

**QUARTERLY STATEMENT**

**OF THE**

**MGA Insurance Company, Inc.**

of **Dallas**

in the state of **Texas**

**TO THE**

**Insurance Department**

**OF THE**

**STATE OF**

**FOR THE QUARTER ENDED**

**September 30, 2014**

**PROPERTY AND CASUALTY**

**2014**



40150201420100103

# QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2014  
OF THE CONDITION AND AFFAIRS OF THE  
**MGA Insurance Company, Inc.**

<b>NAIC Group Code</b>	0000	,	0000	<b>NAIC Company Code</b>	40150	<b>Employer's ID Number</b>	75-1767545
	(Current Period)		(Prior Period)				
<b>Organized under the Laws of</b>	Texas			<b>State of Domicile or Port of Entry</b>	Texas		
<b>Country of Domicile</b>	United States of America						
<b>Incorporated/Organized</b>	May 22, 1981			<b>Commenced Business</b>	August 13, 1981		
<b>Statutory Home Office</b>	3333 Lee Parkway Suite 1200			Dallas, TX US 75219			
	(Street and Number)			(City or Town, State, Country and Zip Code)			
<b>Main Administrative Office</b>	3333 Lee Parkway Suite 1200			Dallas, TX US 75219			
	(Street and Number)			(Area Code)		(Telephone Number)	
	(City or Town, State, Country and Zip Code)			(Area Code)		(Telephone Number)	
<b>Mail Address</b>	Post Office Box 199023			Dallas, TX US 75219-9023			
	(Street and Number or P.O. Box)			(City or Town, State, Country and Zip Code)			
<b>Primary Location of Books and Records</b>	3333 Lee Parkway Suite 1200			Dallas, TX US 75219		972-629-4301	
	(Street and Number)			(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
<b>Internet Website Address</b>	www.gainsco.com						
<b>Statutory Statement Contact</b>	Donald Alan Baker			972-629-4379		(Extension)	
	(Name)			(Area Code)		(Telephone Number)	
	don.baker@gainsco.com			972-629-4339			
	(E-Mail Address)			(Fax Number)			

## OFFICERS

	Name	Title
1.	Glenn Walden Anderson	President
2.	Richard Millard Buxton	Secretary
3.	Daniel Jay Coots	Treasurer

## VICE-PRESIDENTS

Name	Title	Name	Title
Richard Millard Buxton	Senior Vice President	Gregory Alan Castleman	Senior Vice President
Daniel Jay Coots	Senior Vice President	Terence James Lynch	Senior Vice President
Brian Christopher Dosser	Senior Vice President	Phillip John West	Senior Vice President
Danny Ray Earnest	Vice President	Donald Alan Baker	Vice President
Jin Liu	Vice President	Scott David Harris	Vice President

## DIRECTORS OR TRUSTEES

Robert William Stallings	Glenn Walden Anderson	Gregory Alan Castleman	Daniel Jay Coots
Richard Millard Buxton	Jin Liu	Phillip John West	

State of Texas

County of Dallas ss

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

(Signature)	(Signature)	(Signature)
Glenn Walden Anderson	Richard Millard Buxton	Daniel Jay Coots
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this  
10 day of November, 2014

Susan Morrison

a. Is this an original filing?  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	158,096,653		158,096,653	154,440,190
2. Stocks:				
2.1 Preferred stocks	1,468,420		1,468,420	1,434,800
2.2 Common stocks	525		525	525
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ (2,983,409)), cash equivalents (\$ 0), and short-term investments (\$ 21,139,158)	18,155,749		18,155,749	19,934,655
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets	14,355,152		14,355,152	7,515,124
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	192,076,499		192,076,499	183,325,294
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	1,872,817		1,872,817	1,480,472
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	2,739,970	190,819	2,549,151	2,615,150
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	36,017,093		36,017,093	31,202,039
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	2,526		2,526	1,302
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts	45,055		45,055	21,825
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	6,474,000		6,474,000	6,474,000
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	1,348,968		1,348,968	1,792,733
21. Furniture and equipment, including health care delivery assets (\$ 0)	507,192	503,552	3,640	7,016
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	256,374		256,374	562,059
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	578,042	578,042		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	241,918,536	1,272,413	240,646,123	227,481,890
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	241,918,536	1,272,413	240,646,123	227,481,890

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid expenses	577,792	577,792		
2502. Other assets	250	250		
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	578,042	578,042		

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31, Prior Year
1. Losses (current accident year \$ 40,311,450)	69,444,156	65,725,639
2. Reinsurance payable on paid losses and loss adjustment expenses	16,581	8,362
3. Loss adjustment expenses	7,808,389	6,833,496
4. Commissions payable, contingent commissions and other similar charges	130,992	324,463
5. Other expenses (excluding taxes, licenses and fees)	5,002,719	3,823,836
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,300,155	1,125,808
7.1. Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	128,589	18,811
7.2. Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 0 and including warranty reserves of \$ 0 and accrued accident and health experience rating refunds including \$ 0 for medical loss ratio rebate per the Public Health Service Act)	52,165,791	45,146,506
10. Advance premium		
11. Dividends declared and unpaid:		
11.1. Stockholders		
11.2. Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated	12,690	32,894
16. Provision for reinsurance (including \$ 0 certified)	6,105	6,105
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	1,580,599	1,353,867
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	60,511	387,346
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	137,657,277	124,787,133
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	137,657,277	124,787,133
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	12,000,000	12,000,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	80,325,157	80,325,157
35. Unassigned funds (surplus)	16,663,689	16,369,600
36. Less treasury stock, at cost:		
36.1. 6,000,000 shares common (value included in Line 30 \$ 6,000,000)	6,000,000	6,000,000
36.2. 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	102,988,846	102,694,757
38. Totals (Page 2, Line 28, Col. 3)	240,646,123	227,481,890

DETAILS OF WRITE-IN LINES		
2501. Unearned interest	47,462	132,894
2502. Unclaimed property	13,049	254,452
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	60,511	387,346
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

