

IN THE CIRCUIT COURT OF THE  
SECOND JUDICIAL CIRCUIT IN AND  
FOR LEON COUNTY, FLORIDA

**COPY**

State of Florida, ex rel., the  
Department of Financial Services of  
The State of Florida,  
Relator,  
v.

CASE NO.: 2009-CA-2577

National Title Insurance Company,  
A Florida Corporation,  
Respondent.

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**RECEIVER'S STATUS REPORT AND MOTION FOR APPROVAL OF  
REHABILITATION PLAN**

CLERK OF COURT  
LEON COUNTY, FLORIDA

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FILED

Now Comes the Florida Department of Financial Services, as Receiver of National Title Insurance Company (hereinafter "National Title"), by and through undersigned counsel, respectfully submits its Status Report and moves this honorable Court for an Order Approving the Receiver's Status Report and Motion for Approval of Rehabilitation Plan as set forth herein and, as good cause therefore, would show this Court:

**I. BACKGROUND ON TITLE INSURANCE**

1. Title is the foundation of ownership of property. Those who purchase real property also obtain title to the land. The title is the buyer's legal right to possess the property and use it within the restrictions imposed by zoning codes or other established limitations.

2. Title insurance protects the buyer (insured) against loss or damage due to defects in the title. Title insurance also provides coverage for errors or omissions made

during a title search and examination as well as hidden defects in the title prior to issuance of the title insurance policy.

3. There are different types of title insurance policies. An owner's policy protects the interests of the person purchasing the property. A lender's policy protects the interests of the lender that issues the loan to the buyer.

4. Florida Statutes Section 627.7711(3) defines a title insurer as, "Any domestic company organized and authorized to do business under the provisions of chapter 624, for the purposes of issuing title insurance, or any insurer organized under the laws of another state, the District of Columbia, or a foreign country and holding a certificate of authority to transact business in this state, for the purposes of issuing title insurance."

5. Unlike with other types of insurance products, there is no Guaranty Association that protects consumers if a title insurer is placed into Liquidation. Section 631.52, Florida Statutes (2009), sets forth the scope of coverage for which the Florida Insurance Guaranty Association Act is applicable. The provision, in pertinent part, is set forth as follows:

**631.52 Scope.** - This part shall apply to all kinds of direct insurance,  
except:  
(12) Title Insurance

As a result, The Florida Insurance Guaranty Association Act is not applicable to National Title or the line of business associated with the company. However, as a condition of doing business in the State of Florida and under Section 627.7865, Florida Statutes, title insurers can be assessed to pay all unpaid title insurance claims on real property for any title insurer which is liquidated with unpaid outstanding claims.

6. The policy period or length of time a title insurance policy lasts can vary. An owner's policy has no expiration date as long as the premium is paid in full on the policy's effective or binder date. Even if the owner sells the property and the new owner makes a claim against the original owner for not having a clear title, the original owner can still use the title policy issued to him by the company as a defense against the new owner's claim. A lender's policy provides coverage only until the loan is paid in full.

## II. **NATIONAL TITLE INSURANCE COMPANY**

7. National Title is a corporation that has been authorized pursuant to the Florida Insurance Code to transact business in the state of Florida as a title insurer since July 31, 1936. National Title's principal place of business is located at 151 SW 27<sup>th</sup> Avenue, Miami, FL 33135.

8. National Title stopped writing new insurance policies on or about May 13, 2009; however, there continue to be policies issued for closings which occurred prior to May 13, 2009. This number continues to decrease each month.

9. On June 30, 2009, National Title consented to the appointment of the Florida Department of Financial Services as Receiver for the purposes of rehabilitation pursuant to Section 631.051(11), Florida Statutes. The company also consented to entry of an order of liquidation if subsequently determined necessary by the Receiver. A copy of the Consent Order and Resolution of the Board of Directors of National Title Insurance Company is attached as Exhibit "A"

10. On July 6, 2009, the Second Judicial Circuit Court in and for Leon County, Florida (the "Court") appointed the Florida Department of Financial Services as

Receiver of National Title Insurance Company for the purposes of rehabilitation. A copy of the July 6, 2009, Rehabilitation Order is attached as Exhibit "B"

11. Pursuant to Florida Statutes and as provided for in the Rehabilitation Order, the Receiver is conducting the business of National Title and taking all steps, as the Court may direct, toward the removal of the causes and conditions which have made the rehabilitation necessary and taking such further action, as the Receiver deems necessary or appropriate, to reform and revitalize National Title.

**(A). FINANCIAL CONDITION**

12. National Title continues to be financially impaired in that its surplus remains under the required minimum \$1,500,000.00 mandated by Florida Statutes. A copy of National Title's most current financial statement dated June 30, 2009 is incorporated herein as Exhibit "C ".

13. Since the initiation of these receivership proceedings, the Receiver has made substantial efforts to reduce expenses in the estate while maintaining the ability to maximize value to claimants. As part of those efforts, the Receiver has taken several steps to reduce necessary cost associated with the estate including, but not limited to:

- a) Cancellation of unnecessary contracts;
- b) Reduction of telephone services and lines;
- c) Reduction of software licenses;
- d) Sale of company cars;
- e) Sale of title plant which resulted in a decrease in payroll and a decrease in the number of employees and other monthly expenditures.

14. The Receiver has recovered the statutorily required deposit held by South Carolina. Deposits remain outstanding in other states:

<u>STATE</u>	<u>DEPOSIT AMOUNT</u>
Georgia	\$25,000
Alabama	\$50,000
Louisiana	\$20,000
Florida	\$100,000

(B). **COST REDUCTION EFFORTS**

15. As the business of National Title continues to wind down, fewer resources will be needed to conduct the company's operations. The Receiver accepted a bid from JGS Properties, Inc. (hereinafter "JGS") to purchase the Title Plant. This Court entered an Order on September 8, 2009 approving the sale effective September 14, 2009, a copy of which is attached hereto as Exhibit "D". Pursuant to the sales agreement, JGS has offered staff positions to most of National Title's employees, assumed the lease for office space, and acquired National Title's furniture and equipment. The sale of these assets resulted in a further reduction of National Title's liabilities.

(C). **CLAIMS**

16. As of the Rehabilitation date, National Title had six (6) existing claims in litigation and an additional thirty-eight (38) open claims. Since that time, the Receiver has been able to reduce the number of open claims to fifteen (15). The Receiver continues to settle claims in an effort to resolve and reduce National Title's outstanding claims liability.

(D). **LEGAL ACTIONS**

17. Claim litigation in which National Title is named as a defendant was stayed pursuant to the Rehabilitation Order. However, claims which specifically name

an insured as a defendant are still being litigated; the Receiver continues to evaluate these lawsuits for future resolutions.

(E). **ASSET RECOVERY**

18. The Receiver proposes as part of the Rehabilitation Plan to continue efforts to collect assets of National Title, so as to enhance the company's financial condition and therefore potential attractiveness to a prospective purchaser.

19. Asset recovery efforts include the collection of amounts the Receiver believes are due to the company from agents, past due invoices, as well as accounts receivable for services performed prior to and during the Rehabilitation Order. Furthermore, the Receiver plans to sell ten (10) acres of land owned by National Title in Homestead, FL, which as of August 2009 has been appraised at over \$400,000.

III. **PLAN OF REHABILITATION**

20. There is no guaranty fund coverage in Florida for claims involving title insurance coverage. Consequently, due to the type of policies written by the company and current financial condition of National Title the Receiver believes that a formal liquidation of the company would result in significant delays in any claims distributions to the claimants of the company.

21. Due to the lengthy policy period of a title insurance policy, all title policies issued by National Title potentially could be considered "active" and the possibility of a claim or liability arising under an owner's policy could be infinite.

