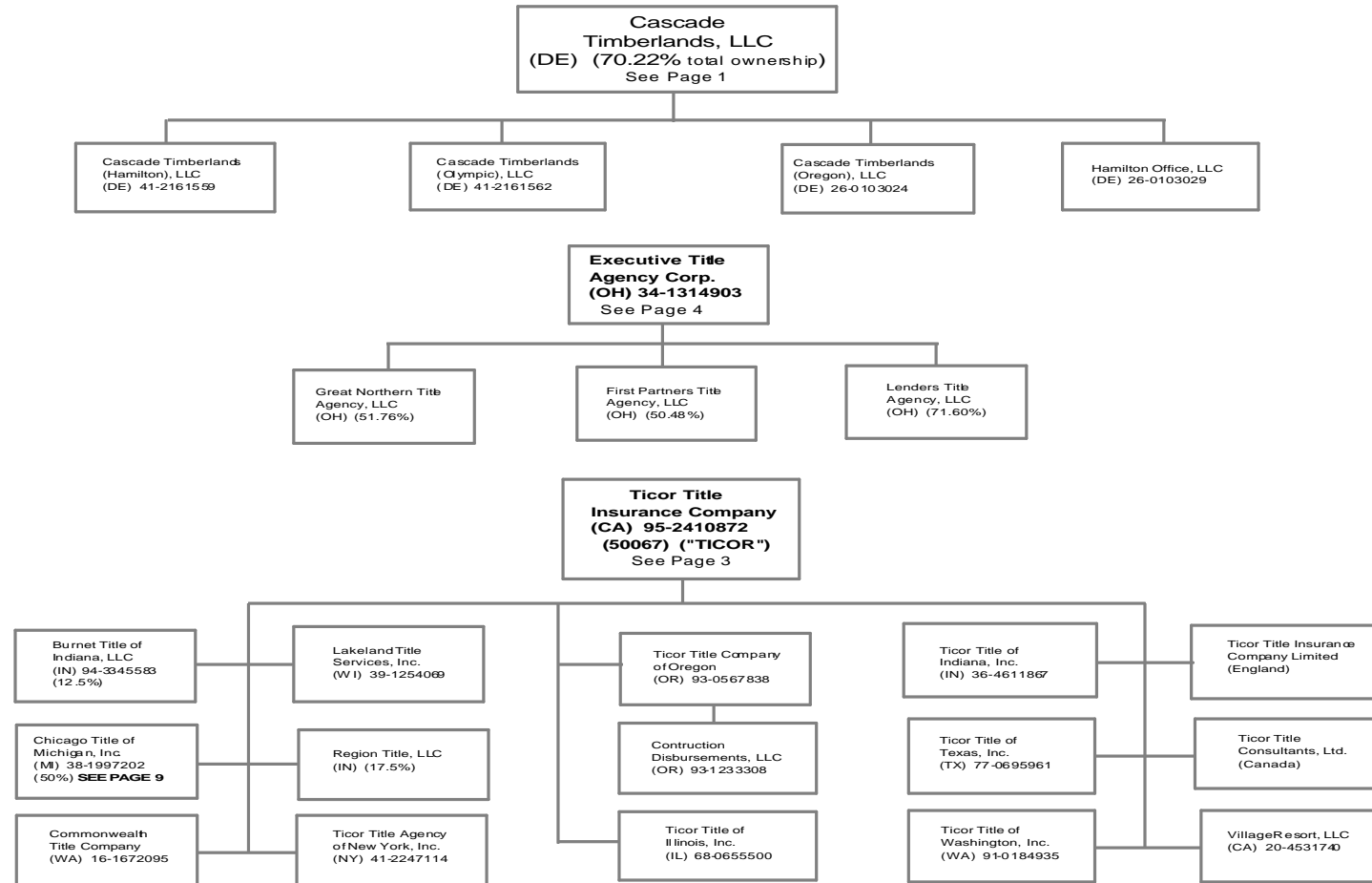
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



