

**TEXAS**

**ANNUAL STATEMENT**

**OF THE**

\_\_\_\_\_  
(NAME OF COMPANY)

\_\_\_\_\_  
(STREET ADDRESS)

\_\_\_\_\_  
(CITY, STATE, ZIP)

**A PREPAID LEGAL SERVICES CORPORATION**

OF \_\_\_\_\_

**IN THE STATE OF TEXAS**

**TO THE**

**COMMISSIONER OF INSURANCE**

**OF THE**

**STATE OF TEXAS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2006**

**(Draft - Pending Approval)**

**2006**  
**INSTRUCTIONS TO PREPAID LEGAL SERVICES CORPORATIONS**  
**FOR COMPLETING ANNUAL STATEMENT BLANK**

**FOREWORD**

The following instructions cover the principal items about which there may be some questions as to content.

**GENERAL**

1. Date of filing: The statement is required to be filed or postmarked on or before March 1st. If the filing date falls on a weekend or a federal holiday, the filing date is the next business day.

NOTICE: All companies authorized to write prepaid legal insurance and subject to Section 961 of the Texas Insurance Code (formerly Chapter 23), MUST file a completed annual statement. If your company did not have prepaid legal written premiums, this blank MUST ALSO BE FILED, with a completed and executed Jurat page, with no activity pages marked "NONE".

2. The name of the corporation must be plainly written or stamped at the top of all pages, exhibits and schedules (including duplicate schedules) and also on all inserted schedules and loose sheets.
3. Printed statements or copies produced by some duplicating process, in lieu of the statements from this Department; should contain all the information required, with the same headings and footnotes, and are of the same size and arrangement, page for page, column for column, and line for line, as in the blanks supplied by this Department.
4. If no entries are made, write or stamp "NONE" across the schedule.
5. Please respond to all questions.
6. Items which cannot readily be classified under one of the printed items should be entered as a special item.

***ASSETS, LIABILITIES, SURPLUS AND OTHER FUNDS -  
PAGE 2 (CLAIM FUND) AND PAGE 3 (EXPENSE FUND)***

Each class of asset should be entered at its statement value. Claim fund investments may include only those assets specifically provided for in section 961.203 (formerly Chapter 23.10 of the Texas Insurance Code). Expense fund investments may include only such as are legal investments for the capital, surplus, and contingency funds of capital stock life insurance companies.

Investments should be valued in accordance with the recommendations of the Committee on Valuations of Securities of the National Association of Insurance Commissioners.

The amount on page 2, line 16, must agree with the amount in Exhibit II, Part 1, column 4, line 13. The amount on page 3, line 13, must agree with the amount in Exhibit II, Part 1(b), column 4, line 16.

Taxes, licenses and fees due or accrued, on page 3, line 17, should exclude any amounts withheld or retained by the corporation acting as agent for others.

Amounts withheld, or retained, as agent or trustee should include employees' Old Age and Unemployment Contributions, withholdings for purchase of Savings Bonds, taxes withheld at source, as well as amounts held in escrow for payment of taxes, insurance, etc., under FHA or other mortgage loans.

***EXHIBIT I - PARTS I AND IA -  
PAGE 4 (CLAIM FUND) AND PAGE 5 (EXPENSE FUND)***

Parts I and IA should be completed on the accrual, i.e., earned and incurred, basis. The various investment items appearing in the Parts supporting the statements of income must check with the data relating to the same transactions as set forth in the appropriate schedules.

**EXHIBIT I - PART 2 - PAGE 6**

All assessments and application fees should be included on lines 1 and 2.

Assessments should be recorded on the gross cash collected basis, net of returns.

Any assessment due and unpaid within the grace period must be reported on lines 3.b. and 4.b. Any such assessments due at the end of the previous year should be reported as a deduction, and any assessments due at the end of the current year should be reported as an addition.

The amounts on line 5, columns 1 and 2, must agree with the amounts in Part 1, line 1, and Part 1A, line 1, respectively.

**EXHIBIT I - PART 2A - PAGE 6**

The amounts on line 2 should include one mode premium, i.e., one monthly premium for those on a monthly basis, one quarterly premium for those on a quarterly basis, and one annual premium for those on an annual basis.

**EXHIBIT I - PART 3 - PAGE 6**

This exhibit should report net changes in the admitted value of all invested assets since December 31 of the preceding year. As an example, if the excess of book value over market value of stocks at previous year-end was \$1,000, and the book value over market value at the current statement date is \$500, then the amount reported on line 2, column 1, should be \$500; and line 2, column 2, should report \$1,000; and line 2, column 3, should report \$500. If this were the only transaction, line 7 would report an unrealized gain of \$500. Amounts reported on line 7 must agree with the applicable lines on pages 4 and 5 of the Analysis of Policyholders' Funds.

**EXHIBIT I - PART 4 - PAGE 7**

The amounts on line 1 should agree with the respective amounts in Part 4A, column 1, line 6.

The amounts on lines 2 and 3 should agree with the respective amounts in Part 4A, line 6, and columns 3 and 4.

The amounts on line 5 should agree with the respective amounts in Part 4A, line 6, column 2 of the previous annual statement.

The amounts on line 6 should agree with the respective amounts in Part 4A, line 6, column 2, of the current annual statement.

The totals on line 7 must agree with the respective amounts on line 5, Part 1 and Part 1A.

**EXHIBIT I - PART 4A - PAGE 7**

The amounts in column 1 should include only income actually collected during the current year.

Any amounts in column 2 should exclude accrued interest on certificates of deposit and undeclared dividends on savings and loan association shares.

The amounts in columns 3 and 4 should include only gains and losses on actual sales.

