

**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**

**June 30, 2013**

**PROPERTY AND CASUALTY**

**2013**



40150201320100102

QUARTERLY STATEMENT

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

MGA Insurance Company, Inc.

NAIC Group Code 0000, 0000 NAIC Company Code 40150 Employer's ID Number 75-1767545

Organized under the Laws of Texas State of Domicile or Port of Entry Texas

Country of Domicile United States of America

Incorporated/Organized May 22, 1981 Commenced Business August 13, 1981

Statutory Home Office 3333 Lee Parkway Suite 1200, Dallas, TX US 75219

Main Administrative Office 3333 Lee Parkway Suite 1200, Dallas, TX US 75219

Mail Address Post Office Box 199023, Dallas, TX US 75219-9023

Primary Location of Books and Records 3333 Lee Parkway Suite 1200, Dallas, TX US 75219

Internet Website Address www.gainsco.com

Statutory Statement Contact Donald Alan Baker, 972-629-4379

don.baker@gainsco.com (E-Mail Address) 972-629-4339 (Fax Number)

OFFICERS

Table with 2 columns: Name, Title. Rows include Glenn Walden Anderson (President), Richard Millard Buxton (Secretary), Daniel Jay Coots (Treasurer).

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Lists various vice-presidents like Richard Millard Buxton, Daniel Jay Coots, etc.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Lists directors/trustees like Robert William Stallings, Glenn Walden Anderson, etc.

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 and Title lines for Glenn Walden Anderson (President), Richard Millard Buxton (Secretary), and Daniel Jay Coots (Treasurer).

Subscribed and sworn to before me this 9 day of August, 2013

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

K.C. Dulanski

## 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	155,865,692		155,865,692	152,596,311
2. Stocks:				
2.1 Preferred stocks	1,500,000		1,500,000	1,497,200
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 (\$ (7,899,995)), cash equivalents (\$ 999,542), and short-term investments (\$ 22,577,982)	15,677,529		15,677,529	23,152,235
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets	3,246,940		3,246,940	2,691,522
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)	176,290,686		176,290,686	179,937,793
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	1,607,935		1,607,935	1,664,114
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	2,730,861		2,730,861	2,773,086
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	32,996,198		32,996,198	30,313,308
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	4,118		4,118	3,928
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts	176,075		176,075	115,352
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon	6,129		6,129	19,641
18.2 Net deferred tax asset	3,072,000		3,072,000	3,072,000
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	2,105,961		2,105,961	2,052,509
21. Furniture and equipment, including health care delivery assets (\$ 0)	199,567	189,572	9,995	29,470
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	1,078,981		1,078,981	1,882,426
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	839,756	833,659	6,097	
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	221,108,267	1,023,231	220,085,036	221,863,627
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	221,108,267	1,023,231	220,085,036	221,863,627

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	833,659	833,659	
2502. Miscellaneous receivable	6,097		6,097
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	839,756	833,659	6,097

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31, Prior Year
1. Losses (current accident year \$ 36,376,999)	64,634,443	70,593,328
2. Reinsurance payable on paid losses and loss adjustment expenses	40,565	80,088
3. Loss adjustment expenses	7,572,874	8,150,439
4. Commissions payable, contingent commissions and other similar charges	309,891	429,251
5. Other expenses (excluding taxes, licenses and fees)	2,078,631	2,656,544
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	497,758	567,100
7.1. Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
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)	48,031,989	44,922,921
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	762	2,738
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated	3,418	22,672
16. Provision for reinsurance (including \$ 0 certified)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	2,065,850	1,480,142
20. Derivatives		
21. Payable for securities	90	
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	460,526	711,279
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	125,696,797	129,616,502
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	125,696,797	129,616,502
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)	8,063,082	5,921,968
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)	94,388,239	92,247,125
38. Totals (Page 2, Line 28, Col. 3)	220,085,036	221,863,627