Unless otherwise noted, all ownership is 100%

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

Page 7

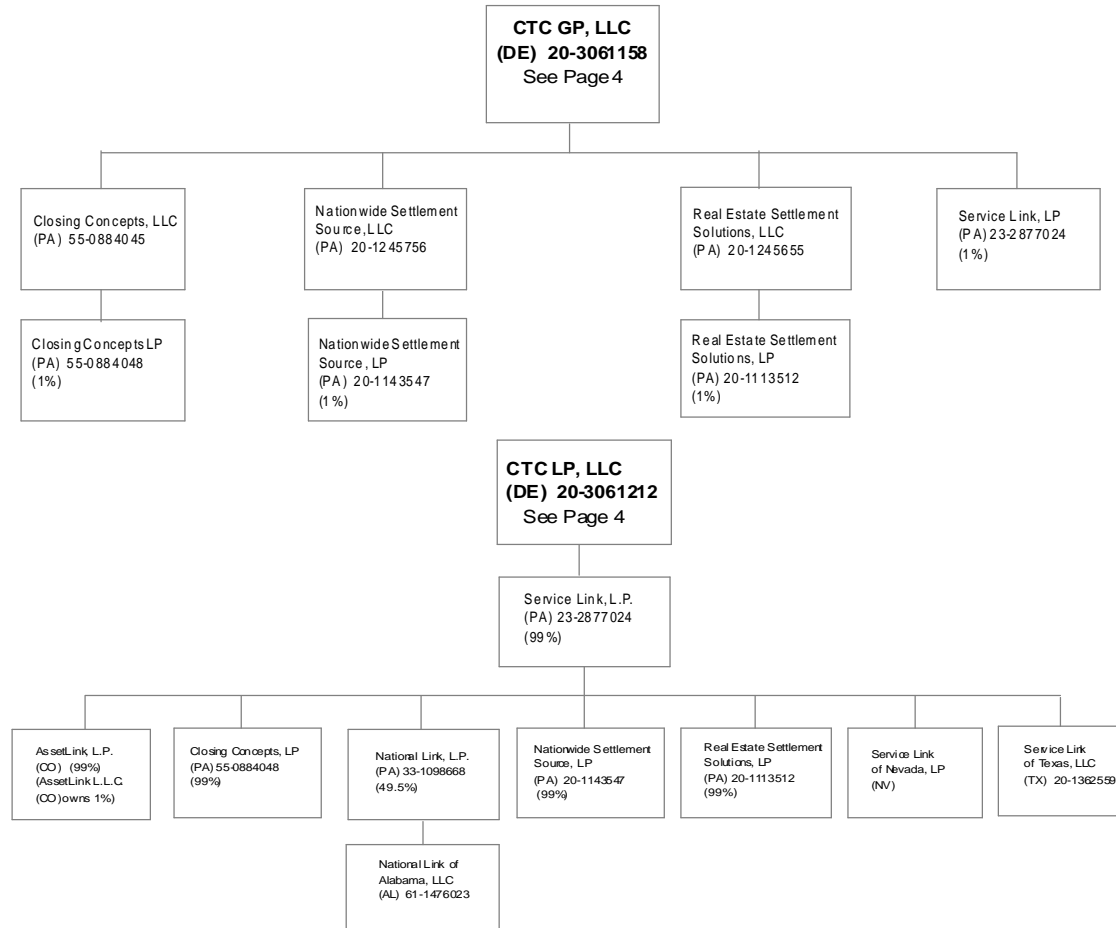


Unless otherwise noted, all ownership is 100%