**EXHIBIT I - PART 4B - PAGE 7**

Investment expenses incurred should be included in the totals in Part 5 and Part 5A.

The amounts on line 4 should be reported on line 6, Parts 1 and 1A, respectively.

**EXHIBIT I - PART 5 - PAGE 8**

This exhibit should be completed on a cash basis, i.e., it should include only those expenses actually paid during the current year. All expenses should be included. The amount paid on claims should be excluded from this exhibit.

**EXHIBIT I - PART 5A - PAGE 8**

This exhibit should be completed as indicated and include all expenses incurred during the current year.

**EXHIBIT I - PART 6 - PAGE 9**

The amounts on line 1 should include all claims which have been reported to the corporation on or prior to December 31.

The amounts on line 2 should include all claims which are incurred on or prior to December 31 of the current year but not reported until subsequent thereto.

**EXHIBIT I - PART 6A - PAGE 9**

Include on line 1 only those claims which have actually been paid. Do not include reinsurance recoverable on paid claims nor reinsurance recoverable on unpaid claims.

The amounts on line 2 should agree with respective amounts in Part 6, line 3.

**EXHIBIT II - PART 1 - PAGE 10**

The total of column 4, line 13, must be equal to the amount on page 2, line 16.

**EXHIBIT II - PART 1A - PAGE 10**

This exhibit should not include the invested assets of the corporation.

**EXHIBIT II - PART 1B - PAGE 11**

The total of column 4, line 16, must be equal to the amount on page 3, line 13.

**EXHIBIT III - PAGE 12**

The balances on line 17 must agree with the respective amounts in Exhibit II, Part 1, line 13, column 1, and Exhibit II, Part 1B, line 16, column 1.

**SCHEDULE A - PAGES 16 - 19**

The four parts of this schedule are to be completed in accordance with the headings at the top of each page. Please note that stock is not an authorized Claim Fund investment.

**SCHEDULE B - Pages 20 & 21**

This schedule is to be completed in accordance with the headings at the top of each page. Please note that mortgage loans are not authorized Claim Fund investments.

**SCHEDULE C - PAGE 22**

All balances must be identified as either a Claim Fund or Expense Fund asset.

Include all types of cash here, including CD's.

The total balance of each fund in column 13 should agree with the appropriate amounts in Exhibit II, Part 1, line 3, and Exhibit II, Part 1B, line 4.

**SCHEDULE D - PAGE 23**

The amount on line 20, column 4, should agree with the amount in Exhibit I, Part 5, line 7.

# ANNUAL STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2006

### OF THE CONDITIONS AND AFFAIRS OF THE

Employer I.D. Number \_\_\_\_\_ (NAME OF COMPANY) \_\_\_\_\_

HOME OFFICE \_\_\_\_\_  
 (Street and Number) (Telephone Number) (City or Town) (State) (Zip Code)

MAILING ADDRESS \_\_\_\_\_  
 (Street and Number) (Telephone Number) (City or Town) (State) (Zip Code)

MADE TO THE  
**COMMISSIONER OF INSURANCE**  
 OF THE STATE OF TEXAS  
 PURSUANT TO THE LAWS THEREOF

**Organized** \_\_\_\_\_ **Commenced Business** \_\_\_\_\_  
 (Date of Temporary Permit to Solicit Application) (Date of First Certificate of Authority)

**OFFICERS AND DIRECTORS.**

Complete all items and each column by listing ALL OFFICERS and DIRECTORS as of December 31.

*OFFICERS (List full name)	TITLE	DATE FIRST APPOINTED OR ELECTED
	President	
	Vice-President	
	Secretary	
	Treasurer	

*DIRECTORS (List full name)	TITLE	DATE FIRST APPOINTED OR ELECTED
	Director	
	Director	
	Director	
	Director	
	Director	
	Director	
	Director	
	Director	

State of Texas  
 County of \_\_\_\_\_

\_\_\_\_\_, President; \_\_\_\_\_, Secretary;  
 and \_\_\_\_\_, Treasurer, and \_\_\_\_\_, (Name and Title of person preparing Statement), of the above named Company or Association, being duly sworn, deposes and says that they are the above described officers of said Company or Association, and that on the thirty-first day of December, all of the assets described herein were the absolute property of the said Company or Association, free and clear from any liens or claims thereon, except as noted, and that the following statements, with the schedules and explanations herein contained, annexed, or referred to, are a full and correct exhibit of all the Assets, Liabilities, Income and Disbursements, and of the condition and affairs of the said Company or Association on the said thirty-first day of December, and for the year ended on that day.

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_  
 SEAL  
 \_\_\_\_\_  
 Notary Public

\_\_\_\_\_  
 President  
 \_\_\_\_\_  
 Secretary  
 \_\_\_\_\_  
 Treasurer

\_\_\_\_\_  
 Name and Title of Person Preparing Statement

\_\_\_\_\_  
 County of Texas

\_\_\_\_\_  
 My commission expires \_\_\_\_\_

(Report must be signed by at least two officers and person preparing Statement)

*\*Show full name (initials not acceptable) and indicate by number sign(#) those officers and directors who did not occupy the indicated position in the previous year.*

**CLAIM FUND  
 NET ADMITTED ASSETS**

1.	Bonds [Schedule A, Part 1].....	_____
2.	Cash in office .....	_____
3.	Cash on deposit [Schedule C].....	_____
4.	Amounts recoverable from reinsurers [Schedule H, Part 1, Section 1].....	_____
5.	Investment income due and accrued [Exhibit I, Part 4A].....	_____
6.	Assessments due and unpaid [Exhibit I, Part 2].....	_____
7.	.....	_____
8.	.....	_____
9.	.....	_____
10.	.....	_____
11.	.....	_____
12.	.....	_____
13.	.....	_____
14.	.....	_____
15.	.....	_____
16.	<b>TOTALS</b> .....	_____