DETAILS OF WRITE-IN LINES		
2501. Unclaimed property	270,678	464,476
2502. Unearned interest	189,848	246,803
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	460,526	711,279
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 \$ 99,860,687)	96,729,429	93,481,954	186,166,150
1.2 Assumed (written \$ 246,944)	269,134	436,237	780,829
1.3 Ceded (written \$ 339,332)	339,332	547,469	1,031,253
1.4 Net (written \$ 99,768,299)	96,659,231	93,370,722	185,915,726
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 58,388,588):			
2.1 Direct	54,012,603	50,720,608	109,632,214
2.2 Assumed	348,537	24,564	215,069
2.3 Ceded	814	(6,746)	(5,888)
2.4 Net	54,360,326	50,751,918	109,853,171
3. Loss adjustment expenses incurred	17,988,615	15,504,850	36,022,522
4. Other underwriting expenses incurred	25,954,962	25,275,753	45,797,987
5. Aggregate write-ins for underwriting deductions		(84,337)	(84,337)
6. Total underwriting deductions (Lines 2 through 5)	98,303,903	91,448,184	191,589,343
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(1,644,672)	1,922,538	(5,673,617)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	2,185,079	2,455,202	4,774,789
10. Net realized capital gains (losses) less capital gains tax of \$ 0	484,595	16,573	1,902,660
11. Net investment gain (loss) (Lines 9 + 10)	2,669,674	2,471,775	6,677,449
<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	16,061	(19,133)	(26,796)
15. Total other income (Lines 12 through 14)	16,061	(19,133)	(26,796)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	1,041,063	4,375,180	977,036
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)	1,041,063	4,375,180	977,036
19. Federal and foreign income taxes incurred	13,512	78,592	(19,641)
20. Net income (Line 18 minus Line 19) (to Line 22)	1,027,551	4,296,588	996,677
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	92,247,124	100,683,959	100,683,959
22. Net income (from Line 20)	1,027,551	4,296,588	996,677
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 180,720	531,529	323,425	739,506
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax			(16,041,814)
27. Change in nonadmitted assets	582,035	(1,141,935)	15,935,909
28. Change in provision for reinsurance			887
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		(5,568,000)	(10,068,000)
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)	2,141,115	(2,089,922)	(8,436,835)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	94,388,239	98,594,037	92,247,124

<b>DETAILS OF WRITE-IN LINES</b>			
0501. Premium deficiency reserve		(84,337)	(84,337)
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)		(84,337)	(84,337)
1401. Miscellaneous income (loss)	16,061	(19,133)	(26,796)
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)	16,061	(19,133)	(26,796)
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	97,059,437	110,197,715	204,042,640
2. Net investment income	3,394,748	3,441,625	6,865,308
3. Miscellaneous income	23,534	(91,294)	96,322
4. Total (Lines 1 to 3)	100,477,719	113,548,046	211,004,270
5. Benefit and loss related payments	60,364,146	45,945,331	105,926,183
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	45,282,534	40,698,479	81,939,523
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)		44,402	44,402
10. Total (Lines 5 through 9)	105,646,680	86,688,212	187,910,108
11. Net cash from operations (Line 4 minus Line 10)	(5,168,961)	26,859,834	23,094,162
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	32,499,881	26,518,063	90,630,749
12.2 Stocks			1,121,476
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets	1,195,446		
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments	873		11,958
12.7 Miscellaneous proceeds	90	201,000	506,571
12.8 Total investment proceeds (Lines 12.1 to 12.7)	33,696,290	26,719,063	92,270,754
13. Cost of investments acquired (long-term only):			
13.1 Bonds	35,910,302	34,311,024	96,612,553
13.2 Stocks			1,500,000
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets	1,750,864		2,532,778
13.6 Miscellaneous applications			284,920
13.7 Total investments acquired (Lines 13.1 to 13.6)	37,661,166	34,311,024	100,930,251
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)	(3,964,876)	(7,591,961)	(8,659,497)
<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		5,568,000	10,068,000
16.6 Other cash provided (applied)	1,659,131	(3,457,487)	(4,026,557)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	1,659,131	(9,025,487)	(14,094,557)
<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)	(7,474,706)	10,242,386	340,108
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	23,152,235	22,812,127	22,812,127
19.2 End of period (Line 18 plus Line 19.1)	15,677,529	33,054,513	23,152,235

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.