539

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

Page 8

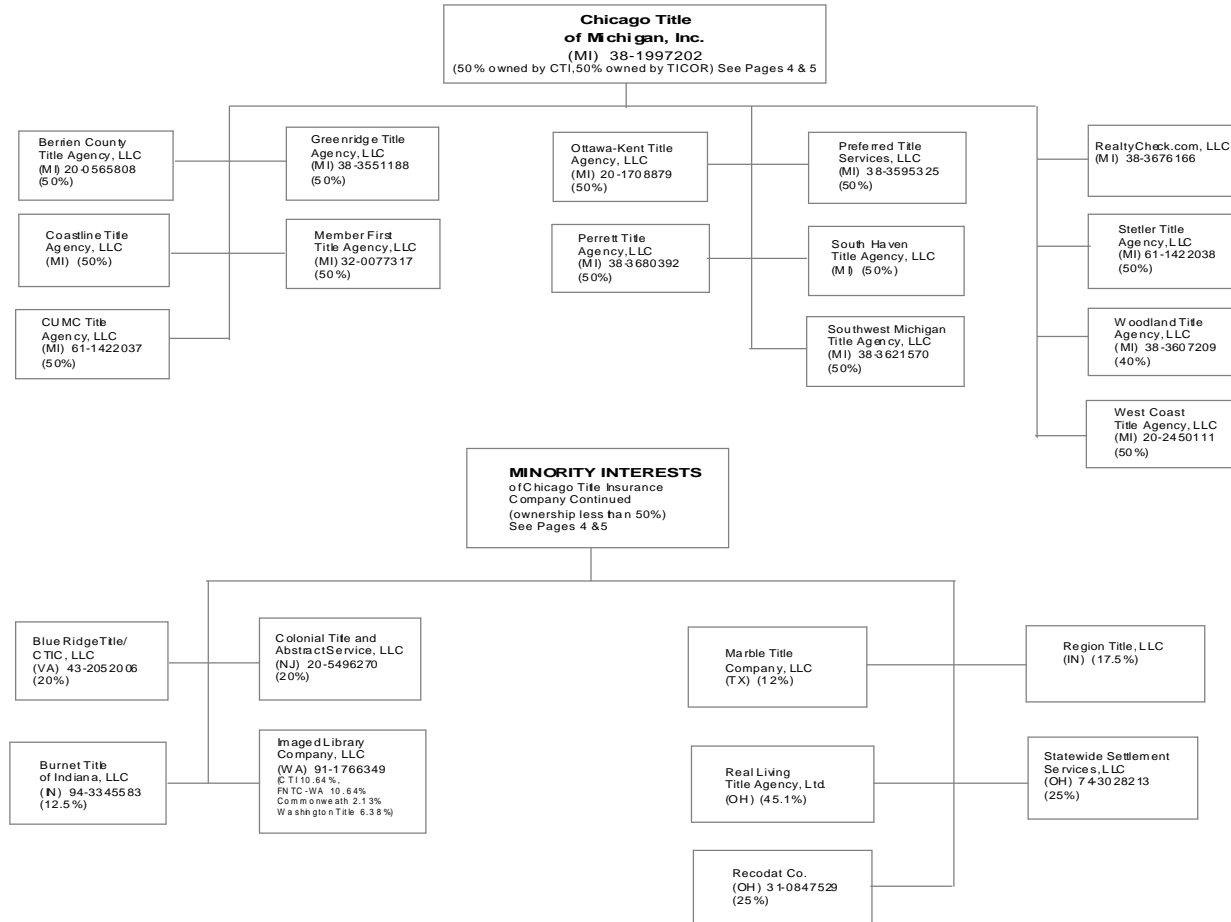


Unless otherwise noted, all ownership is 100%.