**CLAIM FUND  
 LIABILITIES, SURPLUS, AND OTHER FUNDS**

17.	Unpaid claims [Exhibit I, Part 6].....	_____
18.	Unpaid assessment refunds.....	_____
19.	Reinsurance premiums payable.....	_____
20.	Federal income taxes due or accrued.....	_____
21.	Assessments paid in advance [Exhibit I, Part 2].....	_____
22.	Unearned investment income.....	_____
23.	Amounts withheld or retained as agent or trustee.....	_____
24.	Remittances and items not allocated.....	_____
25.	.....	_____
26.	.....	_____
27.	.....	_____
28.	.....	_____
29.	Total liabilities.....	_____
30.	Policyholders' Special Funds:.....	_____
	(a) .....	_____
	(b) .....	_____
31.	Unassigned funds.....	_____
32.	Total policyholders' surplus.....	_____
33.	<b>TOTALS</b> (line 29 + 32) .....	_____

**EXPENSE FUND  
 NET ADMITTED ASSETS**

1.	Bonds [Schedule A, Part 1].....	
2.	Stocks [Schedule A, Part 2].....	
	2.1 Preferred stock.....	
	2.2 Common stock.....	
3.	Cash in office.....	
4.	Cash on deposit [Schedule C].....	
5.	.....	
6.	.....	
7.	Amounts recoverable from reinsurers [Schedule H, Part 1, Section 1].....	
8.	Investment income due and accrued [Exhibit I, Part 4A].....	
9.	Assessments due and unpaid [Exhibit I, Part 2].....	
10.	.....	
11.	.....	
12.	.....	
13.	<b>TOTALS</b> .....	

**EXPENSE FUND  
 LIABILITIES, SURPLUS, AND OTHER FUNDS**

14.	Unpaid assessment refunds.....	
15.	.....	
16.	General operating expenses due or accrued.....	
17.	Taxes, licenses and fees due or accrued, excluding federal income tax.....	
18.	Federal income taxes due or accrued.....	
19.	Commissions to agents due or accrued.....	
20.	Borrowed money.....	
21.	Assessments paid in advance [Exhibit I, Part 2].....	
22.	Unearned investment income.....	
23.	Amounts withheld or retained as agent or trustee.....	
24.	Remittances and items not allocated.....	
25.	.....	
26.	.....	
27.	Total Liabilities.....	
28.	Policyholders' Special Funds:	
	(a) .....	
	(b) .....	
29.	Unassigned funds.....	
30.	Total policyholders' surplus.....	
31.	<b>TOTALS (line 27 + 30)</b> .....	

**EXHIBIT I - PART 1  
 CLAIM FUND  
 UNDERWRITING INCOME**

- 1. Assessments earned [Exhibit I, Part 2]..... \_\_\_\_\_
- DEDUCTIONS:**
- 2. Expenses incurred
  - (a) Claims incurred [Exhibit I, Part 6A]..... \_\_\_\_\_
  - (b) Other underwriting expenses incurred..... \_\_\_\_\_
- 3. Total underwriting deductions..... \_\_\_\_\_
- 4. Net underwriting gain or (loss)..... \_\_\_\_\_

**INVESTMENT INCOME**

- 5. Total investment income earned and realized capital gains [Exhibit I, Part 4]..... \_\_\_\_\_
- 6. Investment expenses incurred [Exhibit I, Part 4B]..... \_\_\_\_\_
- 7. Net investment gain or (loss)..... \_\_\_\_\_

**OTHER INCOME**

- 8. .... \_\_\_\_\_
- 9. .... \_\_\_\_\_
- 10. .... \_\_\_\_\_
- 11. .... \_\_\_\_\_
- 12. .... \_\_\_\_\_
- 13. .... \_\_\_\_\_
- 14. .... \_\_\_\_\_
- 15. .... \_\_\_\_\_
- 16. Total other income..... \_\_\_\_\_
- 17. Net gain or (loss) [line 4 + 7 +16]..... \_\_\_\_\_

**ANALYSIS OF POLICYHOLDERS' FUNDS**

- 18. Policyholders' funds December 31, previous year..... \_\_\_\_\_
- 19. Net gain or (loss) [line 17]..... \_\_\_\_\_
- 20. Net change in unrealized capital gains or (losses) [Exhibit I, Part 3]..... \_\_\_\_\_
- 21. Change in non-admitted assets [Exhibit II, Part 1A]..... \_\_\_\_\_
- 22. .... \_\_\_\_\_
- 23. .... \_\_\_\_\_
- 24. .... \_\_\_\_\_
- 25. .... \_\_\_\_\_
- 26. Change in policyholders' funds for the year..... \_\_\_\_\_
- 27. Policyholders' funds December 31, current year\*..... \_\_\_\_\_

**EXHIBIT I - Part 1A  
 EXPENSE FUND  
 UNDERWRITING INCOME**

- |  |  |
|--|--|
| 1. Assessments earned [Exhibit I, Part 2]..... |  |
| <b>DEDUCTIONS:</b>                             |  |
| 2. Expenses incurred [Exhibit I, Part 5A]..... |  |
| (a) Administrative.....                        |  |
| (b) Claim adjustment.....                      |  |
| (c) Investment.....                            |  |
| 3. Total underwriting deductions.....          |  |
| 4. Net underwriting gain or (loss).....        |  |

**INVESTMENT INCOME**

- |   |  |
|---|--|
| 5. Total investment income earned and realized capital gains [Exhibit I, Part 4]..... |  |
| 6. Investment expenses incurred [Exhibit I, Part 4B].....                             |  |
| 7. Net investment gain or (loss).....   |  |