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:

Description	6/30/13	12/31/12
Net income, Texas basis	\$1,027,551	\$996,678
Effect of Texas prescribed practice for Furniture and Equipment	0	0
Net Income, NAIC SAP basis	\$1,027,551	\$996,678
Policyholders' surplus, Texas basis	\$94,388,239	\$92,247,125
Effect of Texas prescribed practice for Furniture and Equipment	2,115,956	2,081,979
Policyholders' surplus, NAIC SAP basis	\$92,272,283	\$90,165,146

#### (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 through C) No significant changes

#### (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) No other-than-temporary impairment was recognized in the second quarter of 2013.
- (3) Not applicable
- (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	\$89,199
2. 12 months or longer	950,944
2. Total	\$1,040,143
b. Aggregate fair value of securities with unrealized loss:	
1. Less than 12 months	\$3,940,852
2. 12 months or longer	4,082,075
3. Total	\$8,022,927

- (5) All loan-backed securities in an unrealized loss position were reviewed to determine whether an other-than-temporary impairment should be recognized. For those securities in an unrealized loss position as of June 30, 2013, 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 other-than-temporary impairments 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) The Company had no repurchase agreements or securities lending transactions in the second quarter of 2013.

(F through G) No significant changes

### (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 any derivative instruments.

## NOTES TO FINANCIAL STATEMENTS

**(9) Income Taxes**

No significant changes

**(10) Information Concerning Parent, Subsidiaries and Affiliates**

No significant changes

**(11) Debt**

The Company has no debt outstanding.

**(12) Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

(A) The company does not have a defined benefit plan.

(B through F) No significant changes

**(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) Not applicable

(B) The Company had no transactions involving the transfer and 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 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 Measurements**

(A) Inputs Used for Assets and Liabilities Measured at Fair Value

(1) Fair Value Measurements by Levels 1, 2 and 3

The Company has categorized its assets 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 is determined.

The three 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 and are thus classified as Level 1.

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

*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 would primarily be comprised of private placement corporate debt in an inactive market where trades in similar securities do not occur.

Description	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Bonds & asset-backed securities				
Industrial & miscellaneous: issuer obligations		\$2,049,707		\$2,049,707
Industrial & misc: residential mortgage-backed		3,552,604		3,552,604
Hybrid securities	\$1,102,500	2,437,804		3,540,304
Total bonds & asset-backed securities	\$1,102,500	\$8,040,115	0	\$9,142,615

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. There were no transfers between Levels 1 and 2 based upon a resulting change in the character of the observable inputs.



## NOTES TO FINANCIAL STATEMENTS

## (2) Rollforward of Level 3 Items

The Company had no securities characterized as Level 3 during the second quarter of 2013.

Description	Level 3 Balance at 1/1/13	Transfers In or Out of Level 3	Gains (Losses) Included in Income	Total Gains (Losses) Included in Surplus	Purchases	Sales	Level 3 Balance at 6/30/13
Assets at fair value							
Bonds & asset-backed securities							
Preferred stock							
Common stock							
Total assets at fair value	0	0	0	0	0	0	0

## (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 based upon the change in the character of the inputs employed to estimate fair value. 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 then 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. The Level 2 securities measured at fair value are primarily loan-backed securities where the underlying assets are Alt-A or subprime mortgage loans. 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 independent pricing service derives these inputs primarily from observed historical values of collateral performance and the analysis of the profile of the remaining loans.

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 that are financial instruments excluding those accounted for under the equity method. The fair values are also categorized into the three-level fair value hierarchy as described above in Note 20A. The company had no liabilities that are financial instruments.

	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practical (Carrying Value)
Bonds	\$156,209,185	\$156,865,692	\$11,935,530	\$142,707,461	\$1,566,194	
Perpetual preferred stock	492,760	500,000	492,760			
Cash, cash equivalents and short-term Investments	15,671,243	15,677,529	748,417	14,922,828		
Total assets	\$172,373,188	\$173,043,221	\$13,176,707	\$157,630,289	\$1,566,194	0

(D) Financial Instruments for which Not Practical to Estimate Fair Values

Not applicable

(21) **Other Items**

No significant changes

(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**

The Company's catastrophe reinsurance limit for auto physical damage exposures has been reduced to \$6.5 million in excess of \$1.0 million for 2013. The limit in the previous year was \$14.0 million in excess of \$1.0 million. The reduction of the reinsurance limit was a direct result of Florida legislation which substantially reduced the Company's exposure related to Citizen's Insurance assessments for catastrophe events.