53 - 7

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

Page 9

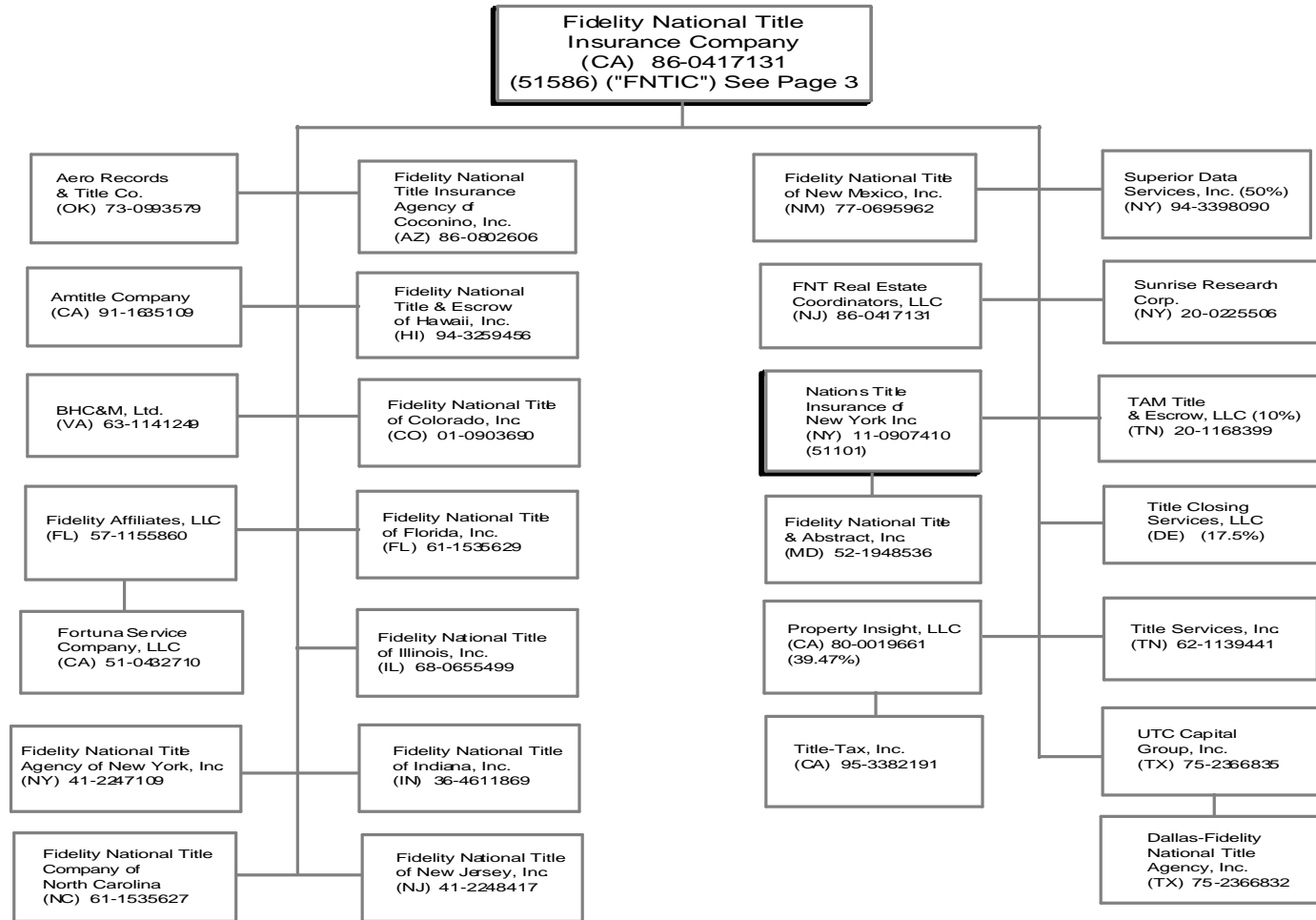


Unless otherwise noted, all ownership is 100%.