**OTHER INCOME**

- |   |  |
|---|--|
| 8. ....                                       |  |
| 9. ....                                       |  |
| 10. ....                                      |  |
| 11. ....                                      |  |
| 12. ....                                      |  |
| 13. ....                                      |  |
| 14. ....                                      |  |
| 15. ....                                      |  |
| 16. Total other income.....                   |  |
| 17. Net gain or (loss) [line 4 + 7 + 16]..... |  |

**ANALYSIS OF POLICYHOLDERS' FUNDS**

- |   |  |
|---|--|
| 18. Policyholders' funds December 31, previous year.....                        |  |
| 19. Net gain or (loss) [line 17].....   |  |
| 20. Change in net unrealized capital gains or (losses) [Exhibit I, Part 3]..... |  |
| 21. Change in non-admitted assets [Exhibit II, part 1A].....                    |  |
| 22. ....  |  |
| 23. ....  |  |
| 24. ....  |  |
| 25. ....  |  |
| 26. Change in policyholders' funds for the year.....                            |  |
| 27. Policyholders' funds December 31, current year*.....                        |  |

**EXHIBIT I - PART 2  
 ASSESSMENTS WRITTEN AND EARNED**

	<i>CLAIM FUND</i>	<i>EXPENSE FUND</i>	<i>TOTAL</i>
1. Application fees.....			
2. Net assessments written:*			
80/20.....			
Other.....			
.....			
3. Add:			
a. Unearned and/or advance assessments December 31, previous year.....			
b. ....			
4. Less:			
a. Unearned and/or advance assessments December 31, current year.....			
b. ....			
5. Assessments earned December 31, current year.....			

\*Includes reinsurance assumed of \$ \_\_\_\_\_  
 and excludes reinsurance ceded of \$ \_\_\_\_\_

**EXHIBIT I - PART 2A  
 ASSESSMENTS IN FORCE**

	<i>CLAIM FUND</i>	<i>EXPENSE FUND</i>	<i>TOTAL</i>
1. In force at end of previous year.....			
2. Written or renewed during the year.....			
3. Reinsurance Assumed.....			
4. Subtotal.....			
5. Deduct those terminated.....			
6. In force at end of the year.....			
7. Deduct amount reinsured.....			
8. Net amount in force.....			

**EXHIBIT I - PART 3  
 UNREALIZED GAINS OR LOSSES  
 (Non-Ledger Changes in Invested Assets)**

	<i>CLAIM FUND</i>			<i>EXPENSE FUND</i>		
	<i>Current Year</i>	<i>Preceding Year</i>	<i>Net Change</i>	<i>Current Year</i>	<i>Preceding Year</i>	<i>Net Change</i>
1. Bonds.....						
2. Stocks.....						
3. Mortgage Loans.....						
4. Real Estate.....						
5. ....						
6. ....						
7. Net change in unrealized.....						

**EXHIBIT I - Part 4**  
**Calculation of Investment Income Earned and Realized Capital Gains**

	<b>CLAIM FUND</b>	<b>EXPENSE FUND</b>
1. Investment income received, current year.....		
2. Add Gain on sale of investments, current year.....		
3. Subtract Loss on sale of investments, current year.....		
4. Total Received (Line 1 + Line 2 - Line 3).....		
5. Add the amount of Investment Income Due or Accrued, current year.....		
6. Less the amount of Investment Income Due or Accrued, prior year.....		
7. Total Investment Income Earned & Realized Capital Gains (Line 4+Line 5-Line 6).....		

**EXHIBIT I - Part 4A**  
**Showing All Investment Income Received During the Year, Investment Due or Accrued  
 At the End of the Year, and Gains or Losses on Sales During the Year**

<b>TYPE OF INVESTMENT</b>	<b>Collected During the Year (1)</b>		<b>Due or Accrued At End of Year (2)</b>		<b>Gain on Sale During the Year (3)</b>		<b>Loss on Sale During the Year (4)</b>	
	<i>Claim Fund</i>	<i>Expense Fund</i>	<i>Claim Fund</i>	<i>Expense Fund</i>	<i>Claim Fund</i>	<i>Expense Fund</i>	<i>Claim Fund</i>	<i>Expense Fund</i>
1. Deposits in banks (Schedule C).....								
2. Mortgage loans** (Schedule B).....								
3. Stock (Schedule A).....								
4. Bonds* (Schedule A).....								
5. Other (Explain).....								
_____								
_____								
6. <b>TOTALS</b> .....								

NOTE: Does not include accrued interest on certificates of deposit or undeclared dividends on savings and loan association shares.

\*Includes \$ \_\_\_\_\_ accrual of discount less \$ \_\_\_\_\_ amortization of premium.  
 \*\*Includes \$ \_\_\_\_\_ accrual of discount less \$ \_\_\_\_\_ amortization of premium.

**EXHIBIT I - PART 4B**  
**INVESTMENT EXPENSES INCURRED**

	<b>CLAIM FUND</b>	<b>EXPENSE FUND</b>
1. Amount paid, current year.....		
2. Plus amount unpaid, current year...		
3. Less amount unpaid, previous year...		
4. Total investment expenses (included in Parts 5 and 5A) incurred.....		