## STATEMENT OF INCOME

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ 152,211,516)	145,178,773	144,194,971	191,223,712
1.2 Assumed (written \$ 266,652)	280,111	390,484	500,247
1.3 Ceded (written \$ 504,945)	504,945	506,453	655,769
1.4 Net (written \$ 151,973,223)	144,953,939	144,079,002	191,068,190
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 79,381,094):			
2.1 Direct	79,253,915	81,101,408	108,151,933
2.2 Assumed	(374,629)	271,739	136,108
2.3 Ceded	(5,852)	426	278
2.4 Net	78,885,138	81,372,721	108,287,763
3. Loss adjustment expenses incurred	21,937,190	25,103,071	32,647,209
4. Other underwriting expenses incurred	39,032,035	37,785,878	48,996,636
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)	139,854,363	144,261,670	189,931,608
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	5,099,576	(182,668)	1,136,582
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	3,024,095	3,133,176	4,227,504
10. Net realized capital gains (losses) less capital gains tax of \$ 0	135,516	593,178	614,095
11. Net investment gain (loss) (Lines 9 + 10)	3,159,611	3,726,354	4,841,599
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)			
13. Finance and service charges not included in premiums			
14. Aggregate write-ins for miscellaneous income	1,620	15,810	19,079
15. Total other income (Lines 12 through 14)	1,620	15,810	19,079
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	8,260,807	3,559,496	5,997,260
17. Dividends to policyholders			
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	8,260,807	3,559,496	5,997,260
19. Federal and foreign income taxes incurred	128,589	34,087	38,452
20. Net income (Line 18 minus Line 19) (to Line 22)	8,132,218	3,525,409	5,958,808
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	102,694,757	92,247,125	92,247,125
22. Net income (from Line 20)	8,132,218	3,525,409	5,958,808
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 79,965	235,191	549,061	453,258
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax			3,635,497
27. Change in nonadmitted assets	(73,320)	822,128	406,174
28. Change in provision for reinsurance			(6,105)
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders	(8,000,000)		
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus			
38. Change in surplus as regards policyholders (Lines 22 through 37)	294,089	4,896,598	10,447,632
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	102,988,846	97,143,723	102,694,757

<b>DETAILS OF WRITE-IN LINES</b>			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 05 from overflow page			
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)			
1401. Miscellaneous income (loss)	1,620	15,810	19,079
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	1,620	15,810	19,079
3701.			
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page			
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)			

## CASH FLOW

<b>Cash from Operations</b>	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
1. Premiums collected net of reinsurance	146,994,225	144,386,299	190,560,980
2. Net investment income	4,635,659	4,798,074	7,036,722
3. Miscellaneous income	17,515	23,561	112,606
4. Total (Lines 1 to 3)	151,647,399	149,207,934	197,710,308
5. Benefit and loss related payments	75,168,024	86,566,643	113,227,983
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	58,826,175	63,464,454	81,336,145
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	18,811		
10. Total (Lines 5 through 9)	134,013,010	150,031,097	194,564,128
11. Net cash from operations (Line 4 minus Line 10)	17,634,389	(823,163)	3,146,180
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	21,299,484	44,783,053	57,386,224
12.2 Stocks			
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets	2,570,404	1,177,324	1,390,310
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments	1,676	873	4,450
12.7 Miscellaneous proceeds			
12.8 Total investment proceeds (Lines 12.1 to 12.7)	23,871,564	45,961,250	58,780,984
13. Cost of investments acquired (long-term only):			
13.1 Bonds	26,624,444	51,676,653	60,524,133
13.2 Stocks			
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets	9,410,432	6,065,458	6,186,658
13.6 Miscellaneous applications			
13.7 Total investments acquired (Lines 13.1 to 13.6)	36,034,876	57,742,111	66,710,791
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)	(12,163,312)	(11,780,861)	(7,929,807)
<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			
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders	8,000,000		
16.6 Other cash provided (applied)	750,017	1,367,772	1,566,047
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(7,249,983)	1,367,772	1,566,047
<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)	(1,778,906)	(11,236,252)	(3,217,580)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	19,934,655	23,152,235	23,152,235
19.2 End of period (Line 18 plus Line 19.1)	18,155,749	11,915,983	19,934,655

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

20.0001			
20.0002			
20.0003			

## NOTES TO FINANCIAL STATEMENTS

### (1) Summary of Significant Accounting Policies

#### (A) Accounting Practices

The accompanying statutory financial statements of MGA Insurance Company, Inc. (Company) have been prepared on the basis of accounting practices prescribed or permitted by the Texas Department of Insurance. The state of Texas requires insurance companies domiciled in the state of Texas to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) subject to any deviations prescribed or permitted by the Texas Department of Insurance.

In these statements, the only difference between Texas prescribed practices and NAIC SAP is that Texas regulations allow furniture and equipment to be admitted assets whereas NAIC SAP does not. Reconciliations of net income and policyholders' surplus between amounts presented in the financial statements (Texas basis) and NAIC SAP are as follows:

	9-30-14	12-31-13
<u>Net Income</u>		
(1) Net income, Texas basis	8,132,218	5,958,808
(2) State Prescribed Practices for Furniture and Equipment that increase/(decrease) NAIC SAP	-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP	-	-
(4) NAIC SAP	8,132,218	5,958,808
<u>Surplus</u>		
(5) Policyholders' surplus, Texas basis	102,988,846	102,694,757
(6) State Prescribed Practices for Furniture and Equipment that increase/(decrease) NAIC SAP	3,640	7,016
(7) State Permitted Practices that increase/(decrease) NAIC SAP	-	-
(8) NAIC SAP	102,985,206	102,687,741

#### (B) Use of Estimates

No significant changes

#### (C) Accounting Policies

No significant changes

### (2) Accounting Changes and Corrections of Errors

No significant changes

### (3) Business Combinations and Goodwill

No significant changes

### (4) Discontinued Operations

There were no operations that were discontinued in the current or prior year.

### (5) Investments

#### (A) Mortgage Loans

Not applicable

#### (B) Troubled Debt Restructuring for Debtors

Not applicable

#### (C) Reverse Mortgages

Not applicable

#### (D) Loan-Backed Securities

(1) Prepayment assumptions for single class and multi-class mortgage-backed securities were obtained from internal estimates consistent with the current interest rates and economic environment and projections of security dealers available on the Bloomberg information system.