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

The Company has no retrospectively rated contracts or contracts subject to redetermination.

## NOTES TO FINANCIAL STATEMENTS

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

The estimated cost of loss and loss adjustment expenses (LAE) attributable to insured events of prior years decreased by \$16,000 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**

The Company does not have any intercompany pooling arrangements.

**(27) Structured Settlements**

The Company has not entered into any structured settlements.

**(28) Health Care Receivables**

The Company has no health care receivables.

**(29) Participating Accident and Health Care Policies**

The Company does not write accident and health care policies.

**(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**

The Company has no exposure to asbestos or environmental claims.

**(34) Subscriber Savings Accounts**

The Company has no subscriber savings accounts.

**(35) Multiple Peril Crop**

The Company does not write multiple peril crop insurance.

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

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

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

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

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [ ] N/A [X]  
 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. \_\_\_\_\_ 12/31/2010

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. \_\_\_\_\_ 12/31/2010

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). \_\_\_\_\_ 12/09/2011

6.4 By what department or departments?  
 Texas .....

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

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

7.2 If yes, give full information  
 .....  
 .....  
 .....

## GENERAL INTERROGATORIES

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

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

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

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

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

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

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

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

Yes [ X ] No [ ]

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

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

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

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

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

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

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

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

## FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 2,111

## INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [ X ]

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

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

## GENERAL INTERROGATORIES

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ \_\_\_\_\_
13. Amount of real estate and mortgages held in short-term investments: \$ \_\_\_\_\_
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes  No

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

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

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

17. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes  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, NA	Attn: Institutional Trust - Risk Management North Star 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

## 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	8,189,776	8,292,420	5,030,769	4,048,287	6,587,602
4. Arkansas	AR	L					5,878,251
5. California	CA	L	127,490	176,392	69,249	139,138	104,500
6. Colorado	CO	N					172,004
7. Connecticut	CT	N					
8. Delaware	DE	L					
9. District of Columbia	DC	L					
10. Florida	FL	L	44,543,756	47,648,227	33,151,593	22,886,429	28,593,978
11. Georgia	GA	L	3,721,660	3,470,070	2,145,894	1,627,339	39,640,638
12. Hawaii	HI	N					2,413,709
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	6,504	27,008	4,731	12,245	9,500
30. New Hampshire	NH	N					64,000
31. New Jersey	NJ	N					
32. New Mexico	NM	L	4,775,575	4,449,970	2,005,965	1,594,044	4,211,277
33. New York	NY	N					3,424,777
34. North Carolina	NC	L					
35. North Dakota	ND	N					
36. Ohio	OH	L					
37. Oklahoma	OK	L	1,152,295	1,124,049	646,448	263,768	950,582
38. Oregon	OR	L					691,808
39. Pennsylvania	PA	L					396
40. Rhode Island	RI	N					35,396
41. South Carolina	SC	L	5,715,559	5,032,923	2,720,318	2,970,949	3,797,032
42. South Dakota	SD	N					3,965,239
43. Tennessee	TN	L					
44. Texas	TX	L	31,209,645	27,085,586	14,348,903	11,719,934	15,648,789
45. Utah	UT	L					13,520,590
46. Vermont	VT	N					
47. Virginia	VA	L	418,427		13,649		108,400
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		99,860,687	97,306,645	60,137,519	45,262,133	63,077,853
							69,806,412