**EXHIBIT I - PART 5  
ANALYSIS OF EXPENSES PAID**

	<i>CLAIM FUND</i>	<i>EXPENSE FUND</i>	<i>TOTALS</i>
1. Costs of defending contested claims.....			
2. Investment Expenses, e.g. Security transfer costs...			
3. Expenses for preservation of investments.....			
4. Expenses on participation contract agreements.....			
5. Taxes, licenses and fees:			
(a) Income taxes.....			
(b) State and local insurance taxes.....			
(c) Insurance department licenses & fees.....			
(d) Payroll taxes.....			
(e) Other.....			
6. Commissions and fees paid to agents:			
(a) First year.....			
(b) Subsequent years.....			
7. Salaries.....			
8. Travel.....			
9. Rent.....			
10. Advertising.....			
11. Printing and stationery.....			
12. Postage, express & telephone.....			
13. Bond premiums.....			
14. Legal.....			
15. Auditing, actuarial & consulting services.....			
16. Other (itemize):			
(a) .....			
(b) .....			
(c) .....			
(d) .....			
17. TOTAL PAID EXPENSES.....			

**EXHIBIT I - PART 5A  
ANALYSIS OF EXPENSES INCURRED**

	<i>CLAIM FUND</i>	<i>EXPENSE FUND</i>	<i>TOTALS</i>
18. Expenses paid [line 17].....			
19. Add: Expenses unpaid, current year.....			
20. Less: Expenses unpaid, previous year.....			
21. TOTAL EXPENSES INCURRED.....			

**EXHIBIT I - Part 6  
 CLAIMS UNPAID**

	<i>CLAIM FUND</i>	<i>EXPENSE FUND</i>	<i>TOTALS</i>
1. Reported claims in process of adjustment.....		XXX	
2. Estimated Incurred but Unreported.....		XXX	
3. TOTAL CLAIMS UNPAID*.....		XXX	

\*Reinsurance ceded on unpaid claims of \$ \_\_\_\_\_ not included on line 3.

**EXHIBIT I - PART 6A  
 ANALYSIS OF CLAIMS INCURRED**

	<i>CLAIM FUND</i>	<i>EXPENSE FUND</i>	<i>TOTALS</i>
1. Claims Paid..... (net of reinsurance on paid claims)		XXX	
2. Add: Claims unpaid, current year.....		XXX	
3. Less: Claims unpaid, previous year.....		XXX	
4. Claims Incurred.....		XXX	

**EXHIBIT I - Part 7  
 EXHIBIT OF PREPAID LEGAL SERVICES CONTRACTS**

	<i>FRANCHISE</i>		<i>GROUP</i>	
	<i>Number of Individual Contracts</i>	<i>Number of Certificates</i>	<i>Number of Contracts</i>	<i>Number of Certificates</i>
1. In force at end of previous year....				
2. Issued during the year.....				
3. Reinsurance assumed.....				
4. Revived during the year.....				
5. Increased during the year (net)....				
6. Subtotals [Lines 2 to 5].....				
7. ....				
8. Totals [Lines 1 to 7].....				
Deductions during the year:				
9. Maturity.....				
10. Expiry.....				
11. Lapse.....				
12. Conversion.....				
13. Reinsurance.....				
14. ....				
15. Totals [Lines 9 to 14].....				
16. In force at end of year : [Line 8 minus 15].....				
17. Reinsurance ceded at end of the year.....				
18. Net in force : [Line 16 minus Line 17].....				

**EXHIBIT II - PART I**  
**ANALYSIS OF ASSETS - CLAIM FUND**

	<i>Ledger Assets</i>	<i>Non-Ledger assets (Including Excess of Market over Book Value)</i>	<i>Assets Not Admitted (Including Excess of Book over Market Value)</i>	<i>Net Admitted Assets</i>
1. Bonds(Schedule A,Part 1)..				
2. Cash in office.....				
3. Cash on deposit: (Schedule C).....				
4. ....				
5. ....				
6. Amounts recoverable from reinsurers.....				
7. Investment income due or accrued.....				
8. Assessments due and unpaid.....				
9. ....				
10. ....				
11. ....				
12. ....				
13. TOTALS.....				

**EXHIBIT II - PART 1A**  
**CHANGES IN NON-ADMITTED ASSETS**  
*(Excluding Invested Assets)*

	<b>CLAIM FUND</b>			<b>EXPENSE FUND</b>		
	<i>Current Year</i>	<i>Preceding Year</i>	<i>Net Change</i>	<i>Current Year</i>	<i>Preceding Year</i>	<i>Net Change</i>
1. Furniture and Equipment..						
2. Uncollected Premiums....						
3. ....						
4. ....						
5. Total Change.....						

**EXHIBIT II - Part 1B**  
**ANALYSIS OF ASSETS - EXPENSE FUND**

	<i><b>Ledger Assets</b></i>	<i><b>Non-Ledger assets (Including Excess of Market over Book Value)</b></i>	<i><b>Assets Not Admitted (Including Excess of Book over Market Value)</b></i>	<i><b>Net Admitted Assets</b></i>
1. Bonds (Schedule A, Part 1).....				
2. Stocks (Schedule A, Part 2).....				
2.1 Preferred stock.....				
2.2 Common stock.....				
3. Cash in office.....				
4. Cash on deposit (Schedule C).....				
5. ....				
6. ....				
7. ....				
8. ....				
9. Amounts recoverable from reinsurers.....				
10. Investment income due or accrued.....				
11. Assessments due and unpaid.....				
12. ....				
13. ....				
14. ....				
15. ....				
16. TOTALS.....				

**EXHIBIT III  
 RECONCILIATION OF LEDGER ASSETS  
 INCREASE IN LEDGER ASSETS**

	<i>CLAIM FUND</i>	<i>EXPENSE FUND</i>
1. Net assessments written [Exhibit I, Part 2].....		
2. Interest and dividends received [Exhibit I, Part 4A].....		
3. From sale or maturity of ledger assets [Exhibit I, Part 4A]..		
4. Adjustment in book value of ledger assets [Schedule A]....		
5. Other income items or increases, viz.:		
(a) Borrowed money (gross).....		
(b) Amounts withheld or retained for account of others (net).....		
(c) .....		
(d) .....		
(e) .....		
(f) .....		
6. Total [Items 1 to 5].....		