(2) The following table summarizes by quarter other-than-temporary impairments (OTTI) recorded during the year because the Company had either the intent to sell the securities or the inability or lack of intent to retain as cited in the table:

	Amortized Cost Before OTTI	OTTI Recognized	Fair Value (1-2)
Other Than Temporary Impairment recognized 1 <sup>st</sup> quarter			
a. Intent to sell			
b. Inability or lack of intent to retain investment in the security for a period of time sufficient to recover the amortized cost basis	1,858,766	6,776	1,851,990
c. Total 1 <sup>st</sup> quarter	1,858,766	6,776	1,851,990
Other Than Temporary Impairment recognized 2 <sup>nd</sup> quarter			
d. Intent to sell			
e. Inability or lack of intent to retain investment in the security for a period of time sufficient to recover the amortized cost basis			
f. Total 2 <sup>nd</sup> quarter	0	0	0
Other Than Temporary Impairment recognized 3 <sup>rd</sup> quarter			
g. Intent to sell			
h. Inability or lack of intent to retain investment in the security for a period of time sufficient to recover the amortized cost basis			
i. Total 3 <sup>rd</sup> quarter	0	0	0
Other Than Temporary Impairment recognized 4 <sup>th</sup> quarter			
j. Intent to sell			
k. Inability or lack of intent to retain investment in the security for a period of time sufficient to recover the amortized cost basis			
l. Total 4 <sup>th</sup> quarter			
m. Annual aggregate total	XXXXX	6,776	XXXXX

## NOTES TO FINANCIAL STATEMENTS

- (3) The following table reflects securities with an OTTI recognized in current year earnings based on the fact the present value of cash flows expected to be collected was less than the amortized cost basis of the securities:

CUSIP/ Description	Amortized Cost Before OTTI	Present Value of Projected Cash Flows	OTTI Recognized	Amortized Cost After OTTI	Fair Value at Time of OTTI	Financial Statement Date Reported
75114T-AC-5 RALI 2006-QS5 A3	773,110	770,532	2,578	770,532	736,654	3-31-14
75115D-AF-2 RALI 2006-QS13 1A6	1,085,656	1,081,458	4,198	1,081,458	965,338	3-31-14
<b>Total OTTI</b>			<b>6,776</b>			

- (4) The following table summarizes gross unrealized investment losses on loan-backed securities based on length of time continuously in these unrealized loss positions as of quarter end:

a. Aggregate amount of unrealized losses:	
1. Less than 12 months	14,643
2. 12 months or longer	573,007
3. Total	587,650
b. Aggregate fair value of securities with unrealized loss:	
1. Less than 12 months	1,421,907
2. 12 months or longer	3,261,031
3. Total	4,682,938

- (5) All loan-backed securities in an unrealized loss position were reviewed to determine whether an OTTI should be recognized. For those securities in an unrealized loss position as of September 30, 2014, the Company has made a decision not to sell any such securities. The Company has evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities before recovery of their cost basis. The conclusions are supported by a detailed analysis of the underlying credit and projected cash flows on each security. It is possible that the Company could recognize an OTTI in the future on some of the securities held if future events, information and the passage of time cause it to conclude that declines in value are other-than-temporary.
- (E) Repurchase Agreements and/or Securities Lending Transactions  
(1-2) No significant changes
- (3) There were no agreements or transactions involving collateral.
- (F) Writedowns for Impairment of Real Estate, Real Estate Sales, Retail Land Sales Operations and Real Estate with Participating Mortgage Loan Features  
Not applicable
- (G) Low Income Housing Tax Credits  
Not applicable
- (H) Restricted Assets  
No significant changes
- (I) Working Capital Finance Investments  
Not applicable
- (6) **Joint Ventures, Partnerships and Limited Liability Companies**  
No significant changes
- (7) **Investment Income**  
No significant changes
- (8) **Derivative Instruments**  
The Company does not own derivative instruments.
- (9) **Income Taxes**  
No significant changes
- (10) **Information Concerning Parent, Subsidiaries and Affiliates**  
No significant changes
- (11) **Debt**
- (A) Amount, Interest, Maturities, Collateral, Covenants  
The Company has no debt outstanding.
- (B) Funding Agreements with Federal Home Loan Bank (FHLB)  
The Company has no Federal Home Loan Bank agreements.
- (12) **Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**
- (A) Defined Benefit Plan  
The company does not have a defined benefit plan.
- (B through F) No significant changes



## NOTES TO FINANCIAL STATEMENTS

**(13) Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

No significant changes

**(14) Contingencies**

No significant changes

**(15) Leases**

No significant changes

**(16) Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

The Company does not have any financial instruments where there is off-balance-sheet-risk of accounting loss due to credit or market risk.

**(17) Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities****(A) Transfer of Receivables Reported as Sales**

Not applicable

**(B) Transfer and Servicing of Financial Assets**

There were no transactions involving the transfer or servicing of financial assets.

**(C) Wash Sales**

(1) In the course of the Company's asset management, securities may be sold and reacquired within thirty days of the sale date to enhance the yield on the investments and to offset realized loss carryforwards for federal income tax purposes.

(2) There were no wash sale transactions involving unrated securities or securities with an NAIC designation of 3 or below.

**(18) Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

The Company has no such plans.

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

No significant change

**(20) Fair Value Measurement****(A) Inputs Used for Assets and Liabilities Measured and Reported at Fair Value****(1) Items Measured and Reported at Fair Value by Levels 1, 2 and 3**

The Company has categorized its assets and liabilities that are measured at fair value into the three-level fair value hierarchy as reflected in the table below. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The levels are defined as follows:

*Level 1 – Quoted Prices in Active Markets for Identical Assets and Liabilities:* This category, for items measured at fair value on a recurring basis, includes exchange-traded preferred and common stocks. The estimated fair value of the equity securities within this category are based on quoted prices in active markets.

*Level 2 – Significant Other Observable Inputs:* This category for items measured at fair value on a recurring basis includes bonds, loan-back securities, preferred stocks and common stocks which are not exchange-traded. The estimated fair values of some of these items were determined by independent pricing services using observable inputs. Others were based on quotes from markets which were not considered actively traded.

*Level 3 – Significant Unobservable Inputs:* This category includes valuations based on models where significant inputs are not observable. The unobservable inputs reflect the Company's own estimates as to the assumptions that market participants would use. Investments classified as Level 3 are comprised of securities for which values provided by an independent pricing service or quoted market prices were not used, many of which are not publicly traded or are not actively traded.

Description	Level 1	Level 2	Level 3	Total
Assets at Fair Value				
Bonds				
Issuer obligations		2,756,475		2,756,475
Residential mortgage-backed		3,261,031		3,261,031
Preferred stock - perpetual	468,420			468,420
Total Assets at Fair Value	468,420	6,017,506	0	6,485,926

All of the Company's Level 1 and Level 2 invested assets held as of September 30, 2014 were priced using either independent pricing services or available market prices to determine fair value. The Company classifies such instruments in active markets as Level 1 and those not in active markets as Level 2. Those for which the independent pricing service value is used are classified as Level 2. At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2. This policy also applies to transfers into or out of Level 3 as stated in paragraph 3 below. There were no transfers between Levels 1 and 2 during the third quarter of 2014.