5
3
8

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

Page 10

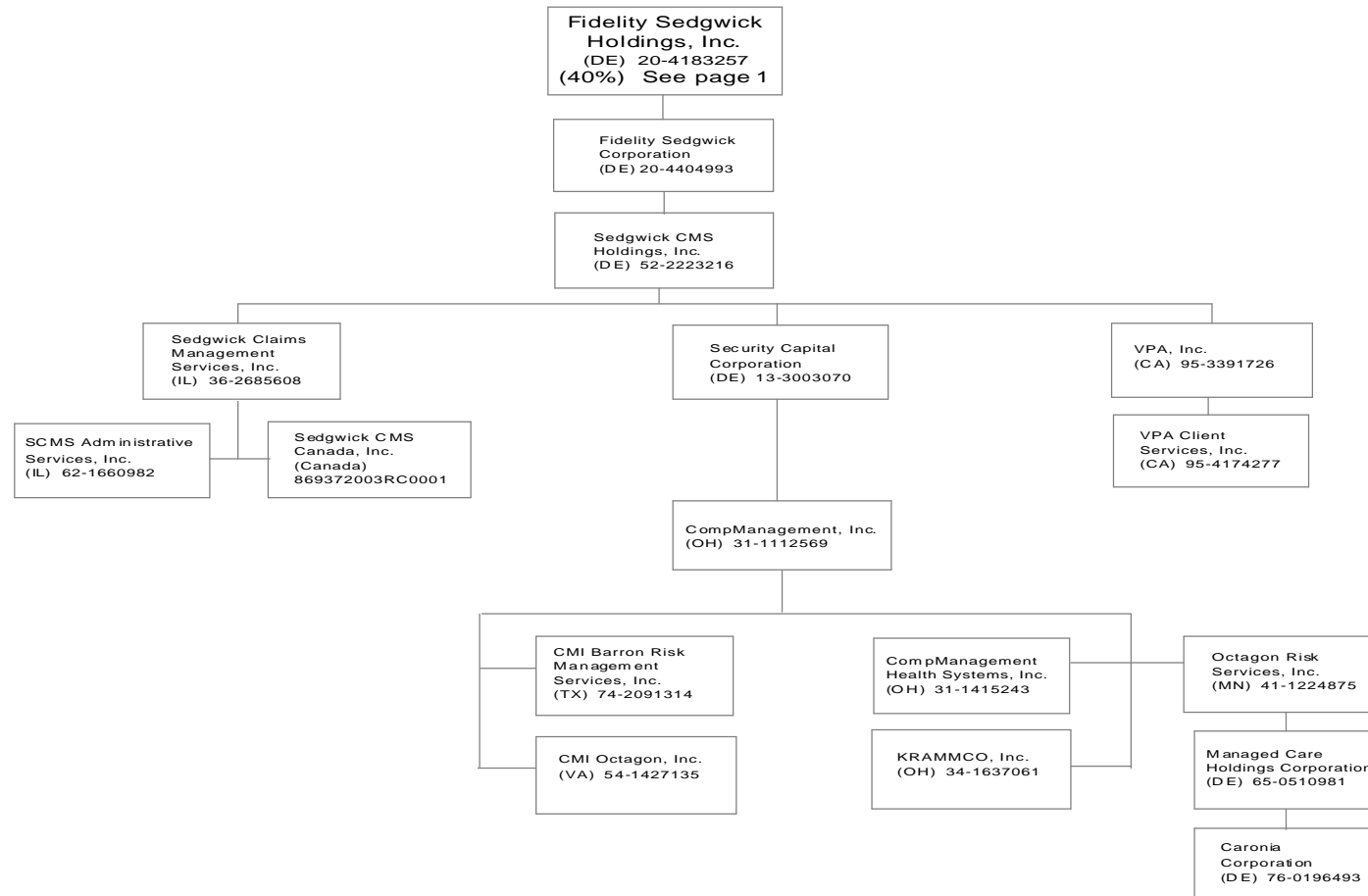


Unless otherwise noted, all ownership is 100%.