**DECREASE IN LEDGER ASSETS**

	<i>CLAIM FUND</i>	<i>EXPENSE FUND</i>
7. Claims paid [Exhibit I, Part 6A].....		
8. Expenses paid [Exhibit I, Part 5].....		
9. From sale or maturity of ledger.....		
10. Adjustment in book value of ledger assets [Schedule A]....		
11. Other disbursement items or decreases, viz.:		
(a) Borrowed money (gross).....		
(b) Amounts withheld or retained for account of others (net).....		
(c) .....		
(d) .....		
(e) .....		
(f) .....		
12. ....		
13. ....		
14. Total [Items 7 to 13].....		

**RECONCILIATION BETWEEN YEARS**

	<i>CLAIM FUND</i>	<i>EXPENSE FUND</i>
15. Ledger assets as per balance December 31, previous year..		
16. Increase or (decrease) in ledger assets during the year [Item 6 minus Item 14].....		
17. Balance - ledger assets December 31, current year.....		

**GENERAL INTERROGATORIES - PART A**

1. Have all the transactions of the Corporation of which notice was received at the home office on or before the close of business December 31, been truthfully and accurately entered on its books?  
ANSWER: \_\_\_\_\_
  
2. Except as shown in Question 3, does this statement show the condition of the Corporation as shown by books, records, and data at the home office at the close of business December 31?  
ANSWER: \_\_\_\_\_
  
3. Have there been included in this statement proper reserves to cover liabilities which may have been actually incurred on or before December 31, but of which no notice was received at the home office until after December 31?  
ANSWER: \_\_\_\_\_
  
4. Does the Corporation own any securities of a real estate holding company or otherwise hold real estate indirectly?  
ANSWER: \_\_\_\_\_  
If yes, explain: \_\_\_\_\_  
\_\_\_\_\_  
Name of real estate holding company: \_\_\_\_\_  
Number of parcels involved: \_\_\_\_\_  
Total book value: \$ \_\_\_\_\_
  
5. Did any person while an officer, director, or trustee of the Corporation receive, directly or indirectly, during the period covered by this statement, any commission on the business of the Corporation?  
ANSWER: \_\_\_\_\_
  
- 5A. Has the Corporation an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees, or responsible employees which does or is likely to conflict with the official duties of such person?  
ANSWER: \_\_\_\_\_
  
6. Total amount loaned during the year to any officer, director, or trustee of the Corporation: \$ \_\_\_\_\_  
Total amount of loans outstanding at end of year to any officer, director, or trustee of the Corporation: \$ \_\_\_\_\_
  
7. Were all the stocks, bonds and other securities owned December 31 of current year in the actual possession of the Corporation on said date?  
ANSWER: \_\_\_\_\_
  
- 7A. Does the corporation own any investments in letter stock or other restricted securities?  
ANSWER: \_\_\_\_\_
  
- 7B. Have all private placement investments which were the subject of renegotiation or modification of their terms during the year been disclosed to the Valuation of Securities office of the NAIC, with full details as to the provisions renegotiated or modified?  
ANSWER: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
- 7C. Have the filings been made with the Valuation of Securities office of the NAIC in connection with acquisition and disposition of securities as required by Section 7 of the "Purposes and Procedures of the Securities Valuation Office"?  
ANSWER: \_\_\_\_\_  
\_\_\_\_\_

**GENERAL INTERROGATORIES - PART A**  
*(continued)*

8. Were any of the stocks, bonds, or other assets of the Corporation loaned, placed under option agreement, or otherwise made available for use by another person during the year covered by this statement?

ANSWER: \_\_\_\_\_

If yes, give full and complete information relating thereto: \_\_\_\_\_

\_\_\_\_\_

9. What officials supervised the making of this report?

ANSWER: \_\_\_\_\_

\_\_\_\_\_

10. Is the purchase or sale of all investments of the Corporation passed upon either by the Board of Directors or a subordinate committee thereof?

ANSWER: \_\_\_\_\_

11. Does the Corporation keep a permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

ANSWER: \_\_\_\_\_

12. State as of what date the latest examination of the Corporation was made or is being made, and by what department or departments.

ANSWER: \_\_\_\_\_

13. In what states, territories, or foreign countries is the Corporation authorized to transact business?

\_\_\_\_\_

\_\_\_\_\_

14. Has any change been made during the year of this statement in the charter, articles of incorporation, deed of settlement, or by-laws of the Corporation?

ANSWER: \_\_\_\_\_

If not previously filed, furnish herewith a certified copy of the instrument as amended.

15. Has any present or former officer, director, trustee, incorporator, or any other person, or any firm, or association, made any claim of any nature whatsoever against the Corporation, which is not included in the liabilities on Page 3 of this statement?

ANSWER: \_\_\_\_\_

16. Have any of the Corporation liabilities been waived or deferred?

ANSWER: \_\_\_\_\_

If yes, state the amount and conditions: \$ \_\_\_\_\_

\_\_\_\_\_

17. Have the instructions furnished by this Department been followed in every detail?

ANSWER: \_\_\_\_\_

18. Has the Corporation complied with the laws and regulations of the Insurance Department governing advertising?

ANSWER: \_\_\_\_\_ If no, explain: \_\_\_\_\_

- 19A. What officer of the Corporation is charged with responsibility of the funds of the Corporation?  
(GIVE NAME AND TITLE)

\_\_\_\_\_

- 19B. What is the amount of the bond of said officer? \$ \_\_\_\_\_

If not a continuous bond, give expiration date: \_\_\_\_\_

**GENERAL INTERROGATORIES - PART A**  
*(continued)*

19C. Are all persons who handle funds of the Corporation bonded? YES \_\_\_\_\_ NO \_\_\_\_\_ (STATE THE NAME AND AMOUNT OF BOND ON EACH AND ALL INDIVIDUALS BONDED, except persons named in Line 19A above) \_\_\_\_\_

ANSWER: \_\_\_\_\_

19D. Have all BOND CHANGES during the year been submitted to this Department?