**(2) Rollforward of Level 3 Items:**

Description	Level 3 Balance at 12-31-13	Gains (Losses) Included in Income	Gains (Losses) Included in Surplus	Purchases	Sales	Transfers into Level 3	Transfers out of Level 3	Level 3 Balance at 9-30-14
Assets at Fair Value								
Bonds and asset-backed securities	-	-	-	-	-	-	-	-
Total Assets at Fair Value	0	0	0	0	0	0	0	0

## NOTES TO FINANCIAL STATEMENTS

**(3) Policy on Transfers Into and Out of Level 3**

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. The above table of Level 3 assets begins with the prior period balance and adjusts the balance for the gains or losses (realized and unrealized) that occurred during the current period. Any new purchases that are identified as Level 3 securities are added, and any sales of securities which were previously identified as Level 3 are subtracted. Next, any securities which were previously identified as Level 1 or Level 2 securities and which are currently identified as Level 3 are added. Finally, securities which were previously identified as Level 3 and which are now designated as Level 1 or as Level 2 are subtracted.

**(4) Inputs and Techniques Used for Level 2 and Level 3 Fair Values**

Level 2 securities have a fair value derived from a market price estimate provided by an independent pricing service. This generally involves a matrix pricing approach which looks at the characteristics of securities traded in actual market transactions and maps them into categories. If the specific security to be priced has not recently traded, it is also categorized, and the market yield on deemed similar instruments is applied to that issue. For securities backed by mortgage loans, key inputs include the market required loss adjusted yield, and the projected default rate, severity, and voluntary prepayment speed on the underlying collateral.

The Company owns one Level 3 instrument, a CAPCO bond whose principal is repaid through premium tax credits granted by a program established by the State of Texas. It is valued through the cash flow method. The estimated premium tax credit utilization schedule is discounted by a rate equal to a spread to the US Treasury curve which was utilized for pricing the bond at the time of issuance.

**(5) Derivative Fair Values**  
Not applicable**(B) Other Fair Value Disclosures**  
Not applicable**(C) Fair Values for All Financial Instruments by Levels 1, 2 and 3**

The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method (subsidiaries, partnerships). The fair values are also categorized into the three-level fair value hierarchy as described above in Note 20(A). The Company does not have any liabilities measured at fair value.

Type of Financial Instrument	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practical (Carrying Value)
Bonds	160,674,418	159,096,653	9,309,271	150,601,173	763,974	-
Perpetual preferred stock	468,420	468,420	468,420	-	-	-
Cash, cash equivalents and short-term investments	18,151,977	18,155,773	5,732,050	12,419,927	-	-
Total Assets	179,294,815	177,720,846	15,509,741	163,021,100	763,974	0

**(D) Financial Instruments for Which Not Practical to Estimate Fair Values**  
Not applicable**(21) Other Items**

(A) through (F) No significant changes

**(G) Offsetting and Netting of Assets and Liabilities**  
None

(H) through (I) Not applicable

**(22) Events Subsequent**

There were no events occurring subsequent to the close of the books for this statement that would have a material effect on the financial condition of the Company.

**(23) Reinsurance**

No significant changes

**(24) Retrospectively Rated Contracts and Contracts Subject to Redetermination**

Not applicable

**(25) Changes in Incurred Losses and Loss Adjustment Expenses**

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years increased by \$5,240,655 during the current year as a result of ongoing analysis of recent loss development. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

**(26) Intercompany Pooling Arrangements**

Not applicable

**(27) Structured Settlements**

The Company has not entered into any structured settlements.

**(28) Health Care Receivables**

Not applicable

**(29) Participating Policies**

Not applicable

## NOTES TO FINANCIAL STATEMENTS

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**(30) Premium Deficiency Reserves**

The Company evaluated the need to record a premium deficiency reserve and determined no reserve is necessary.

**(31) High Deductibles**

The Company does not write high deductible coverages.

**(32) Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses**

The Company does not discount liabilities for unpaid losses or unpaid loss adjustment expenses.

**(33) Asbestos / Environmental Reserves**

Not applicable

**(34) Subscriber Savings Accounts**

Not applicable

**(35) Multiple Peril Crop Insurance**

Not applicable

**(36) Financial Guaranty Insurance**

(A) The Company does not write financial guaranty insurance.

(B) The Company does not have insured financial obligations.

# GENERAL INTERROGATORIES

## PART 1 – COMMON INTERROGATORIES

### GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change: \_\_\_\_\_

3.1 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 [ ]

If yes, complete Schedule Y, Parts 1, and 1A.

3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]

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

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

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

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [X] N/A [ ]  
 If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. \_\_\_\_\_ 12/31/2013

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. \_\_\_\_\_ 12/31/2013

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). \_\_\_\_\_ 10/16/2014

6.4 By what department or departments?  
 Texas Department of Insurance  
 .....  
 .....

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [ ] No [ ] N/A [X]

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]

## GENERAL INTERROGATORIES

7.2 If yes, give full information

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

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

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

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

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

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: \$ 1,979

### 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]

## GENERAL INTERROGATORIES

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

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

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

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

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

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 .....	\$ 525	\$ 525
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) .....	\$ 525	\$ 525
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 [ X ]

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

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$ _____
16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$ _____
16.3 Total payable for securities lending reported on the liability page	\$ _____

17. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [ X ] No [ ]

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

1 Name of Custodian(s)	2 Custodian Address
Wells Fargo Bank, N.A. attn. Institutional Trust - Risk Management	Northstar East - 5th Floor MAC N9032-054 608 2nd Avenue South, Minneapolis, MN 55479

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

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

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

## GENERAL INTERROGATORIES

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
.....	.....	.....