22. In order to address the aforementioned issues and prevent the waste of assets of the insurer, the Receiver recommends that the following plan of rehabilitation

be authorized by this Court pursuant to the Rehabilitation Order, as well as Chapter 631, Florida Statutes (2009), in furtherance of maximizing value to the claimants and the public:

- a) The Receiver will continue to analyze the financial condition of National Title and report to the court as needed.
- b) All title insurance policies issued by National Title Insurance Company that are valid and in effect shall remain in-force unless cancelled in the normal course of business or by subsequent Court order.
- c) The Receiver will respond to claim inquiries for National Title and resolve those claims in an expeditious manner. Claims shall be reported to National Title Insurance Company at Post Office Box 110, Tallahassee, FL 32302.
- d) The Receiver will have each policy file scanned in order to have each policy available in electronic format.
- e) As a result of the Court approval of the proposed sale of the Title Plant to JGS, JGS has agreed to research all new claims at no expense for the Receiver other than actual cost.
- f) Once a claim file is generated, JGS will research and the Receiver will adjudicate the claim and ultimately resolve it.
- g) Concurrently, the Receiver may also solicit proposals from companies willing to act as a reinsurer for the policies issued by National Title. Such a portfolio reinsurance agreement would allow the policies to remain in force. Based on the current financial condition of the company it does not appear that the assets of National Title would be sufficient to fully fund a portfolio reinsurance agreement that would cover all of

the risk associated with those policies. If National Title's assets are insufficient to fully fund a portfolio reinsurance agreement, the Receiver would attempt to facilitate an agreement between the reinsurer and the title companies that would be subject to an assessment pursuant to Section 627. 7865, Florida Statutes. The basis of that agreement would be as follows:

- i. The reinsurer would be entitled to a fee to administer and pay the claims of National Title.
  - ii. Assets of National Title not required by the Receiver to administer the estate of National Title would be transferred to the reinsurer to be utilized to pay the claims of National Title.
  - iii. Each of the insurers subject to assessment under Section 627.7865, Florida Statutes would agree to contribute annually to a fund to pay the known claims of National Title. The contribution of each insurer would be based on a pro-rata basis of the total direct title insurance premiums written in this state.
  - iv. The agreement would specify that no title insurer would be required to pay more than 10% of its surplus into the fund in any one year.
  - v. The reinsurer would provide each of the insurers that were party to the agreement with updated unpaid loss information on a quarterly basis.
- h) In the event that a portfolio reinsurance agreement which transfers 100% of the claims and claims administration expense to a reinsurer is approved by the Office of



Insurance Regulation and the Court, the Receiver will petition the Court to be discharged.

- i) The Receiver recommends that, based upon its review of the financial condition of National Title, and its exceptionally low loss ratio over the past 73 years, a sale of the company or in the alternative a Loss Portfolio Transfer to cover 100% of the losses and loss adjustment expenses of National Title policies should also continue to be pursued.
- j) Should the Receiver be unsuccessful in finding a buyer or a reinsurer as described in this plan, the Receiver will be forced to petition the Court for an Order of Liquidation and cancel the National Title policies.

#### IV. **MISCELLANEOUS ISSUES**

23. The Receiver has reduced operational costs in the receivership to a minimal amount and will continue to look for ways to lower the overall costs to the estate.

24. The Receiver recommends that the rehabilitation continue as we pursue all avenues to assist the consumers and keep their policies in effect.

25. As authorized by the Consent Order and Chapter 631, Florida Statutes (2009), the Receiver is continuing efforts to collect funds, assets, or property that it determines to rightfully be property of the estate. These efforts are inclusive of, but not necessarily limited to, the resolution of reinsurance balance issues, collection activities, and the collection of any other property or asset determined to belong to the estate. The Receiver further recommends that it be authorized to continue these asset recovery

efforts as part of this plan of rehabilitation so that potential assets may be made available to the estate and its value maximized for claimants.

**WHEREFORE**, the Receiver respectfully requests that this Court enter an Order accepting the status report, and approve the Proposed Plan for Rehabilitation and grant the Receiver 90 days to file a Final Rehabilitation Plan or in the alternative a Motion for Liquidation.

Dated this 13<sup>th</sup> day of October, 2009.

  
Yamile Benitez-Torviso, Senior Attorney  
Florida Bar No. 0151726  
Florida Department of Financial Services  
Division of Rehabilitation and Liquidation  
Post Office Box 0817  
Miami, Florida 33152-0817  
(786) 336-1382 – Telephone  
(305) 499-2271 – Facsimile

**FILED**

JUN 30 2009

OFFICE OF  
INSURANCE REGULATIONDocketed by: 25

## OFFICE OF INSURANCE REGULATION

KEVIN M. McCARTY  
COMMISSIONER

IN THE MATTER OF:

Case No.: 104759-09-CO

NATIONAL TITLE INSURANCE COMPANY  
\_\_\_\_\_ /**CONSENT ORDER**

THIS CAUSE came on for consideration as the result of an agreement between NATIONAL TITLE INSURANCE COMPANY (hereinafter referred to as "NATIONAL TITLE"), and the OFFICE OF INSURANCE REGULATION (hereinafter referred to as the "OFFICE"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter and parties to this proceeding.
2. NATIONAL TITLE is a Florida corporation licensed as a title insurer on July 31, 1936.
3. By letter dated November 26, 2008, the OFFICE granted NATIONAL TITLE permission to admit \$500,000 in real property through March 15, 2009. The OFFICE granted NATIONAL TITLE permission to do this pursuant to Section 625.333, Florida Statutes.
4. Effective March 15, 2009, NATIONAL TITLE's permission to admit the \$500,000 in real estate at the value of \$500,000 expired. This caused NATIONAL TITLE's

surplus as regards policyholders to be below the minimum required surplus of \$1,500,000, as prescribed by Section 624.408(1)(a)1., Florida Statutes.

5. NATIONAL TITLE has made several attempts to find a suitable company to partner with to recapitalize allowing NATIONAL TITLE to remain in business. On April 9, 2009 the OFFICE was informed that one of those companies had an interest in acquiring or recapitalizing NATIONAL TITLE. However, on May 13, 2009 that company informed the OFFICE that it would not be acquiring or recapitalizing NATIONAL TITLE.

6. NATIONAL TITLE had an additional loss of \$160,000 in the first quarter of 2009, resulting in a surplus of \$1,306,571, which was \$193,427 below the minimum required surplus. The non-admission of the \$500,000 in real property further increases NATIONAL TITLE's deficiency in surplus. In order to protect the assets of NATIONAL TITLE and to protect the interests of NATIONAL TITLE's policyholders, the parties agree that:

(a) NATIONAL TITLE's Certificate of Authority is hereby suspended as of the date of this Consent Order;

(b) NATIONAL TITLE will cease writing or issuing any new title policies, except for the issuance of policies for which the closing on the real property has already occurred;

(c) Any commitments issued by NATIONAL TITLE on or before May 13, 2009, shall be honored by the issuer of a title policy from a different title issuer licensed in Florida;

7. NATIONAL TITLE admits that grounds exist for the appointment of a Receiver under Section 631.051, Florida Statutes.

8. Pursuant to Section 631.051, Florida Statutes, NATIONAL TITLE consents through a majority of its directors, stockholders, members, or subscribers, to the entry of an order of Rehabilitation appointing the Department of Financial Services as receiver for purposes of Rehabilitation and consents to any injunctions this Court deems necessary and appropriate. The Resolution of the Board of Directors of National Title Insurance Company is attached hereto as Attachment "A".

9. NATIONAL TITLE consents and agrees to the entry of the Order Appointing the Florida Department of Financial Services as Receiver for Purposes of Rehabilitation, Injunction, and Notice of Automatic Stay.

10. If the Receiver determines that further efforts to rehabilitate NATIONAL TITLE would be useless, the Receiver may apply to the Court for entry of an order of liquidation of NATIONAL TITLE, without further notice or hearing. NATIONAL TITLE consents to the entry of such an order, and waives any and all rights to notice and hearing.