ANSWER: \_\_\_\_\_

20. Are the officers and directors elected in accordance with the provisions of the charter and By-Laws?

YES \_\_\_\_\_ NO \_\_\_\_\_

21. Number of attorneys under contract (section 961.301- formerly Art. 23.03) \_\_\_\_\_

22. Does each contracting attorney maintain a professional liability, and errors and omissions insurance with minimum limits of \$100,000 per occurrence and \$300,000 aggregate per policy year?

ANSWER: \_\_\_\_\_

**GENERAL INTERROGATORIES - PART B**

LONG-TERM CONTRACTS AND COMMITMENTS, DEFERRED EXPENSE CONTRACTS AND ARRANGEMENTS BETWEEN SUBSIDIARIES OR AFFILIATES, CONTINGENT LIABILITIES WHICH MIGHT MATERIALLY AFFECT FINANCIAL POSITION OR RESULTS OF OPERATIONS.

REPORT THE DATE INCURRED OR DISCOVERED, THE NATURE OF THE CONTINGENT LIABILITY, CONTRACT, ARRANGEMENT OR COMMITMENT, THE AMOUNT OR AMOUNTS, IF KNOWN, THE STATUS AS OF THE ANNUAL STATEMENT DATE AND ALL OTHER INFORMATION NECESSARY FOR A FULL DISCLOSURE.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Has the corporation committed any surplus funds to reserves for contingent liabilities or arrangement mentioned above?

If yes, has the reserve been reported as a special surplus funds reserve on Page 3 of the Annual Statement?

ANSWER: \_\_\_\_\_

Has the Corporation followed instructions for reporting unreimbursed expenditures on behalf of the Corporation by its affiliates or subsidiaries?

ANSWER: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SCHEDULE A - PART 1**

*Showing all BONDS Owned December 31, Current Year*

(1)  <i>DESCRIPTION, including CUSIP #</i>	(2)  <i>Date When Acquired</i>	(3)  <i>Par Value</i>	(4)  <i>Actual Cost</i>	(5)  <i>Book Value</i>	(6)  <i>Market Value December 31 of Current Year</i>	(7) <b>INTEREST</b>			(8)  <i>Increase, by Adjustment, in Book Value During Year</i>	(9)  <i>Decrease, by Adjustment in Book Value During Year</i>	(10)  <i>Amount of Interest due and accrued Dec. 31 current year, on bonds in default as to principal or interest</i>
						<i>Rate %</i>  (a)	<i>Amount Due and Accrued Dec. 31 of Current Year on bonds not in default</i>  (b)	<i>Gross Amount Received During Year</i>  (c)			
<b>CLAIM FUND</b>											
<b>TOTAL CLAIM FUND</b>						xxx					
<b>EXPENSE FUND</b>											
<b>TOTAL EXPENSE FUND</b>						xxx					

ANNUAL STATEMENT FOR THE YEAR \_\_\_\_\_

OF THE \_\_\_\_\_

(Name of Corporation)

**SCHEDULE A - PART 2**  
*Showing all Stocks Owned December 31, Current Year*

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<i>DESCRIPTION, Including stock symbol</i>	<i>Date Acquired</i>	<i>Number of Shares</i>	<i>Par Value Per Share</i>	<i>Book Value</i>	<i>Rate Per Share Used to Obtain Market Value</i>	<i>Market Value</i>	<i>Actual Cost</i>	<i>DIVIDENDS Received During Year</i>	<i>Increase (Decrease) by Adjustment in Book Value During Year</i>
<b>EXPENSE FUND</b>									
<b>TOTAL EXPENSE FUND</b>									

ANNUAL STATEMENT FOR THE YEAR \_\_\_\_\_

OF THE \_\_\_\_\_  
 (Name of Corporation)

**SCHEDULE A - PART 3**  
*Showing all Bonds and Stock ACQUIRED During Year*

(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>DESCRIPTION, Including CUSIP #</i>	<i>Date Acquired</i>	<i>FROM WHOM ACQUIRED</i>	<i>Number of Shares of Stock</i>	<i>Actual Cost (Excluding Accrued Interest on Bonds)</i>	<i>Par Value of Bonds</i>	<i>Paid for Accrued Interest and Dividends</i>
<b>CLAIM FUND</b>						
<b>TOTAL CLAIM FUND</b>						
<b>EXPENSE FUND</b>						
<b>TOTAL EXPENSE FUND</b>						



**SCHEDULE B (Part 1)**

*Showing all MORTGAGE Loans OWNED December 31, Current Year*

Loan Number  (1)	Location		Loan Type (4)	Date Acquired (5)	Interest Rate (6)	Book Value/ Recorded Investment (7)	Value of Land & Buildings (8)	Date of Last Appraisal/valuation (9)
	City (2)	State (3)						
<b>EXPENSE FUND</b>								
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
<b>30 EXPENSE FUND TOTALS</b>								

General Interrogatories:

1. For mortgages in good standing: \$ \_\_\_\_\_ unpaid taxes; \$ \_\_\_\_\_ interest due and unpaid
2. Mortgages in process of foreclosure: \$ \_\_\_\_\_ unpaid taxes; \$ \_\_\_\_\_ interest due and unpaid
3. Restructured mortgages \$ \_\_\_\_\_ unpaid taxes; \$ \_\_\_\_\_ interest due and unpaid
4. Mortgages with overdue interest over 90 days not in process of foreclosure \$ \_\_\_\_\_ unpaid taxes;  
\$ \_\_\_\_\_ interest due and unpaid
5. Identify by Loan # any Increase/Decrease in book value by adjustment

Loan #	Increase/Decrease
a.	
b.	
c.	
d.	