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

Yes [ X ] No [ ]

18.2 If no, list exceptions:

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

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [ ] No [ X ]

3.2 If yes, give full and complete information thereto:  
 .....  
 .....  
 .....

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves") discounted at a rate of interest greater than zero? Yes [ ] No [ X ]

4.2 If yes, complete the following schedule:

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

5. Operating Percentages:  
 5.1. A&H loss percent \_\_\_\_\_ %  
 5.2. A&H cost containment percent \_\_\_\_\_ %  
 5.3. A&H expense percent excluding cost containment expenses \_\_\_\_\_ %

6.1 Do you act as a custodian for health savings accounts? Yes [ ] No [ X ]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ \_\_\_\_\_

6.3 Do you act as an administrator for health savings accounts? Yes [ ] No [ X ]

6.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ \_\_\_\_\_



**NONE**    **Schedule F**

## 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					
2. Alaska	AK	N					
3. Arizona	AZ	L	10,581,255	11,863,232	6,054,901	7,290,251	5,423,090
4. Arkansas	AR	L					
5. California	CA	L	39,582	183,783	127,584	98,442	83,085
6. Colorado	CO	N					
7. Connecticut	CT	N					
8. Delaware	DE	L					
9. District of Columbia	DC	L					
10. Florida	FL	L	49,744,344	64,744,507	30,016,780	45,031,838	27,159,829
11. Georgia	GA	L	5,335,510	5,212,298	2,858,375	3,335,950	2,424,434
12. Hawaii	HI	N					
13. Idaho	ID	L					
14. Illinois	IL	L					
15. Indiana	IN	L					
16. Iowa	IA	L					
17. Kansas	KS	L					
18. Kentucky	KY	L					
19. Louisiana	LA	L					
20. Maine	ME	N					
21. Maryland	MD	L					
22. Massachusetts	MA	N					
23. Michigan	MI	N					
24. Minnesota	MN	N					
25. Mississippi	MS	L					
26. Missouri	MO	L					
27. Montana	MT	L					
28. Nebraska	NE	L					
29. Nevada	NV	L	537	10,050	5,000	(32,366)	(24,000)
30. New Hampshire	NH	N					
31. New Jersey	NJ	N					
32. New Mexico	NM	L	6,648,332	7,145,201	3,427,247	3,397,416	4,320,131
33. New York	NY	N					
34. North Carolina	NC	L					
35. North Dakota	ND	N					
36. Ohio	OH	L					
37. Oklahoma	OK	L	2,227,681	1,643,510	903,555	1,016,440	991,509
38. Oregon	OR	L					
39. Pennsylvania	PA	L					
40. Rhode Island	RI	N					
41. South Carolina	SC	L	10,341,488	8,546,468	4,699,594	4,101,890	5,398,766
42. South Dakota	SD	N					
43. Tennessee	TN	L					
44. Texas	TX	L	63,211,885	47,424,062	25,746,089	21,864,562	31,784,439
45. Utah	UT	L					
46. Vermont	VT	N					
47. Virginia	VA	L	4,080,902	1,024,603	1,005,027	62,365	1,692,632
48. Washington	WA	L					
49. West Virginia	WV	L					
50. Wisconsin	WI	N					
51. Wyoming	WY	L					
52. American Samoa	AS	N					
53. Guam	GU	N					
54. Puerto Rico	PR	N					
55. U.S. Virgin Islands	VI	N					
56. Northern Mariana Islands	MP	N					
57. Canada	CAN	N					
58. Aggregate Other Alien	OT	X X X					
59. Totals	(a) 35		152,211,516	147,797,714	74,844,152	86,166,788	79,253,915

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

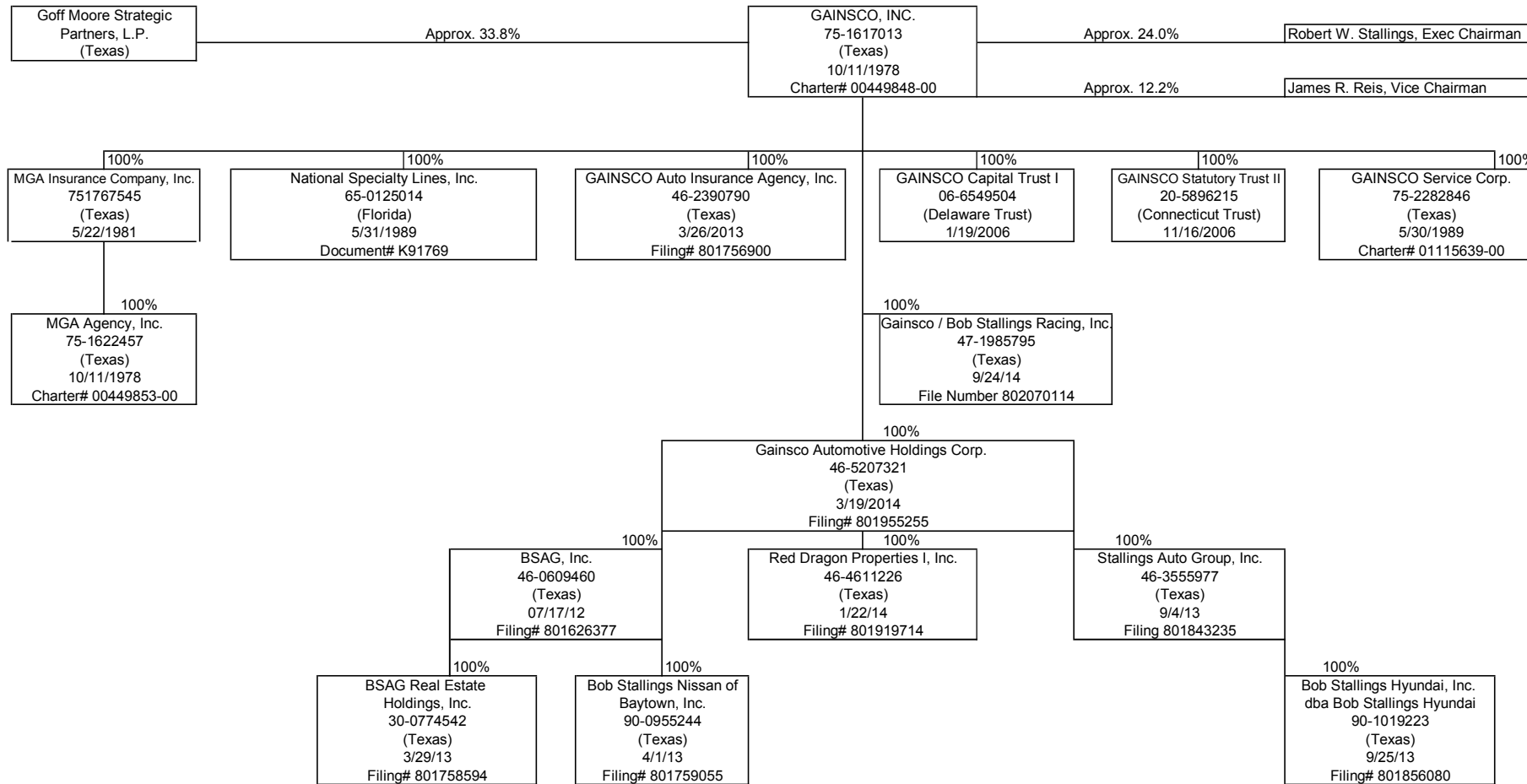
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer;