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					

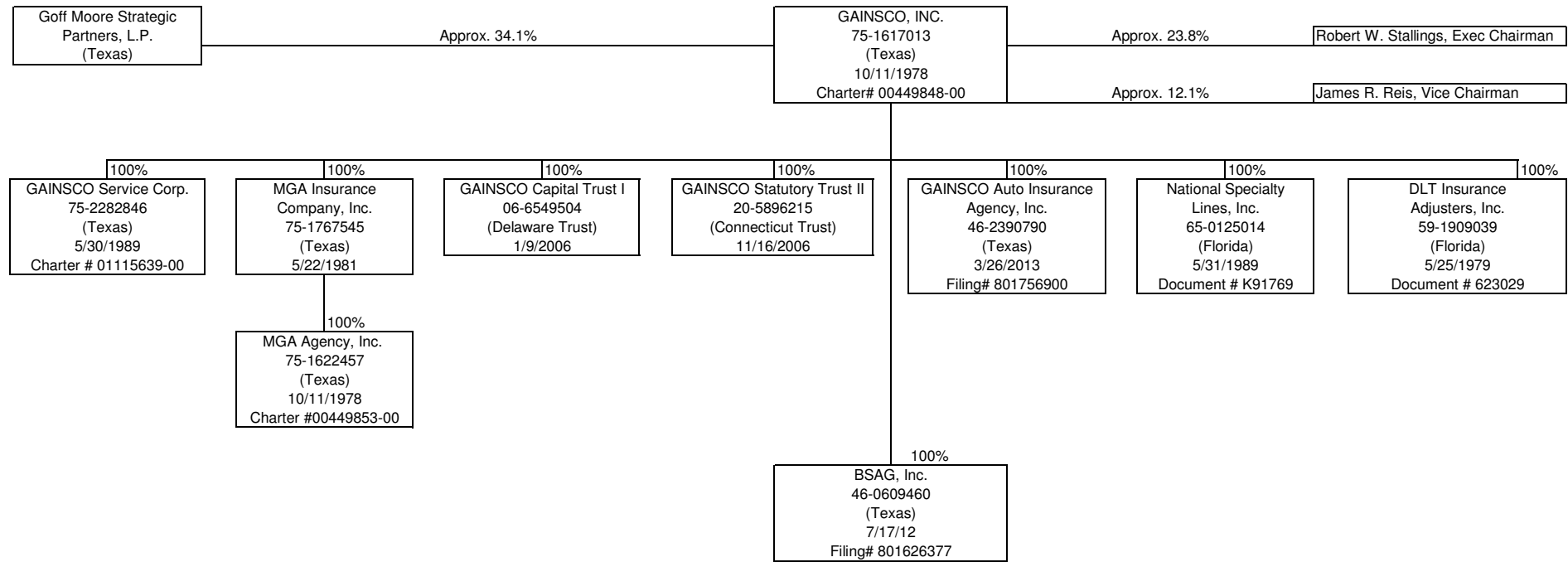
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer;

(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)	*
0		00000	75-1617013	0	786344	OTC Pink	GAINSCO, INC.	TX	UDP	Other	Ownership			1
0		00000	75-2282846	0	0		GAINSCO Service Corp.	TX	NIA	GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	0
0		40150	75-1767545	0	0		MGA Insurance Company, Inc.	TX		GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	0
0		00000	75-1622457	0	0		MGA Agency, Inc.	TX	DS	MGA Insurance Company, Inc.	Ownership	100.0	GAINSCO, INC.	0
0		00000	06-6549504	0	0		GAINSCO Capital Trust I	DE	OTH	GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	2
0		00000	20-5896215	0	0		GAINSCO Statutory Trust II	CT	OTH	GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	2
0		00000	65-0125014	0	0		National Specialty Lines, Inc.	FL	NIA	GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	0
0		00000	59-1909039	0	0		DLT Insurance Adjusters, Inc.	FL	NIA	GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	0
0		00000	46-0609460	0	0		BSAG, Inc.	TX	N/A	GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	0
0		00000	46-2390790	0	0		GAINSCO Auto Insurance Agency, Inc.	TX	NIA	GAINSCO, INC.	Ownership	100.0	GAINSCO, INC.	0

12

Asterik	Explanation
1 2	Goff Moore Strategic Partners, LP and John Goff own 34.1% of the outstanding stock of GAINSCO, INC., Robert W. Stallings owns 23.8% of the outstanding stock of GAINSCO, INC. and James R. Reis owns 12.1% of the outstanding stock of GAINSCO, INC. Grantor Trust

### 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				
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	77,316,794	45,533,112	58.9	56.6
19.3, 19.4 Commercial auto liability		(35,000)		
21. Auto physical damage	19,412,635	8,514,491	43.9	44.7
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	96,729,429	54,012,603	55.8	54.3

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

Lines of Business	1	2	3
	Current Quarter	Current Year to Date	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	35,186,579	79,439,921	78,376,544
19.3, 19.4 Commercial auto liability			
21. Auto physical damage	9,015,362	20,420,766	18,930,102
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	44,201,941	99,860,687	97,306,646