539

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

Page 11

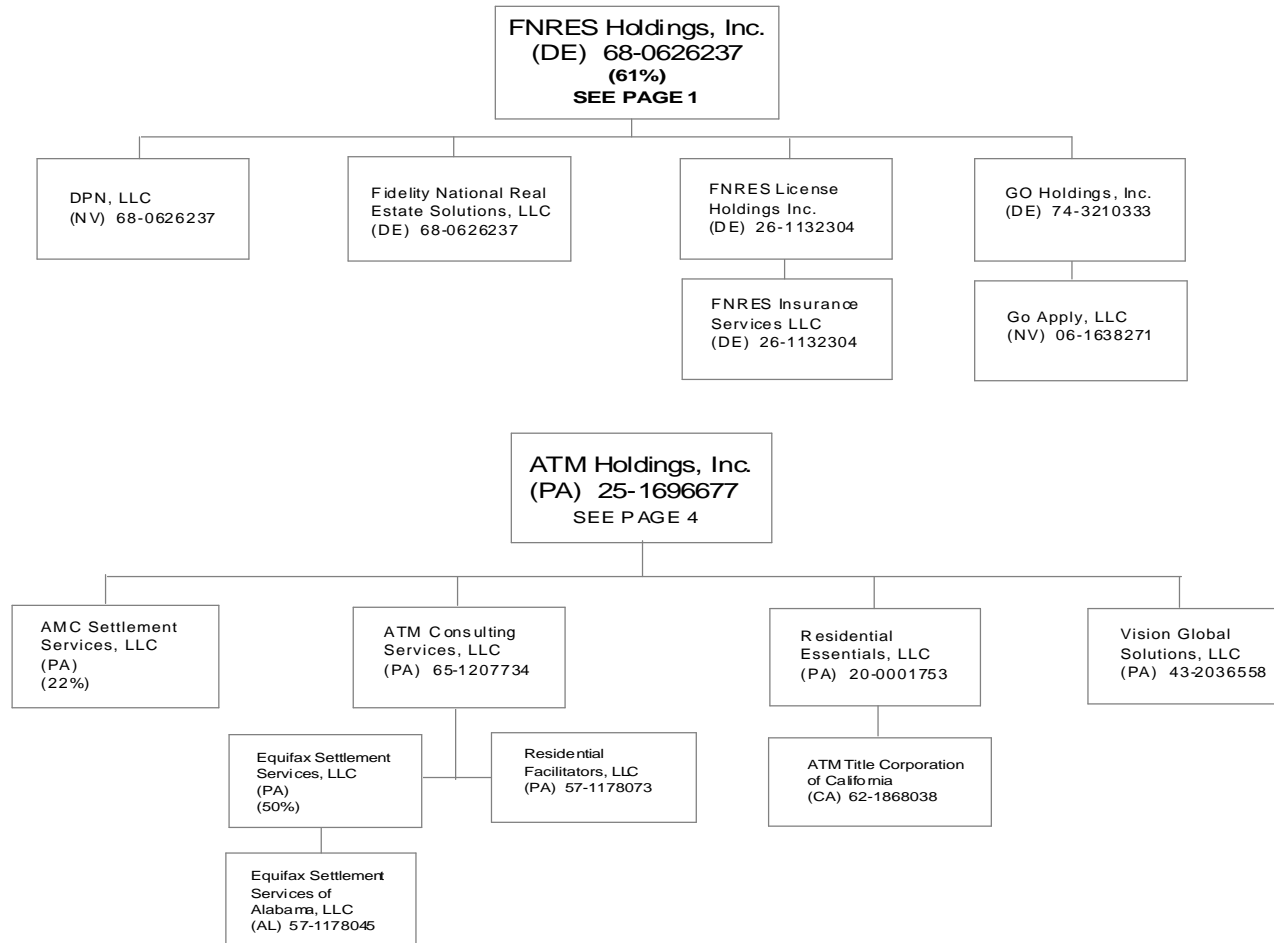


53 - 10

Unless otherwise noted, all ownership is 100%.

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

Page 12



53-111

Unless otherwise noted, all ownership is 100%.