(E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

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

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

## PART 1 - ORGANIZATIONAL CHART



## SCHEDULE Y

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
		00000	75-1617013		786344	OTC Pink	GAINSCO, INC.	TX	UDP	See Organizational Chart	Ownership		See Organizational Chart	1
		00000	75-2282846				GAINSCO Service Corp.	TX	NIA	GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	
		40150	75-1767545				MGA Insurance Company, Inc.	TX		GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	
		00000	75-1622457				MGA Agency, Inc.	TX	DS	MGA Insurance Company, Inc.	Ownership	100.0	GAINSCO, INC.	
		00000	06-6549504				GAINSCO Capital Trust I	DE	OTH	GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	2
		00000	20-5896215				GAINSCO Statutory Trust II	CT	OTH	GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	2
		00000	65-0125014				National Specialty Lines, Inc.	FL	NIA	GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	
		00000	46-0609460				BSAG, Inc.	TX	NIA	GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	
		00000	46-2390790				GAINSCO Auto Insurance Agency, Inc.	TX	NIA	GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	
		00000	46-3555977				Stallings Auto Group, Inc.	TX	NIA	GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	
		00000	30-0774542				BSAG Real Estate Holdings, Inc.	TX	NIA	BSAG, Inc.	Ownership	100.0	GAINSCO, INC.	
		00000	90-0955244				Bob Stallings Nissan of Baytown, Inc.	TX	NIA	BSAG, Inc.	Ownership	100.0	GAINSCO, INC.	
		00000	90-1019223				Bob Stallings Hyundai, Inc. dba Bob Stallings Hyundai	TX	NIA	Stallings Auto Group, Inc.	Ownership	100.0	GAINSCO, INC.	
		00000	46-4611226				Red Dragon Properties I, Inc.	TX	NIA	Stallings Auto Group, Inc.	Ownership	100.0	GAINSCO, INC.	
		00000	46-5207321				Gainsco Automotive Holdings, Corp.	TX	NIA	GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	
		00000	47-1985795				GAINSCO / Bob Stallings Racing, Inc.	TX	NIA	GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	



**PART 1 – LOSS EXPERIENCE**

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability-occurrence				
11.2 Medical professional liability-claims made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability-occurrence		(9,750)		
17.2 Other liability-claims made				
17.3 Excess Workers' Compensation				
18.1 Products liability-occurrence				
18.2 Products liability-claims made				
19.1, 19.2 Private passenger auto liability	111,900,424	64,445,477	57.6	59.7
19.3, 19.4 Commercial auto liability		(11,010)		
21. Auto physical damage	33,278,349	14,829,198	44.6	42.6
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business				
35. TOTALS	145,178,773	79,253,915	54.6	56.2

DETAILS OF WRITE-INS				
3401.				
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)				

**PART 2 – DIRECT PREMIUMS WRITTEN**

	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire			
2. Allied lines			
3. Farmowners multiple peril			
4. Homeowners multiple peril			
5. Commercial multiple peril			
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine			
10. Financial guaranty			
11.1 Medical professional liability-occurrence			
11.2 Medical professional liability-claims made			
12. Earthquake			
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability-occurrence			
17.2 Other liability-claims made			
17.3 Excess Workers' Compensation			
18.1 Products liability-occurrence			
18.2 Products liability-claims made			
19.1, 19.2 Private passenger auto liability	38,607,213	115,924,935	117,205,892
19.3, 19.4 Commercial auto liability			
21. Auto physical damage	12,358,859	36,286,581	30,591,822
22. Aircraft (all perils)			
23. Fidelity			
24. Surety			
26. Burglary and theft			
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business			
35. TOTALS	50,966,072	152,211,516	147,797,714

DETAILS OF WRITE-INS			
3401.			
3402.			
3403.			
3498. Summary of remaining write-ins for Line 34 from overflow page			
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)			

**PART 3 (000 omitted)**

**LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE**

Years in Which Losses Occurred	1 Prior Year-End Known Case Loss and LAE Reserves	2 Prior Year-End IBNR Loss and LAE Reserves	3 Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	4 2014 Loss and LAE Payments on Claims Reported as of Prior Year-End	5 2014 Loss and LAE Payments on Claims Unreported as of Prior Year-End	6 Total 2014 Loss and LAE Payments (Cols 4 + 5)	7 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	8 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	9 Q.S. Date IBNR Loss & LAE Reserves	10 Total Q.S. Loss and LAE Reserves (Cols 7 + 8 + 9)	11 Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 - 1)	12 Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 - 2)	13 Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2011 + prior	8,857	1,296	10,153	10,170	66	10,236	4,706	34	4,370	9,110	6,019	3,174	9,193
2. 2012	7,424	3,788	11,212	7,834	149	7,983	4,020	55	3,675	7,750	4,430	91	4,521
3. Subtotals 2012 + prior	16,281	5,084	21,365	18,004	215	18,219	8,726	89	8,045	16,860	10,449	3,265	13,714
4. 2013	23,445	27,749	51,194	23,895	1,617	25,512	9,525	444	7,240	17,209	9,975	(18,448)	(8,473)
5. Subtotals 2013 + prior	39,726	32,833	72,559	41,899	1,832	43,731	18,251	533	15,285	34,069	20,424	(15,183)	5,241
6. 2014	X X X	X X X	X X X	X X X	52,398	52,398	X X X	24,946	18,238	43,184	X X X	X X X	X X X
7. Totals	39,726	32,833	72,559	41,899	54,230	96,129	18,251	25,479	33,523	77,253	20,424	(15,183)	5,241

8. Prior Year-End Surplus As

Regards Policyholders 102,695

Col. 11, Line 7  
As % of Col. 1,  
Line 7

Col. 12, Line 7  
As % of Col. 2,  
Line 7

Col. 13, Line 7  
As % of Col. 3,  
Line 7

1. 51.412 2. -46.243 3. 7.223

Col. 13, Line 7  
Line 8

4. 5.103

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	NO
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
4. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO

**Explanation:**

**Bar Code:**



40150201449000030



40150201445500030



40150201436500030



40150201450500030



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**OVERFLOW PAGE FOR WRITE-INS**

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

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

**NONE****SCHEDULE B - VERIFICATION****Mortgage Loans**

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

**NONE****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	7,515,124	2,691,522
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	2,033,868	3,407,245
2.2 Additional investment made after acquisition	7,376,564	2,658,213
3. Capitalized deferred interest and other	(124,973)	139,200
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		9,254
7. Deduct amounts received on disposals	2,445,431	1,390,310
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)	14,355,152	7,515,124
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	14,355,152	7,515,124