11. NATIONAL TITLE expressly waives a hearing in this matter, the making of Findings of Fact and Conclusions of Law by the OFFICE and all further and other proceedings herein to which it may be entitled by law or rules of the OFFICE.

12. NATIONAL TITLE hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order, in any forum now or in the future available to it, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

13. The parties agree that this Consent Order will be deemed to be executed when the OFFICE has executed a copy of this Consent Order bearing the signature of NATIONAL TITLE and/or its authorized representative, notwithstanding the fact that the copy was transmitted to the

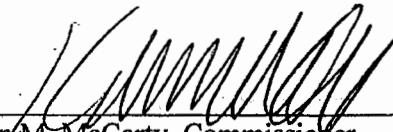
OFFICE electronically or via facsimile machine. Further, NATIONAL TITLE agrees that its signature as affixed to this Consent Order shall be under the seal of a Notary Public.

WHEREFORE, the agreement between NATIONAL TITLE and the OFFICE, the terms and conditions of which are set forth above, is APPROVED.

FURTHER, all terms and conditions above are hereby ORDERED.

DONE AND ORDERED this 30<sup>th</sup> day of June, 2009.



  
\_\_\_\_\_  
Kevin M. McCarty, Commissioner  
Office of Insurance Regulation

By execution hereof, NATIONAL TITLE INSURANCE COMPANY, consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents he/she has the authority to bind NATIONAL TITLE INSURANCE COMPANY, to the terms and conditions of this Consent Order.

NATIONAL TITLE INSURANCE COMPANY

By: Will L. Randol Jr.

Corporate Seal

Print Name: William L. Randol Jr.

Title: PRESIDENT

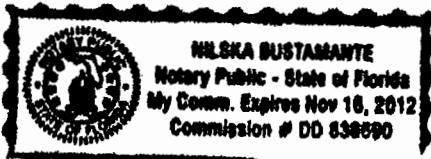
Date: 6/29/09

STATE OF Florida  
COUNTY OF Miami-Dade

The foregoing instrument was acknowledged before me this 29<sup>th</sup> day of June 2009,

by William L. Randol, Jr. as President  
(name of person) (type of authority ..... e.g. officer, trustee attorney in fact)

for National Title Insurance Co.  
(company name)



Nilska Bustamante  
(Signature of the Notary)

Nilska Bustamante  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known ☒ OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

COPIES FURNISHED TO:

William Randol, President  
National Title Insurance Company  
151 S.W. 27<sup>th</sup> Ave, Suite 100  
Miami, FL 33021  
William@nationaltitleinsurance.com

Robin Westcott, Director  
Property & Casualty Financial Oversight  
Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, Florida 32399-4206

Amanda Parnell, Assistant General Counsel  
Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, Florida 32399-4206  
Amanda.Parnell@flor.com



**RESOLUTION OF THE BOARD OF DIRECTORS OF**  
**NATIONAL TITLE INSURANCE COMPANY**

The undersigned, being all of the Directors of National Title Insurance Company, hereby make the following resolutions as follows:

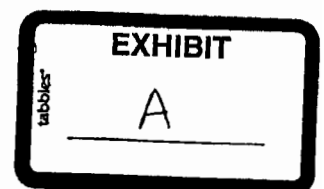
RESOLVED, that the Directors consent to the entry of the Order Appointing the Florida Department of Financial Services as Receiver for Purposes of Rehabilitation, Injunction, and Notice of Automatic Stay;

FURTHER RESOLVED, that if the Receiver determines that further efforts to rehabilitate National Title Insurance Company, would be useless, the Receiver may apply to the Court for entry of an order of liquidation of National Title Insurance Company, without further notice or hearing. The Directors consent to the entry of such an order, and waive any and all rights to notice and hearing.

FURTHER RESOLVED, that the President and the other Officers of National Title Insurance Company, are hereby authorized to execute any and all consent agreements or other documents on behalf of National Title Insurance Company, to obtain entry of the Order of Rehabilitation and are authorized to take any and all additional actions deemed necessary or appropriate by the Department of Financial Services to effectuate the foregoing or to comply with the Order, without further approval of the Shareholders or Directors.

Dated this 29<sup>th</sup> day of June, 2009.

(Corporate Seal)



Directors of National Title Insurance Company

Will L. Randol Jr.  
William L. Randol Jr.

Herbert E. Behrens  
Herbert E. Behrens

Elizabeth R. Marcus  
Elizabeth R. Marcus

Elizabeth J. Hoover  
Elizabeth J. Hoover

Brenda Randol  
Brenda Randol

IN THE CIRCUIT COURT OF THE  
SECOND JUDICIAL CIRCUIT IN AND  
FOR LEON COUNTY, FLORIDA

State of Florida, ex rel., the  
Department of Financial Services of  
the State of Florida,

Relator,

CASE NO.: 2009-CA-2577

v.

National Title Insurance Company,  
a Florida corporation,

Respondent.

**CONSENT ORDER APPOINTING THE FLORIDA DEPARTMENT OF  
FINANCIAL SERVICES AS RECEIVER FOR PURPOSES OF REHABILITATION,  
INJUNCTION, AND NOTICE OF AUTOMATIC STAY**

THIS CAUSE was considered on the Petition of the State of Florida, Department of Financial Services (hereinafter the "Department") for entry of a consent order of rehabilitation of National Title Insurance Company. The Court having reviewed the pleadings of record, having heard presentation of counsel, and otherwise being fully informed in the premises, finds:

1. National Title Insurance Company (hereinafter "Respondent") is a corporation authorized pursuant to the Florida Insurance Code to transact business in the state of Florida as a domestic title insurer. Respondent's principal place of business as listed in its 2009 For Profit Corporation Annual Report with the Florida Department of State, Division of Corporations, as 151 SW 27<sup>th</sup> Avenue, Miami, FL 33135.

2. Section 631.021(3), Florida Statutes, provides that a delinquency proceeding pursuant to Chapter 631, Florida Statutes, constitutes the sole and exclusive method of liquidating, rehabilitating, reorganizing, or conserving a Florida domiciled insurer.

3. Section 631.051(11), Florida Statutes, authorizes the Department to apply to this Court for an order directing it to rehabilitate a domestic insurer upon the ground that the insurer has consented to such an order through a majority of its directors, stockholders, members, or subscribers. Respondent has consented to the appointment of the Department as Receiver for purposes of rehabilitation. It is in the best interests of Respondent and its creditors and insureds that the relief requested in the petition be granted.

**THEREFORE, IT IS ORDERED AND ADJUDGED** as follows:

4. The Department of Financial Services of the State of Florida is appointed Receiver of Respondent for purposes of rehabilitation and that the Receiver is authorized and directed to:

A. Conduct the business of Respondent and take all steps, as the Court may direct, toward the removal of the causes and conditions which have made this Order of Rehabilitation necessary and to take such further action, as the Receiver deems necessary or appropriate, to reform and revitalize the Respondent.

B. Take immediate possession of all the property, assets, and estate, and all other property of every kind whatsoever and wherever located, belonging to Respondent, pursuant to Section 631.141, Florida Statutes, including but not limited to: offices maintained by the Respondent, rights of action, books, papers, evidences of debt, bank accounts, savings accounts, certificates of deposit, stocks, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment, and all real

property of Respondent, wherever situated, whether in the possession of Respondent or its officers, directors, trustees, employees, consultants, attorneys, agents, affiliates, or other persons.

C. Employ and authorize the compensation of legal counsel, actuaries, accountants, clerks, consultants, and such assistants as it deems necessary, purchase or lease personal or real property as it deems necessary, and authorize the payment of the expenses of these proceedings and the necessary incidents thereof, as approved by the Court, to be paid out of the funds or assets of the Respondent in the possession of the Receiver or coming into its possession.