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**

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2013 Loss and LAE Payments on Claims Reported as of Prior Year-End	2013 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2013 Loss and LAE Payments (Cols 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss & LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 - 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 - 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2010 + prior	10,990	2,568	13,558	13,231	113	13,344	7,432	8	1,112	8,552	9,673	(1,335)	8,338
2. 2011	9,043	5,649	14,692	9,818	43	9,861	6,587	20	1,164	7,771	7,362	(4,422)	2,940
3. Subtotals 2011 + prior	20,033	8,217	28,250	23,049	156	23,205	14,019	28	2,276	16,323	17,035	(5,757)	11,278
4. 2012	20,940	29,554	50,494	21,491	1,463	22,954	10,878	486	4,882	16,246	11,429	(22,723)	(11,294)
5. Subtotals 2012 + prior	40,973	37,771	78,744	44,540	1,619	46,159	24,897	514	7,158	32,569	28,464	(28,480)	(16)
6. 2013	X X X	X X X	X X X	X X X	32,726	32,726	X X X	15,145	24,493	39,638	X X X	X X X	X X X
7. Totals	40,973	37,771	78,744	44,540	34,345	78,885	24,897	15,659	31,651	72,207	28,464	(28,480)	(16)

8. Prior Year-End Surplus As

Regards Policyholders 92,247

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. 69.470    2. -75.402    3. -0.020

Col. 13, Line 7  
Line 8

4. -0.017

## 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 Supplement be filed with the state of domicile and the NAIC with this statement?	NO

**Explanation:**

- Question 1: Not required  
 .....  
 .....
- Question 2: Not required  
 .....  
 .....
- Question 3: Not required  
 .....  
 .....
- Question 4: Not required  
 .....  
 .....

**Bar Code:**



40150201349000020



40150201345500020



40150201336500020



40150201350500020

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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	2,691,522	179,394
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	47,246	2,532,778
2.2 Additional investment made after acquisition	1,703,618	
3. Capitalized deferred interest and other	19,591	(20,650)
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals	1,215,037	
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)	3,246,940	2,691,522
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	3,246,940	2,691,522

**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	154,094,036	146,893,650
2. Cost of bonds and stocks acquired	35,910,302	98,112,552
3. Accrual of discount	75,534	129,896
4. Unrealized valuation increase (decrease)	531,529	1,120,463
5. Total gain (loss) on disposals	483,722	2,175,620
6. Deduct consideration for bonds and stocks disposed of	32,499,882	91,752,223
7. Deduct amortization of premium	1,229,024	2,301,005
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		284,917
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	157,366,217	154,094,036
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	157,366,217	154,094,036



## SCHEDULE D - PART 1B

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a)	58,383,316	7,917,893	12,830,026	388,962	58,383,316	53,860,145		73,051,412
2. Class 2 (a)	109,317,716	23,382,814	16,892,460	(598,344)	109,317,716	115,209,726		101,773,090
3. Class 3 (a)	5,104,902	2,855,815	985,470	(154,508)	5,104,902	6,820,739		6,584,336
4. Class 4 (a)	1,954,779		102,285	10,366	1,954,779	1,862,860		1,679,385
5. Class 5 (a)	1,719,362		65,523	35,903	1,719,362	1,689,742		1,576,259
6. Class 6 (a)								
7. Total Bonds	176,480,075	34,156,522	30,875,764	(317,621)	176,480,075	179,443,212		184,664,482
<b>PREFERRED STOCK</b>								
8. Class 1								
9. Class 2	1,000,000				1,000,000	1,000,000		1,000,000
10. Class 3	500,000				500,000	500,000		497,200
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	1,500,000				1,500,000	1,500,000		1,497,200
15. Total Bonds & Preferred Stock	177,980,075	34,156,522	30,875,764	(317,621)	177,980,075	180,943,212		186,161,682

(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 \$ 10,699,407; NAIC 2 \$ 12,878,117; 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	22,577,982	X X X	22,875,503	196,929	49,165

**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	23,908,063	22,226,400
2. Cost of short-term investments acquired	20,089,670	54,563,122
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	873	11,958
6. Deduct consideration received on disposals	21,101,992	52,267,887
7. Deduct amortization of premium	318,632	625,530
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)	22,577,982	23,908,063
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	22,577,982	23,908,063