**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	155,875,515	154,094,036
2. Cost of bonds and stocks acquired	26,624,444	60,524,133
3. Accrual of discount	(9,162)	(30,482)
4. Unrealized valuation increase (decrease)	235,192	686,755
5. Total gain (loss) on disposals	140,617	596,661
6. Deduct consideration for bonds and stocks disposed of	21,299,483	57,386,224
7. Deduct amortization of premium	1,994,747	2,595,094
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized	6,777	14,270
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	159,565,599	155,875,515
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	159,565,599	155,875,515

**SCHEDULE D - PART 1B**

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

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. NAIC 1 (a)	51,518,951	5,458,912	3,270,921	(583,604)	50,701,022	51,518,951	53,123,338	50,815,870
2. NAIC 2 (a)	114,444,865	13,823,932	9,839,099	(134,235)	116,117,830	114,444,865	118,295,463	118,736,463
3. NAIC 3 (a)	7,193,849		1,110,865	(50,275)	7,149,344	7,193,849	6,032,709	7,077,759
4. NAIC 4 (a)	967,227		38,834	(3,201)	965,338	967,227	925,192	970,845
5. NAIC 5 (a)	852,098		9,237	16,248	860,667	852,098	859,109	841,056
6. NAIC 6 (a)								
7. Total Bonds	174,976,990	19,282,844	14,268,956	(755,067)	175,794,201	174,976,990	179,235,811	178,441,993
<b>PREFERRED STOCK</b>								
8. NAIC 1								
9. NAIC 2	1,000,000				1,000,000	1,000,000	1,000,000	1,000,000
10. NAIC 3	482,800			(14,380)	469,200	482,800	468,420	434,800
11. NAIC 4								
12. NAIC 5								
13. NAIC 6								
14. Total Preferred Stock	1,482,800			(14,380)	1,469,200	1,482,800	1,468,420	1,434,800
15. Total Bonds & Preferred Stock	176,459,790	19,282,844	14,268,956	(769,447)	177,263,401	176,459,790	180,704,231	179,876,793

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

NAIC 1 \$ 9,734,601; NAIC 2 \$ 11,404,557; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0

## SCHEDULE DA - PART 1

### Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	21,139,158	X X X	21,304,561	148,653	86,404

## SCHEDULE DA - VERIFICATION

### Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	24,001,802	23,908,063
2. Cost of short-term investments acquired	23,315,561	40,877,396
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	1,676	4,450
6. Deduct consideration received on disposals	25,711,499	40,180,180
7. Deduct amortization of premium	468,382	607,927
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)	21,139,158	24,001,802
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	21,139,158	24,001,802

**NONE**    **Schedule DB - Part A and B Verification**

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

**NONE**    **Schedule DB - Part C - Section 2**

**NONE**    **Schedule DB - Verification**

## SCHEDULE E - VERIFICATION

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		8,160,111
2. Cost of cash equivalents acquired		10,194,545
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals		18,354,656
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)		
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)		

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

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

### SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 CUSIP Ident- ification	2 Name or Description	Location		5 Name of Vendor or General Partner	6 NAIC Desig- nation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made After Acquisition	11 Amount of Encumbrances	12 Commitment for Additional Investment	13 Percentage of Ownership
		3 City	4 State									
	CapitalSpring Direct Lending Partners Fortress Worldwide Transportation and Infrastruct	New York New York	NY NY	CSDLP General Partner, LLC Fortress Worldwide Transportation and Infrastru		05/16/2013 12/27/2012			162,564 570,980		1,294,218 3,461,880	
2199999	Other - Joint Venture, Partnership or Limited Liability Interests - Unaffiliated											
									733,544		4,756,098	X X X
4499999	Subtotal Unaffiliated											
									733,544		4,756,098	X X X
4699999	Totals											
									733,544		4,756,098	X X X

EO3

### SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1 CUSIP Ident- ification	2 Name or Description	Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Change in Book/Adjusted Carrying Value						15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income
		3 City	4 State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) or (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B./A.C.V. (9+10-11+12)	14 Total Foreign Exchange Change in B./A.C.V.						
	Fortress Worldwide Transportati	New York	NY	Return of capital	12/27/2012	09/10/2014	1,430,633							1,430,633	1,163,697			77,978	
2199999	Other - Joint Venture/Partnership Interests - Unaffiliated																		
							1,430,633							1,430,633	1,163,697			77,978	
4499999	Total Unaffiliated																		
							1,430,633							1,430,633	1,163,697			77,978	
4699999	Totals																		
							1,430,633							1,430,633	1,163,697			77,978	



### SCHEDULE D - PART 3

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

1 CUSIP Ident- ification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
009363-AJ-1	Airgas Inc		08/01/2014	Southwest Securities		1,027,660	1,000,000.00	11,285	2FE
12527G-AA-1	CF Industries Inc		08/18/2014	First Southwest		1,175,120	1,000,000.00	21,007	2FE
224399-AS-4	Crane Co		09/24/2014	Southwest Securities		1,018,990	1,000,000.00	7,944	2FE
25746U-BH-1	Dominion Resources Inc		08/15/2014	Southwest Securities		1,145,510	1,000,000.00	722	2FE
26441C-AB-1	Duke Energy Corp New		09/11/2014	Wells Fargo Bank		1,106,102	960,000.00	15,167	2FE
28176E-AC-2	Edwards Lifesciences Corp		09/03/2014	Southwest Securities		1,021,040	1,000,000.00	11,420	2FE
46625H-CY-4	JPMorgan Chase & Co.		07/16/2014	Southwest Securities		1,000,620	1,000,000.00	840	1FE
984121-BW-2	Xerox Corp		09/23/2014	Southwest Securities		1,148,600	1,000,000.00	23,107	2
98419M-AA-8	Xylem Inc		07/02/2014	First Southwest		1,054,930	1,000,000.00	10,650	2FE
3899999	Total Bonds Industrial and Miscellaneous (Unaffiliated)				X X X	9,698,572	8,960,000.00	102,142	X X X
8399997	Total Bonds Part 3				X X X	9,698,572	8,960,000.00	102,142	X X X
8399998	Summary Item from Part 5 for Bonds				X X X	X X X	X X X	X X X	X X X
8399999	Total Bonds				X X X	9,698,572	8,960,000.00	102,142	X X X
9999999	Totals				X X X	9,698,572	X X X	102,142	X X X