D. Reimburse such employees, from the funds of this receivership, for their actual necessary and reasonable expenses incurred while traveling on the business of this receivership.

E. Not defend or accept service of process on legal actions wherein the Respondent, the Receiver, or the insured is a party defendant, commenced either prior to or subsequent to the order, without authorization of this Court; except, however, in actions where Respondent is a nominal party, as in certain foreclosure actions, and the action does not affect a claim against or adversely affect the assets of Respondent, the Receiver may file appropriate pleadings in its discretion.

F. Commence and maintain all legal actions necessary, wherever necessary, for the proper administration of this receivership proceeding.

G. Collect all debts that are economically feasible to collect which are due and owing to the Respondent.

H. Deposit funds and maintain bank accounts.

I. Take possession of all Respondent's securities and certificates of deposit on deposit with the Chief Financial Officer of Florida, if any, and convert to cash as much as may be necessary, in its judgment, to pay the expenses of administration of this receivership or otherwise best benefit the estate.

J. Apply to this Court for further instructions in the discharge of its duties as may be necessary.

K. For purposes of this Order, the term "affiliate" shall be defined in accordance with Section 631.011(1), Florida Statutes.

**IT IS FURTHER ORDERED AND DIRECTED:**

5. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of Respondent's affairs or the affairs of its affiliates is required to fully cooperate with the Receiver, pursuant to Section 631.391, Florida Statutes. Any person who fails to cooperate with the Receiver, interferes with the Receiver, or fails to follow the instructions of the Receiver, may be excluded from the building where the Respondent's offices are located at the Receiver's discretion.

6. Title to all property, real or personal, all contracts, rights of action and all books and records of Respondent, wherever located, is vested in the Receiver pursuant to Section 631.141, Florida Statutes.

7. The Receiver is granted all of the powers of the Respondent's directors, officers, and managers, whose authority shall be suspended, except as such powers are re-delegated in writing by the Receiver. The Receiver has full power to direct and manage the affairs of

Respondent, to hire and discharge employees, and to deal with the property and business of the Respondent.

8. All attorneys employed by Respondent as of the date of the Order, within 10 days of receiving notice of this Order, are required to report to the Receiver on the name, company claim number and status of each file they are handling on behalf of the Respondent. Said report should also include an accounting of any funds received from or on behalf of the Respondent. All attorneys employed by Respondent are advised that pursuant to Sections 631.011(17) and 631.011(21), Florida Statutes, a claim based on mere possession does not create a secured claim and all attorneys employed by Respondent, pursuant to In Re the Receivership of Syndicate Two, Inc., 538 So.2d 945 (Fla. 1<sup>st</sup> DCA 1989), who are in possession of litigation files or other material, documents or records belonging to or relating to work performed by the attorney on behalf of Respondent are required to deliver such litigation files, material, documents or records intact and without purging to the Receiver, on request, notwithstanding any claim of a retaining lien which, if otherwise valid, should not be extinguished by the delivery of these documents.

9. All agents, brokers or other persons having sold policies of insurance and/or collected premiums on behalf of the Respondent are required to account for and pay all premiums and commissions unearned due to cancellation of policies in the normal course of business owed to the Respondent directly to the Receiver within 30 days of demand by the Receiver or appear before this Court to show cause, if any they may have, as to why they should not be required to account to the Receiver or be held in contempt of Court for violation of the provisions of the Order. No agent, broker, premium finance company or other person should use premium monies owed to the Respondent for refund of unearned premium or for any purpose other than payment to the Receiver.

10. Any premium finance company, which has entered into a contract to finance a premium for a policy, which has been issued by the Respondent, is required to pay any premium owed to the Respondent directly to the Receiver.

11. Reinsurance premiums due to or payable by the Respondent shall be remitted to, or disbursed by, the Receiver. The Receiver shall handle reinsurance losses recoverable or payable by the Respondent. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary.

12. Upon request by the Receiver, any company providing telephonic services to the Respondent is directed to provide a reference of calls from the number presently assigned to the Respondent to any such number designated by the Receiver or perform any other services or changes necessary to the conduct of the receivership.

13. Any bank, savings and loan association, financial institution or other person which has on deposit, in its possession, custody or control any funds, accounts and any other assets of the Respondent is directed to immediately transfer title, custody and control of all such funds, accounts and other assets to the Receiver. The Receiver is authorized to change the name of such accounts and other assets, withdraw them from such bank, savings and loan association or other financial institution, or take any lesser action necessary for the proper conduct of this receivership. No bank, savings and loan association or other financial institution shall be permitted to exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control unless and until obtaining an order from this Court authorizing such action.



14. Any entity furnishing telephone, water, electric, sewage, garbage or trash removal services to the Respondent is required to maintain such service and transfer any such accounts to the Receiver as of the date of the Order, unless instructed to the contrary by the Receiver.

15. Any data processing service not affiliated with National Title Insurance Company which has custody or control of any data processing information and records including but not limited to source documents, data processing cards, input tapes, all types of storage information, master tapes or any other recorded information relating to the Respondent is directed to transfer custody and control of such records to the Receiver. The Receiver is authorized to compensate any such entity for the actual use of hardware and software, which the Receiver finds to be necessary to this proceeding. Compensation should be based upon the monthly rate provided for in contracts or leases with Respondent which were in effect when this proceeding was instituted, or based upon such contract as may be negotiated by the Receiver, for the actual time such equipment and software is used by the Receiver.

16. The United States Postal Service is directed to provide any information requested by the Receiver regarding the Respondent and to handle future deliveries of Respondent's mail as directed by the Receiver.

17. All insurance policies, bonds or similar contracts of coverage issued by the Respondent shall remain in full force and effect until they are cancelled.

18. All affiliated companies and associations are directed to make their books and records available to the Receiver, to include all records located in any premises occupied by said affiliate, whether corporate records or not, and to provide copies of any records requested by the Receiver whether or not such records are related to Respondent. The Receiver has title to all policy files and other records of, and relating to Respondent, whether such documents are kept in

offices occupied by an affiliate company or any other person, corporation, or association. The Receiver is authorized to take possession of any such records, files, and documents, and to remove them to any location in the Receiver's discretion. Any disputed records shall not be withheld from the Receiver's review, but should be safeguarded and presented to this Court for review prior to removal by the Receiver.

19. The Receiver shall have complete access to and control of all computer records of the Respondent and its affiliates at all times. Each affiliate shall be given reasonable access to such records for the purpose of carrying out its business operations.

20. Any person, firm, corporation or other entity having notice of the Order that fails to abide by its terms is directed to appear before this Court to show good cause, if any they may have, as to why they should not be held in contempt of Court for violation of the provisions of this Order.

21. Pursuant to Sections 631.041(3) and (4), Florida Statutes, all persons, firms, corporations and associations within the jurisdiction of this Court, including, but not limited to, Respondent and its officers, directors, stockholders, members, subscribers, agents and employees, are enjoined and restrained: from the further transaction of the insurance business of the Respondent; from doing, doing through omission, or permitting to be done any action which might waste or dispose of the books, records and assets of the Respondent; from by any means interfering with the Receiver or these proceedings; from the transfer of property and assets of Respondent without the consent of the Receiver; from the removal, concealment, or other disposition of Respondent's property, books, records, and accounts; from the commencement or prosecution of any actions against the Respondent or the Receiver together with its agents or employees, the service of process and subpoenas, or the obtaining of preferences, judgments,

writs of attachment or garnishment or other liens; and, from the making of any levy or execution against Respondent or any of its property or assets. Notwithstanding the provisions of this paragraph, the Receiver is permitted to accept and be subpoenaed for non-party production of claims files in its possession, including medical records, which may be contained therein. In such cases, the requesting party must submit an affidavit to the Receiver stating that notice of the non-party production was appropriately issued and provided to the patient and that the patient was given the opportunity to object and either did not object to the non-party production, or objected and the Court overruled the objection, in which case a copy of the Court's ruling must be attached to the affidavit. The Receiver is authorized to impose a charge for copies of such claim files pursuant to the provisions of Sections 119.07, and 624.501, Florida Statutes.

22. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with National Title Insurance Company shall fully cooperate with the Receiver in the effort to rehabilitate National Title Insurance Company.

23. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with National Title Insurance Company having any interest in the building located at: 151 SW 27<sup>th</sup> Avenue, Miami, FL 33135, or any other facility in which National Title Insurance Company may operate, shall make available, at that location and at no charge to the Receiver or to National Title Insurance Company, office space, and related facilities (telephone service, copiers, computer equipment and software, office supplies, parking, etc.) to the extent deemed necessary by the Receiver in its sole discretion.

24. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with National Title Insurance Company having any interest in the computer equipment and software currently used by or for National Title Insurance Company

shall make such computer equipment and software available to the Receiver at no charge to the Receiver or National Title Insurance Company to the extent deemed necessary by the Receiver in its sole discretion.

25. Except for contracts of insurance, all executory contracts to which the Respondent was a party shall be cancelled and stand cancelled unless specifically adopted by the Receiver within ninety (90) days of the date of this Order or from the date of the Receiver's actual knowledge of the existence of such contract, whichever is later. "Actual Knowledge" means the Receiver has in its possession the original of a written contract to which the Respondent is a party, and the Receiver has notified the vendor in writing acknowledging the existence of the contract. **Any vendor, including but not limited to, any and all employees and contractors of insurer, claiming the existence of a contractual relationship with the insurer shall provide notice to the Receiver of such relationship.** This notice shall include any and all documents and information regarding the terms and conditions of the contract, including a copy of the written contract between the vendor and the insurer, if any, what services or goods were provided pursuant to the contract, any current, future and/or past due amounts owing under the contract, and any supporting documentation for third party services or goods provided. Failure to provide the required information may result in vendors' contractual rights not being recognized by the Receiver. The rights of the parties to any such contracts are fixed as of the date of the Order and any cancellation under this provision shall not be treated as an anticipatory breach of such contracts.

#### **CONTINUATION OF INVESTIGATION**

26. The Receiver is authorized to conduct an investigation of Respondent and its affiliates, as defined above, to uncover and make fully available to the Court the true state of Respondent's financial affairs. In furtherance of this investigation, Respondent's parent

corporations, its subsidiaries, and affiliates are required to make all books, documents, accounts, records, and affairs, which either belong to or pertain to the Respondent, available for full, free and unhindered inspection and examination by the Receiver during normal business hours (8:00 a.m. to 5:00 p.m.) Monday through Friday, from the date of the Order. The above-specified entities are required to cooperate with the Receiver to the fullest extent required by Section 631.391, Florida Statutes. Such cooperation should include, but not be limited to, the taking of oral testimony under oath of Respondent's officers, directors, managers, trustees, agents, adjusters, employees, or independent contractors of Respondent, its affiliates and any other person who possesses any executive authority over, or who exercises any control over, any segment of the affairs of Respondent in both their official, representative and individual capacities and the production of all documents that are calculated to disclose the true state of Respondent's affairs.

27. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of the affairs of Respondent or its affiliates is directed to fully cooperate with the Receiver as required by Section 631.391, Florida Statutes, and as set out in the preceding paragraph. Upon receipt of a certified copy of the Order, any bank or financial institution is directed to immediately disclose to the Receiver the existence of any accounts of Respondent and any funds contained therein and any and all documents in its possession relating to Respondent for the Receiver's inspection and copying.

28. All Sheriffs and all law enforcement officials of this state shall cooperate with and assist the Receiver in the implementation of this Order.

29. In the event the Receiver determines that reorganization, consolidation, conversion, reinsurance, merger, or other transformation of the Respondent is appropriate, the Receiver shall prepare a plan to effect such changes and submit the plan to this Court for consideration.

30. Upon petition by the Receiver stating that further efforts to rehabilitate Respondent would be useless, this Court will consider entry of an order of liquidation of Respondent.

#### **NOTICE OF AUTOMATIC STAY**

31. Notice is hereby given that, pursuant to Section 631.041(1), Florida Statutes, the filing of the Department's initial petition herein operates as an automatic stay applicable to all persons and entities, other than the Receiver, which shall be permanent and survive the entry of the order, and which prohibits:

A. The commencement or continuation of judicial, administrative or other action or proceeding against the insurer or against its assets or any part thereof;

B. The enforcement of a judgment against the insurer or an affiliate obtained either before or after the commencement of the delinquency proceeding;

C. Any act to obtain possession of property of the insurer;

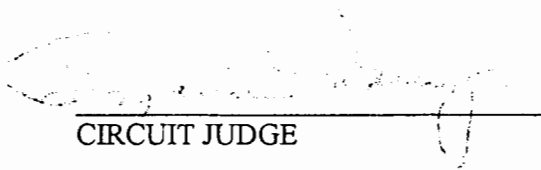
D. Any act to create, perfect or enforce a lien against property of the insurer, except a secured claim as defined in Section 631.011(21), Florida Statutes;

E. Any action to collect, assess or recover a claim against the insurer, except claims as provided for under Chapter 631;

F. The set-off or offset of any debt owing to the insurer except offsets as provided in Section 631.281, Florida Statutes.

32. This Court retains jurisdiction of this cause for the purpose of granting such other and further relief as from time to time shall be deemed appropriate.

**DONE and ORDERED** in Chambers at the Leon County Courthouse in Tallahassee, Leon County, Florida this 10th day of July, 2009.

  
CIRCUIT JUDGE

A Certified Copy  
Attest:

**Bob Inzer**

Clerk Circuit Court  
Leon County, Florida

By 

JUL 07 2009 D.C.



**QUARTERLY STATEMENT**

**OF THE**

**NATIONAL TITLE INSURANCE COMPANY**

**of** **MIAMI**

**in the state of** **FLORIDA**

**TO THE**

**Insurance Department**

**OF THE**

**STATE OF**

**FLORIDA**

**FOR THE QUARTER ENDED**

**June 30, 2009**

**TITLE**

**2009**

**Exhibit "C"**



50695200920100102

National Title Insurance Company

## OFFICERS

	Name	Title
1.	Patti Turpin	Deputy Receiver
2.		
3.		

Name	Title	Name	Title
------	-------	------	-------


[illegible]

County of Miami-Dade ss

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

(Signature) Patti Turpin	(Signature)	(Signature)
(Printed Name) 1.	(Printed Name) 2.	(Printed Name) 3.
Deputy Receiver		
(Title)	(Title)	(Title)

Subscribed and sworn to before me this  
13th day of August, 2009

a. Is this an original filing? [X] Yes [ ] No

b. If no:

1. State the amendment number .....

2. Date filed .....

3. Number of pages attached .....

## ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds				
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	83,322		83,322	75,235
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)	500,000	492,995	7,005	500,000
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 857,010), cash equivalents (\$ 0), and short-term investments (\$ 0)	857,010		857,010	1,200,933
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	1,440,332	492,995	947,337	1,776,168
11. Title plants less \$ 0 charged off (for Title insurers only)	77,600		77,600	300,000
12. Investment income due and accrued	14,895		14,895	13,841
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	72,476		72,476	94,247
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				
16.2 Net deferred tax asset				
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software	18,800		18,800	88,699
19. Furniture and equipment, including health care delivery assets (\$ 0)	7,492	7,492		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	8,926	8,926		
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	138,446	62,091	76,355	53,506
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,778,967	571,504	1,207,463	2,326,461
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	1,778,967	571,504	1,207,463	2,326,461

DETAILS OF WRITE-IN LINES				
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. Accounts Receivable	76,355		76,355	53,506
2302. Leasehold Improvements	34,702	34,702		
2303. Prepaid Expenses	27,389	27,389		
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	138,446	62,091	76,355	53,506