**SCHEDULE B (Part 2)**

*Showing all MORTGAGE Loans SOLD, Transferred or Paid in full During the Year*

Loan Number  (1)	Location		Loan Type (4)	Date Acquired (5)	Interest Rate (6)	Book Value/ Recorded Investment at Disposition (7)	Consideration Received (8)	Realized Profit/Loss (9)	Total Profit/loss on sale (10)
	City (2)	State (3)							
<b>EXPENSE FUND</b>									
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30	<b>EXPENSE FUND TOTALS</b>								

ANNUAL STATEMENT FOR THE YEAR \_\_\_\_\_ OF THE \_\_\_\_\_  
 (Name of Corporation)

**SCHEDULE C**

*Showing all balances in each Bank, Trust Company, Savings & Loan and Building & Loan Association on the Last Day of Each Month of the Current Year (including all types of Certificates of Deposit)*

<i>DEPOSITORY*</i> <i>(Give full name and location)</i> <i>(1)</i>	<i>January 31</i> <i>(2)</i>	<i>February 28</i> <i>(3)</i>	<i>March 31</i> <i>(4)</i>	<i>April 30</i> <i>(5)</i>	<i>May 31</i> <i>(6)</i>	<i>June 30</i> <i>(7)</i>	<i>July 31</i> <i>(8)</i>	<i>August 31</i> <i>(9)</i>	<i>September 30</i> <i>(10)</i>	<i>October 31</i> <i>(11)</i>	<i>November 30</i> <i>(12)</i>	<i>December 31</i> <i>(13)</i>	<i>Interest Rate %</i> <i>(14)</i>	<i>Interest Received During Year</i> <i>(15)</i>
--	---------------------------------	----------------------------------	-------------------------------	-------------------------------	-----------------------------	------------------------------	------------------------------	--------------------------------	------------------------------------	----------------------------------	-----------------------------------	-----------------------------------	---------------------------------------	---

**CLAIM FUND**

<b>TOTAL CLAIM FUND</b>													xxx	

**EXPENSE FUND**

<b>TOTAL EXPENSE FUND</b>													xxx	

**SCHEDULE D**

SHOW ALL SALARIES, COMPENSATIONS AND ALLOWANCES PAID IN THE CURRENT YEAR TO OFFICERS, DIRECTORS, MANAGERS and EMPLOYEES. Include all items except reimbursements for actual travel expenses. Travel or car allowances, if paid, are to be included. Payments of salaries other than those to officers and directors which do not exceed \$5,000 need to be listed individually, but may be shown in aggregate. Attach additional sheet if necessary.

(1) Title	(2) Name of Payee	(3) Nature of Payment	(4) Amount Paid During Year	(5) How Paid (Monthly, Quarterly or Annually)	(6) By Whom Authorized
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					
19.					
20.					
<b>TOTAL</b>				<i>xxx</i>	<i>xxx</i>

**SCHEDULE E**

*Showing in detail all legal expenses paid during the year (list individually all items of \$100 or more)*

PAYEE		(3) Amount Paid	(4) Occasion of Expense
(1) Name	(2) Address		
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			
18.			
<b>TOTAL OF ALL OTHER ITEMS</b>			
<b>GRAND TOTAL</b>			<i>xxx</i>

**SCHEDULE F**

*Showing ALL CLAIMS UNPAID on December 31, current year (list classes where applicable)*

	Date Incurred (1)	Name of Insured (2)	Amount of Certificate or Claim (3)	Status of Claim			Why Unpaid or Resisted (7)
				Due and Unpaid (4)	Amount Resisted (if any) (5)	In Process of Adjustment (6)	
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
13.							
14.							
15.	<b>TOTAL</b>						<b>xxx</b>

**SCHEDULE G**

*Showing all Losses and Claims COMPROMISED, SCALED DOWN, REJECTED or DROPPED during the year.  
 (Note: If you have nothing to report under this Schedule, write the word "NONE" in the space below)*

	Date Incurred (1)	Name of Insured (2)	Amount of Certificate or Claim (3)	Paid Member or Beneficiary		Why Compromised, Scaled Down, or Rejected (6)
				Amount (4)	Date (5)	
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						
14.						
15.	<b>TOTAL</b>				<b>xxx</b>	<b>xxx</b>

ANNUAL STATEMENT FOR THE YEAR \_\_\_\_\_ OF THE \_\_\_\_\_  
 (Name of Corporation)

**SCHEDULE H - PART 1 - SECTION 1**  
**Ceded Reinsurance as of Decemer 31, Current Year**

<i>Name of Reinsurer</i>	<i>Location</i>	<i>Reinsurance Recoverable On Paid Losses</i>	<i>Reinsurance Recoverable On Unpaid Losses</i>	<i>Assessments in Force at End of Year</i>	<i>Unearned Assessments (Estimated)</i>
<b>TOTAL</b>					

**SCHEDULE H - PART 1 - SECTION 2**  
**Assumed Reinsurance as of Decemer 31, Current Year**

<i>Name of Reinsured</i>	<i>Location</i>	<i>Reinsurance Payable On Paid Losses</i>	<i>Reinsurance Payable On Unpaid Losses</i>	<i>Unearned Assessments (Estimated)</i>
<b>TOTAL</b>				