OVERFLOW PAGE FOR WRITE-INS

ALPHABETICAL INDEX TO TITLE ANNUAL STATEMENT

Assets	2	Schedule DB - Part B - Verification Between Years	28
Cash Flow	5	Schedule DB - Part C - Section 1	E19
Exhibit of Capital Gains (Losses)	11	Schedule DB - Part C - Section 2	E19
Exhibit of Net Investment Income	11	Schedule DB - Part C - Section 3	E20
Exhibit of Nonadmitted Assets	12	Schedule DB - Part C - Verification Between Years	29
Five-Year Historical Data	17	Schedule DB - Part D - Section 1	E20
General Interrogatories	15	Schedule DB - Part D - Section 2	E21
Jurat Page	1	Schedule DB - Part D - Section 3	E21
Liabilities, Surplus and Other Funds	3	Schedule DB - Part D - Verification Between Years	29
Notes to Financial Statements	13	Schedule DB - Part E - Section 1	E22
Operations and Investment Exhibit (Statement of Income)	4	Schedule DB - Part E - Verification	29
Operations and Investment Exhibit Part 1A	6	Schedule DB - Part F - Section 1	30
Operations and Investment Exhibit Part 1B	6	Schedule DB - Part F - Section 2	31
Operations and Investment Exhibit Part 1C	6	Schedule E - Part 1 - Cash	E23
Operations and Investment Exhibit Part 2A	7	Schedule E - Part 1A - Segreg. Funds Held For Others as Non-Int. Earning Cash Dep.	32
Operations and Investment Exhibit Part 2B	8	Schedule E - Part 1B - Segreg. Funds Held For Others as Int. Earning Cash Dep.	33
Operations and Investment Exhibit Part 3	9	Schedule E - Part 1C - Reinsurance Reserve Funds	34
Operations and Investment Exhibit Part 4	10	Schedule E - Part 1D - Summary	35
Overflow Page For Write-ins	56	Schedule E - Part 1E - Summary of Interest Earned	35
Schedule A - Part 1	E01	Schedule E - Part 1F - Funds on Deposit - Interrogatories	36
Schedule A - Part 2	E02	Schedule E - Part 2 - Cash Equivalents	E24
Schedule A - Part 3	E03	Schedule E - Part 3 - Special Deposits	E25
Schedule A - Verification Between Years	19	Schedule F - Part 1	37
Schedule B - Part 1	E04	Schedule F - Part 2	38
Schedule B - Part 2	E05	Schedule F - Part 3	39
Schedule B - Verification Between Years	19	Schedule H - Part 1	40
Schedule BA - Part 1	E06	Schedule H - Part 2	41
Schedule BA - Part 2	E07	Schedule H - Part 3	42
Schedule BA - Verification Between Years	19	Schedule H - Part 4	43
Schedule D - Part 1	E08	Schedule H - Verification Between Years	42
Schedule D - Part 1A - Section 1	21	Schedule P - Interrogatories	51
Schedule D - Part 1A - Section 2	24	Schedule P - Part 1 - Summary	44
Schedule D - Part 2 - Section 1	E09	Schedule P - Part 1A - Policies Written Directly	45
Schedule D - Part 2 - Section 2	E10	Schedule P - Part 1B - Policies Written Through Agents	46
Schedule D - Part 3	E11	Schedule P - Part 2 - Policy Year Incurred Loss and ALAE	47
Schedule D - Part 4	E12	Schedule P - Part 2A - Policy Year Paid Loss and ALAE	47
Schedule D - Part 5	E13	Schedule P - Part 2B - Policy Year Loss and ALAE Case Basis Reserves	48
Schedule D - Part 6 - Section 1	E14	Schedule P - Part 2C - Policy Year Bulk Reserves on Known Claims	48
Schedule D - Part 6 - Section 2	E14	Schedule P - Part 2D - Policy Year IBNR Reserves	49
Schedule D - Summary By Country	20	Schedule P - Part 3 - Incurred Loss and ALAE by Year of First Report	50
Schedule D - Verification Between Years	20	Schedule P - Part 3A - Paid Loss and ALAE by Year of First Report	50
Schedule DA - Part 1	E15	Schedule P - Part 3B - Loss and ALAE Case Basis Reserves by Yr. of First Report	50
Schedule DA - Part 2 - Verification Between Years	27	Schedule P - Part 3C - Bulk Reserves on Known Claims by Yr. of First Report	50
Schedule DB - Part A - Section 1	E16	Schedule T - Exhibit of Premiums Written	52
Schedule DB - Part A - Section 2	E16	Schedule Y - Info. Concerning Activities of Insurer Mbrs. of a Holding Co. Group	53
Schedule DB - Part A - Section 3	E17	Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates	54
Schedule DB - Part A - Verification Between Years	28	Summary Investment Schedule	14
Schedule DB - Part B - Section 1	E17	Supplemental Exhibits and Schedules Interrogatories	55
Schedule DB - Part B - Section 2	E18		
Schedule DB - Part B - Section 3	E18		