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31 Prior Year
1. Known claims reserve	113,754	51,500
2. Statutory premium reserve	398,399	450,013
3. Aggregate of other reserves required by law		
4. Supplemental reserve		
5. Commissions, brokerage and other charges due or accrued to attorneys, agents and real estate brokers		
6. Other expenses (excluding taxes, licenses and fees)	264,967	223,813
7. Taxes, licenses and fees (excluding federal and foreign income taxes)	4,435	13,628
8.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
8.2 Net deferred tax liability		
9. Borrowed money \$ 5,745 and interest thereon \$ 224	5,969	48,885
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	11,218	
15. Provision for unauthorized reinsurance		
16. Net adjustments in assets and liabilities due to foreign exchange rates		
17. Drafts outstanding		
18. Payable to parent, subsidiaries and affiliates		
19. Payable for securities		
20. Aggregate write-ins for other liabilities		
21. Total liabilities (Lines 1 through 20)	798,742	787,839
22. Aggregate write-ins for special surplus funds		
23. Common capital stock	1,600,000	1,600,000
24. Preferred capital stock	215,639	215,639
25. Aggregate write-ins for other than special surplus funds		
26. Surplus notes		
27. Gross paid in and contributed surplus		
28. Unassigned funds (surplus)	(1,406,918)	(277,017)
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)	408,721	1,538,622
31. Totals	1,207,463	2,326,461

DETAILS OF WRITE-INS		
0301.		
0302.		
0303.		
0398. Summary of remaining write-ins for Line 03 from overflow page		
0399. Totals (Lines 0301 through 0303 plus 0398) (Line 03 above)		
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 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>OPERATING INCOME</b>			
1. Title insurance and related income:			
1.1 Title insurance premiums earned	792,561	1,680,328	3,041,302
1.2 Escrow and settlement services	16,228	26,169	9,862
1.3 Other title fees and service charges	273,973	314,414	603,702
2. Aggregate write-ins for other operating income	24,483	28,757	27,779
3. Total Operating Income (Lines 1 through 2)	1,107,245	2,049,668	3,682,645
<b>DEDUCT:</b>			
4. Losses and loss adjustment expenses incurred	89,794		47,326
5. Operating expenses incurred	1,816,161	2,388,101	4,242,923
6. Aggregate write-ins for other operating deductions			
7. Total Operating Deductions	1,905,955	2,388,101	4,290,249
8. Net operating gain or (loss) (Lines 3 minus 7)	(798,710)	(338,433)	(607,604)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	4,270	10,412	(13,230)
10. Net realized capital gains (losses) less capital gains tax of \$ 0			946,912
11. Net investment gain (loss) (Lines 9 + 10)	4,270	10,412	933,682
<b>OTHER INCOME</b>			
12. Aggregate write-ins for miscellaneous income or (loss)			
13. Net income, after capital gains tax and before all other federal income taxes (Lines 8 + 11 + 12)	(794,440)	(328,021)	326,078
14. Federal and foreign income taxes incurred			
15. Net income (Lines 13 minus 14)	(794,440)	(328,021)	326,078
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
16. Surplus as regards policyholders, December 31 prior year	1,538,622	3,050,235	3,050,235
17. Net income (from Line 15)	(794,440)	(328,021)	326,078
18. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	8,087	(397,151)	(2,563,761)
19. Change in net unrealized foreign exchange capital gain (loss)			
20. Change in net deferred income taxes			
21. Change in nonadmitted assets	(343,548)	(5,934)	(64,569)
22. Change in provision for unauthorized reinsurance			
23. Change in supplemental reserves			
24. Change in surplus notes			
25. Cumulative effect of changes in accounting principles			
26. Capital Changes:			
26.1 Paid in			790,639
26.2 Transferred from surplus (Stock Dividend)			
26.3 Transferred to surplus			
27. Surplus Adjustments:			
27.1 Paid in		75,000	
27.2 Transferred to capital (Stock Dividend)			
27.3 Transferred from capital			
28. Dividends to stockholders			
29. Change in treasury stock			
30. Aggregate write-ins for gains and losses in surplus			
31. Change in surplus as regards policyholders (Lines 17 through 30)	(1,129,901)	(656,106)	(1,511,613)
32. Surplus as regards policyholders as of statement date (Lines 16 plus 31)	408,721	2,394,129	1,538,622

DETAILS OF WRITE-IN LINES			
0201. Mortgage Division Income	24,483	28,757	27,779
0202. ....			
0203. ....			
0298. Summary of remaining write-ins for Line 02 from overflow page			
0299. Totals (Lines 0201 through 0203 plus 0298) (Line 02 above)	24,483	28,757	27,779
0601. ....			
0602. ....			
0603. ....			
0698. Summary of remaining write-ins for Line 06 from overflow page			
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)			
1201. ....			
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. ....			
3002. ....			
3003. ....			
3098. Summary of remaining write-ins for Line 30 from overflow page			
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)			

## CASH FLOW

	1	2
	Current Year To Date	Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance	814,332	2,978,941
2. Net investment income	3,216	(99,289)
3. Miscellaneous income	314,684	641,343
4. Total (Lines 1 to 3)	1,132,232	3,520,995
5. Benefit and loss related payments	79,154	3,326
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	1,335,075	4,371,192
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)		
10. Total (Lines 5 through 9)	1,414,229	4,374,518
11. Net cash from operations (Line 4 minus Line 10)	(281,997)	(853,523)
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		
12.2 Stocks		2,282,032
12.3 Mortgage loans	1,411,151	1,710,160
12.4 Real estate		300,000
12.5 Other invested assets		
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		3,634
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,411,151	4,295,826
13. Cost of investments acquired (long-term only):		
13.1 Bonds		
13.2 Stocks		
13.3 Mortgage loans	1,399,500	1,687,500
13.4 Real estate		500,000
13.5 Other invested assets		
13.6 Miscellaneous applications	11,651	
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,411,151	2,187,500
14. Net increase (or decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)		2,108,326
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		790,639
16.3 Borrowed funds	(42,916)	(1,509,134)
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(19,010)	239,247
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(61,926)	(479,248)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(343,923)	775,555
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	1,200,933	425,378
19.2 End of period (Line 18 plus Line 19.1)	857,010	1,200,933
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 Issuance of common stock in exchange for real estate		500,000
20.0002		
20.0003		

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies:

- A. The accompanying financial statements of National Title Insurance Company (the Company) are presented on the basis of accounting practices prescribed or permitted by the National Association of Insurance Commissioners (N.A.I.C.) and the State of Florida.

The Florida Department of Financial Services recognizes only statutory accounting practices prescribed or permitted by the State of Florida, for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Florida Insurance Statutes. The N.A.I.C. Accounting Practices and Procedures manual has been adopted as a component of prescribed or permitted practices by the State of Florida to the extent it is not contradicted by Florida Statutes. According to NAIC SAP, as described in that manual, recovery rates for amounts set-aside in the statutory premium reserves differ from those prescribed by laws of the State of Florida.

- B. 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. The insurance premiums, net of agent's premiums, are recognized as revenue when policies become effective. Title information revenue is recognized as the information is delivered, and accounts receivable arising from this revenue is recorded at that time.

In addition, the Company uses the following accounting policies:

- 1) Common stocks at fair market value.
- 2) Investment real estate is valued at depreciated cost, less encumbrances.
- 3) Mortgage loans on real estate are stated at the aggregate unpaid balance.
- 4) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

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

Not Applicable

### 3. Business Combinations and Goodwill:

Not Applicable

### 4. Discontinued Operations:

Not Applicable

### 5. Investments:

No Change

### 6. Joint Ventures, Partnerships and Limited Liability Companies:

Not Applicable

### 7. Investment Income:

No Change

### 8. Derivative Instruments:

The Company does not invest in derivative type investments.