E04

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

### SCHEDULE D - PART 4

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

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Designation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
3133XP-JJ-4	FHLB 00-1239		09/22/2014	PRINCIPAL RECEIPT		1,939	1,939.00	2,051	1,977		(38)		(38)	1,939				61	08/20/2015	1	
0599999	Total - Bonds - U.S. Governments				X X X	1,939	1,939.00	2,051	1,977		(38)		(38)	1,939				61	X X X	X X X	
31396Q-WZ-8	Fannie Mae-FNR 2009-63 LD		09/25/2014	PRINCIPAL RECEIPT		16,128	16,127.91	16,828	16,389		(261)		(261)	16,128				571	02/25/2039	1	
31398P-4W-6	Fannie Mae-FNR 2010-49 PA		09/25/2014	PRINCIPAL RECEIPT		8,834	8,833.65	9,132	8,998		(164)		(164)	8,834				241	11/25/2035	1	
3137AE-LS-2	FHLMC Series 3910		09/15/2014	PRINCIPAL RECEIPT		49,635	49,635.48	50,225	50,168		(533)		(533)	49,635				581	12/15/2037	1	
31339M-SK-5	FHR 2399 PG		09/15/2014	PRINCIPAL RECEIPT		21,175	21,175.05	22,763	21,978		(803)		(803)	21,175				782	01/15/2017	1	
31396Y-SC-7	FNR 2008-17 UF		09/25/2014	PRINCIPAL RECEIPT		14,625	14,625.08	14,616	14,614		12		12	14,625				79	03/25/2038	1	
31395V-4L-0	Freddie Mac-FHR 2990 TD		08/22/2014	VARIOUS		106,113	104,687.00	109,071	108,281		(51)		(51)	108,230		(2,117)	(2,117)	3,332	05/15/2035	1	
31397G-HH-6	Freddie Mac-FHR 3313 GP		08/25/2014	VARIOUS		98,053	93,594.74	98,157	98,472		(583)		(583)	97,889		164	164	3,497	04/15/2037	1	
3137A9-PB-6	Freddie Mac-FHR 3842 BY		09/15/2014	PRINCIPAL RECEIPT		18,584	18,584.22	19,545	19,191		(606)		(606)	18,584				457	08/15/2024	1	
3199999	U.S. Total - Bonds - Special Revenue and Special Assessment Non-Guaranteed Obl				X X X	333,147	327,263.13	340,337	338,091		(2,989)		(2,989)	335,100		(1,953)	(1,953)	9,540	X X X	X X X	
081437-AG-0	Bemis Company Inc		08/01/2014	MATURITY		1,000,000	1,000,000.00	1,048,050	1,026,019		(26,019)		(26,019)	1,000,000				56,500	08/01/2014	2FE	
14170T-AF-8	Carefusion Corp.		08/01/2014	MATURITY		1,000,000	1,000,000.00	1,090,840	1,016,821		(16,821)		(16,821)	1,000,000				51,250	08/01/2014	2FE	
12668X-AC-9	Countrywide Series 2006-S8		09/25/2014	PRINCIPAL RECEIPT		9,237	9,237.04	8,980	8,403	685	149		834	9,237				318	04/25/2036	5FM	
25271C-AG-7	Diamond Offshore Drill		09/02/2014	MATURITY		450,000	450,000.00	496,854	460,005		(10,005)		(10,005)	450,000				23,175	09/01/2014	1FE	
620076-AZ-2	Motorola Solutions Inc		09/11/2014	CALLED @ 114.115000		1,141,150	1,000,000.00	1,182,540	1,147,245		(25,561)		(25,561)	1,121,684		19,466	19,466	49,333	11/15/2017	2FE	
655844-AU-2	Norfolk Southern Corp		09/17/2014	MATURITY		500,000	500,000.00	564,935	512,268		(12,268)		(12,268)	500,000				26,285	09/17/2014	2FE	
74922S-AA-6	RALI 2006-QS-17		09/25/2014	PRINCIPAL RECEIPT		8,144	17,983.20	14,531	11,236	3,294	(6,386)		(3,092)	8,144				56	12/25/2036	1FM	
75114T-AC-5	RALI 2006-QS5		09/25/2014	PRINCIPAL RECEIPT		15,237	24,806.38	21,672	19,872	1,878	(6,441)	73	(4,636)	15,237				926	05/25/2036	1FM	
75115D-AF-2	RALI Ser 2006-QS13		09/25/2014	PRINCIPAL RECEIPT		38,834	50,741.98	43,966	37,808	6,347	(5,150)	171	1,026	38,834				1,804	09/25/2036	4FM	
760488-AA-4	Republic Holdings Texas II, LP		09/01/2014	Sink PMT @ 100.00000		250,000	250,000.00	250,000	250,000					250,000				17,561	03/01/2015	1	
3899999	Total - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	4,412,602	4,302,768.60	4,722,368	4,489,677	12,204	(108,502)	244	(96,542)	4,393,136		19,466	19,466	227,208	X X X	X X X	
416515-AW-4	Hartford Financial		08/18/2014	Southwest Securities		1,175,000	1,000,000.00	1,154,000	1,127,216		(16,352)		(16,352)	1,110,865		64,135	64,135	55,521	06/15/2038	3FE	
4899999	Total - Bonds - Hybrid Securities				X X X	1,175,000	1,000,000.00	1,154,000	1,127,216		(16,352)		(16,352)	1,110,865		64,135	64,135	55,521	X X X	X X X	
8399997	Total - Bonds - Part 4				X X X	5,922,688	5,631,970.73	6,218,756	5,956,961	12,204	(127,881)	244	(115,921)	5,841,040		81,648	81,648	292,330	X X X	X X X	
8399998	Summary Item from Part 5 for Bonds				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
8399999	Total Bonds				X X X	5,922,688	5,631,970.73	6,218,756	5,956,961	12,204	(127,881)	244	(115,921)	5,841,040		81,648	81,648	292,330	X X X	X X X	

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

### SCHEDULE D - PART 4

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

1 CUSIP Ident- ification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Design- ation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
999999	Totals					5,922,688	X X X	6,218,756	5,956,961	12,204	(127,881)	244	(115,921)		5,841,040		81,648	81,648	292,330	X X X	X X X

E05.1

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

- NONE**    **Schedule DB - Part A - Section 1**
- NONE**    **Schedule DB - Part B - Section 1**
- NONE**    **Schedule DB - Part D - Section 1**
- NONE**    **Schedule DB - Part D - Section 2**
- NONE**    **Schedule DL - Part 1**
- NONE**    **Schedule DL - Part 2**



**NONE Schedule E - Part 2**