## NOTES TO FINANCIAL STATEMENTS

### 9. Income Taxes:

- A. The Company does not have any deferred tax asset or deferred tax liability recorded as of December 31, 2008.
- B. The Company did not incur federal income taxes that are available for recoupment in the event of future net losses.
- C. At December 31, 2008, the Company had \$1,321,647 of operating loss carry forwards originating in 1996 through 2007, which will expire, if unused, in years 2016 through 2027.
- D. The Company's federal income tax return is not combined with those of any other entity.

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

No Change

### 11. Debt:

- A. The Company does not have any Capital Notes Outstanding.
- B. The Company's borrowed money is \$5,969. Comprised outstanding liabilities to officers of \$4,288, and other directors and shareholders of \$1,457. Interest is 5%, paid annually, as of June 30, 2009 the Company had accrued interest payable to officers, directors and shareholders of \$224.
- C. The Company does not have any reverse repurchase agreements.

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

No Change

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

- A. The Company has 16,000 shares of common stock authorized with no par value, of which 12,521 were issued and outstanding.
- B. The Company has 4,000 shares of preferred stock authorized with no par value and a stated value of \$86.46, of which 2,494.08 shares were issued and outstanding.
- C. Dividends on the preferred stock are set at 12 percent per annum, cumulative if not paid. Preferred stock dividend should be payable before any dividend on common stock are paid. All Dividends, which can be paid by State of Florida domiciled insurance companies, are restricted by Florida Statute 628.371. A domestic stock insurer shall not pay any dividend from surplus funds except if derived from realized net operating profits on its business and net realized capital gains.
- D. Dividend payments, without prior written approval of The Florida Department of Financial Services, shall not exceed 10 percent of unassigned funds (surplus), minus 25 percent of unrealized capital gains.
- E. There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- F. Advances to surplus not repaid – Not applicable
- G. The Company holds no stock designated for any special purpose.
- H. Changes in the balances of any special surplus funds – Not applicable
- I. The Company had no surplus debentures outstanding as of June 30, 2009.
- J. The Company has not had quasi-reorganization during the past 10 years.

### 14. Contingencies:

No Change

### 15. Leases:

No Change

## NOTES TO FINANCIAL STATEMENTS

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

None

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

A. Transfer of Receivables Reported as Sales – None

B. Transfer and Servicing of Financial Assets – None

C. Wash Sales - None

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

Not Applicable

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

Not Applicable

**20. Other Items:**

The Company has elected to use rounding in reporting amounts in its Financial Statements

**21. Events Subsequent:**

As of June 30th, 2009 Quarterly Statement filing, the Company's surplus is below the minimum surplus requirements of the State of Florida. Effective May 13<sup>th</sup>, 2009, the Company has stopped issuing title insurance policies.

On July 6, 2009 the Company was ordered into receivership for purposes of rehabilitation by the Second Judicial Circuit Court in Leon County, Florida. The Florida Department of Financial Services is the court appointed receiver of the Company.

**22. Reinsurance:**

No Change

**23. Retrospectively Rated Contracts & Contracts Subject to Redetermination:**

Not Applicable

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

The Company did not have any change in incurred losses and loss adjustment expenses attributable to insured events of prior years.

**25. Intercompany Pooling Arrangement:**

Not Applicable

**26. Structured Settlements:**

None

**27. Supplemental Reserve:**

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



## GENERAL INTERROGATORIES

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

## PART 1 – COMMON INTERROGATORIES

## GENERAL

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

Yes [ ] No [X]

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

Yes [ ] No [ ]

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

Yes [ ] No [X]

2.2 If yes, date of change:

\_\_\_\_\_

3. Have there been any substantial changes in the organizational chart since the prior quarter end?  
If yes, complete the Schedule Y – Part 1 – organizational chart.

Yes [ ] No [X]

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

Yes [ ] No [X]

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

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

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

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

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

12/31/2005

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2005

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

03/30/2007

6.4 By what department or departments?

Florida Department of Financial Services - Office of Insurance Regulation

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

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

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

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

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

Yes [ ] No [X]

7.2 If yes, give full information

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [ ] No [X]

## GENERAL INTERROGATORIES

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

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

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [ ] No [ X ]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency (i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....

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

- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules, and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

Yes [ X ] No [ ]

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

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

9.2 Has the code of ethics for senior managers been amended?

Yes [ ] No [ X ]

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

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

9.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [ ] No [ X ]

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

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

## FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [ X ] No [ ]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ \_\_\_\_\_ 0

## INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes [ ] No [ X ]

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

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$ \_\_\_\_\_ 0

## GENERAL INTERROGATORIES

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

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

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$	\$
14.24 Short-Term Investments	\$	\$
14.25 Mortgage Loans on Real Estate	\$	\$
14.26 All Other	\$	\$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$ 0	\$ 0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  
If no, attach a description with this statement. Yes [ ] No [ ]

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No [ ]

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

1	2
Name of Custodian(s)	Custodian Address
Gibraltar Private Bank and Trust	220 Alhambra Circle Suite 800 Coral Gables, FL 33134

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes [ ] No [X]

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

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

## GENERAL INTERROGATORIES

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

1 Central Registration Depository	2 Name(s)	3 Address

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes [ X ] No [ ]

17.2 If no, list exceptions:

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

## GENERAL INTERROGATORIES

## PART 2 - TITLE

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change?  
If yes, attach an explanation. Yes ☐ No ☐ N/A ☒

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?  
If yes, attach an explanation. Yes ☐ No ☒

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes ☐ No ☒

3.2 If yes, give full and complete information thereto:

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

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses discounted to present value at a rate of interest greater than zero? Yes ☐ No ☒

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	Total Discount				Discount Taken During Period			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
.....	.....	.....	.....	.....	.....	0	.....	.....	.....	0
.....	.....	.....	.....	.....	.....	0	.....	.....	.....	0
.....	.....	.....	.....	.....	.....	0	.....	.....	.....	0
Total			0	0	0	0	0	0	0	0

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

5.11 Bonds	\$	.....
5.12 Short-term investments	\$	.....
5.13 Mortgages	\$	.....
5.14 Cash	\$	370,000
5.15 Other admissible invested assets	\$	83,322
5.16 Total	\$	453,322

5.2 List below segregated funds held for others by the reporting entity, set apart in special accounts and excluded from entity assets and liabilities. (These funds are also included in Schedule E - Part 1 and the "From Separate Accounts, Segregated Accounts and Protected Cell Accounts" line on Page 2 except for escrow funds held by Title insurers)

5.21 Custodial funds not included in this statement were held pursuant to the governing agreements of custody in the amount of:	\$	0
These funds consist of:		
5.22 In cash on deposit	\$	0
5.23 Other forms of security	\$	0

1	2	3	4	5
NAIC Company Code	Federal ID Number	Name of Reinsurer	Location	Is Insurer Authorized? (Yes or No)
		NONE		

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year To Date - Allocated by States and Territories

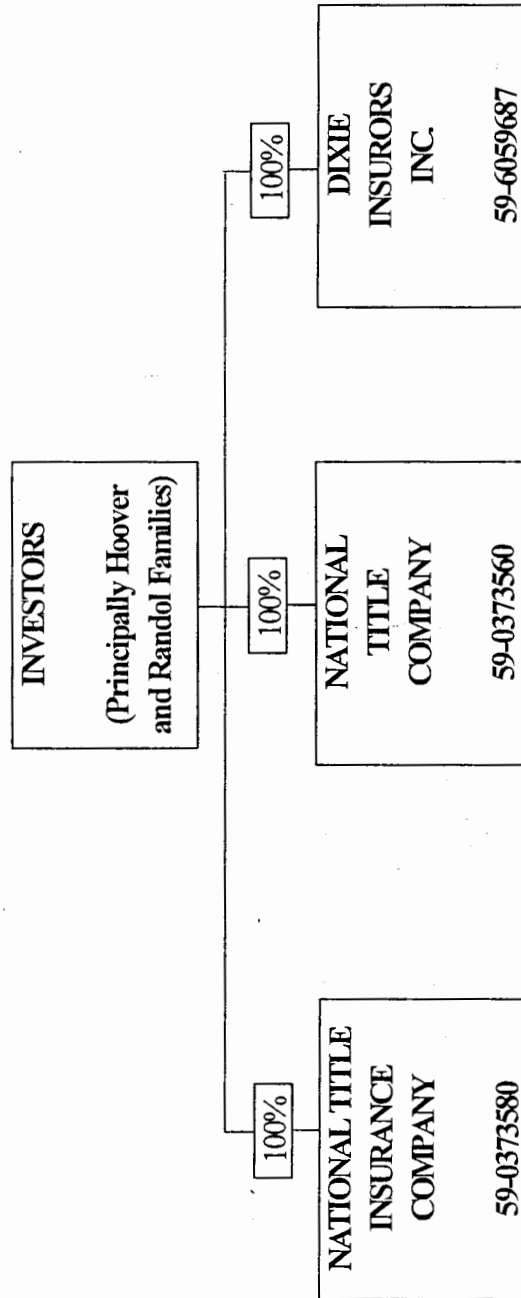
States, Etc.	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2	3	4	5	6	7
	Active Status	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date
1. Alabama	AL	L	41,979	23,812			
2. Alaska	AK	N					
3. Arizona	AZ	N					
4. Arkansas	AR	N					
5. California	CA	N					
6. Colorado	CO	N					
7. Connecticut	CT	N					
8. Delaware	DE	N					
9. District of Columbia	DC	N					
10. Florida	FL	L	662,791	1,656,438	27,539	113,754	7,500
11. Georgia	GA	L	92,636	103,335			
12. Hawaii	HI	N					
13. Idaho	ID	N					
14. Illinois	IL	N					
15. Indiana	IN	N					
16. Iowa	IA	N					
17. Kansas	KS	N					
18. Kentucky	KY	N					
19. Louisiana	LA	L					
20. Maine	ME	N					
21. Maryland	MD	N					
22. Massachusetts	MA	N					
23. Michigan	MI	N					
24. Minnesota	MN	N					
25. Mississippi	MS	L					
26. Missouri	MO	N					
27. Montana	MT	N					
28. Nebraska	NE	N					
29. Nevada	NV	N					
30. New Hampshire	NH	N					
31. New Jersey	NJ	N					
32. New Mexico	NM	N					
33. New York	NY	N					
34. North Carolina	NC	N					
35. North Dakota	ND	N					
36. Ohio	OH	N					
37. Oklahoma	OK	N					
38. Oregon	OR	N					
39. Pennsylvania	PA	N					
40. Rhode Island	RI	N					
41. South Carolina	SC	L					
42. South Dakota	SD	N					
43. Tennessee	TN	L	5,762	1,128			
44. Texas	TX	N					
45. Utah	UT	N					
46. Vermont	VT	N					
47. Virginia	VA	N					
48. Washington	WA	N					
49. West Virginia	WV	N					
50. Wisconsin	WI	N					
51. Wyoming	WY	N					
52. American Samoa	AS	N					
53. Guam	GU	N					
54. Puerto Rico	PR	N					
55. U.S. Virgin Islands	VI	N					
56. Northern Mariana Islands	MP	N					
57. Canada	CN	N					
58. Aggregate Other Alien	OT	X X X					
59. Totals	(a) 7	803,168	1,784,713	27,539		113,754	7,500

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

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART





**PART 1 – LOSS EXPERIENCE**

	Current Year to Date				5 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Written	2 Other Income (Page 4, Lines 1.2 + 1.3 + 2)	3 Direct Losses Incurred	4 Direct Loss Percentage Cols. 3 / (1 + 2)	
1. Direct operations	23,628	314,684			
2. Agency operations:					
2.1 Non-affiliated agency operations	748,029		89,794	12.00	
2.2 Affiliated agency operations	31,511				
3. Totals	803,168	314,684	89,794	8.00	

**PART 2 – DIRECT PREMIUMS WRITTEN**

	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Direct operations	5,653	23,628	95,356
2. Agency operations:			
2.1 Non-affiliated agency operations	293,824	748,029	1,611,106
2.2 Affiliated agency operations	10,218	31,511	78,251
3. Totals	309,695	803,168	1,784,713

**SCHEDULE A - VERIFICATION****Real Estate**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	500,000	227,250
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		500,000
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		5,660
4. Total gain (loss) on disposals		73,090
5. Deduct amounts received on disposals		300,000
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		6,008
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)	500,000	500,000
10. Deduct total nonadmitted amounts	492,995	
11. Statement value at end of current period (Line 9 minus Line 10)	7,005	500,000

**SCHEDULE B - VERIFICATION****Mortgage Loans**

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	1,399,500	1,687,500
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals	11,651	22,660
7. Deduct amounts received on disposals	1,411,151	1,710,160
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

**SCHEDULE BA - VERIFICATION****Other Long-Term Invested Assets**

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

**NONE****SCHEDULE D - VERIFICATION****Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	75,235	4,047,212
2. Cost of bonds and stocks acquired		
3. Accrual of discount		
4. Unrealized valuation increase (decrease)	8,087	(2,563,767)
5. Total gain (loss) on disposals		873,822
6. Deduct consideration for bonds and stocks disposed of		2,282,032
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	83,322	75,235
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	83,322	75,235

NONE Schedule D - Part 1B  
NONE Schedule DA - Part 1 and Verification  
NONE Schedule DB - Part F - Section 1  
NONE Schedule DB - Part F - Section 2  
NONE Schedule E Verification  
NONE Schedule A - Part 2 and 3

**SCHEDULE B - PART 2**

Showing All Mortgage Loans ACQUIRED During the Current Quarter

1  Loan Number	2  Location		3  State	4  Loan Type	5  Date Acquired	6  Rate of Interest	7  Actual Cost at Time of Acquisition	8  Additional Investment Made After Acquisitions	9  Value of Land and Buildings
		City							
913128		Miami	FL		04/27/2009	4.375	408,000		1,160,780
913109		Miami	FL		04/29/2009	4.750	417,000		542,000
0299999	Mortgages in good standing - Residential mortgages - insured or guaranteed				X X X	X X X	825,000		1,702,780
0899999	Total Mortgages in good standing				X X X	X X X	825,000		1,702,780
3399999	Totals				X X X	X X X	825,000		1,702,780

**SCHEDULE B - PART 3**

Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

1	Location		4	5	6	7	Change in Book Value/Recorded Investment					14	15	16	17	18
	2	3					8	9	10	11	12	13				
Loan Number	City	State	Loan Type	Date Acquired	Disposal Date	Book Value/Recorded Investment Excluding Accrued Interest Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in Book Value (8+9-10+11)	Total Foreign Exchange Change in Book Value	Book Value/Recorded Investment Excluding Accrued Interest on Disposal	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total (Loss) on Disposal
812501	Coral Gables	FL		03/23/2009	04/20/2009	278,500							278,500	283,028	4,528	4,528
913128	Miami	FL		04/27/2009	05/11/2009	408,000							408,000	409,263	1,263	1,263
913109	Miami	FL		04/29/2009	05/07/2009	417,000							417,000	420,107	3,107	3,107
0399999 Mortgages disposed						1,103,500							1,103,500	1,112,398	8,898	8,898
0599999 Totals						1,103,500							1,103,500	1,112,398	8,898	8,898

**NONE**     **Schedule BA - Part 2 and 3**

**NONE**     **Schedule D - Part 3**

**NONE**     **Schedule D - Part 4**

**NONE**     **Schedule DB - Part A and B - Section 1**

**NONE**     **Schedule DB - Part C and D - Section 1**



Show Investments Owned End of Current Quarter

[illegible]