**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	8,160,112	6,499,586
2. Cost of cash equivalents acquired	7,195,491	53,786,251
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	14,356,061	52,122,380
7. Deduct amortization of premium		3,345
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)	999,542	8,160,112
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	999,542	8,160,112

**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									
000000-00-0	Bounty Minerals LLC	Ft. Worth	TX	Bounty Minerals LLC		09/26/2012			400,000		440,000	1.286
000000-00-0	CapitalSpring Direct Lending Partners, LP	New York	NY	CapitalSpring Direct Lending Partners, LP		05/16/2013		47,246	305,573		1,647,181	2.353
000000-00-0	Fortress Worldwide Transportation and Infrastruct	New York	NY	Fortress Worldwide Transportation		12/27/2012			68,320		1,844,214	1.786
1999999	Other - Joint Venture, Partnership or Limited Liability Interests - Unaffiliated							47,246	773,893		3,931,395	X X X
3999999	Subtotal Unaffiliated							47,246	773,893		3,931,395	X X X
4199999	Totals							47,246	773,893		3,931,395	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.						
000000-00-0	Commerce Street Lending Partn	Dallas	TX	Commerce Street Lending Par	05/01/2008	04/01/2013	158,744				2,322	2,322							
1799999	Real Estate - Joint Venture/Partnership Interests - Unaffiliated						158,744				2,322	2,322							
000000-00-0	Fortress Worldwide Transportati	New York	NY	Fortress Worldwide Transport	12/27/2012	04/17/2013	2,032,778				1,790	1,790	17,016	17,016					
1999999	Other - Joint Venture/Partnership Interests - Unaffiliated						2,032,778				1,790	1,790	17,016	17,016					
3999999	Total Unaffiliated						2,191,522				4,112	4,112	17,016	17,016					
4199999	Totals						2,191,522				4,112	4,112	17,016	17,016					

### 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)
313381-3R-4	Federal Home Loan Bank		04/01/2013	Southwest Securities		1,000,000	1,000,000.00	3,972	1FE
0599999	Total Bonds U. S. Government				X X X	1,000,000	1,000,000.00	3,972	X X X
564386-HV-5	Mansfield ISD		05/03/2013	Southwest Securities		282,560	250,000.00		1FE
3199999	U.S. Total Bonds Special Revenue and Special Assessment and all Non-Guaranteed Obligations				X X X	282,560	250,000.00		X X X
00846U-AC-5	Agilent Technologies Inc		05/07/2013	Wells Fargo Bank		1,203,690	1,000,000.00	1,625	2FE
042735-AL-4	Arrow Electronics Inc		05/16/2013	Southwest Securities		1,196,270	1,000,000.00	32,465	2FE
101137-AF-4	Boston Scientific Corp		04/04/2013	Bank of Oklahoma		1,122,500	1,000,000.00	25,000	2FE
25459H-BE-4	DirectTV Holdings LLC		05/01/2013	Wells Fargo Bank		1,039,070	1,000,000.00	3,400	2FE
277432-AM-2	Eastman Chem Co		06/12/2013	Shay Financial Services		1,024,650	1,000,000.00	1,067	2FE
441060-AK-6	Hospira Inc		04/09/2013	Wells Fargo Bank		1,098,420	1,000,000.00	26,133	3FE
44923Q-AD-6	Hyundai Cap Amer		05/09/2013	Bank of Oklahoma		1,007,560	1,000,000.00	2,479	2FE
459284-AA-3	International CocaCola Enterprises		04/23/2013	Southwest Securities		1,030,830	1,000,000.00	2,420	2FE
460146-CA-9	International Paper Co		06/18/2013	Shay Financial Services		1,271,790	1,000,000.00	1,325	2FE
502413-BB-2	L-3 Communications Corp		04/11/2013	Shay Financial Services		1,080,100	1,000,000.00	16,568	2FE
53217V-AD-1	Life Technologies Corp		04/02/2013	Shay Financial Services		1,052,770	1,000,000.00	7,778	2FE
631103-AC-2	NASDAQ OMX Group		04/08/2013	Wells Fargo Bank		1,041,920	1,000,000.00	9,556	2FE
678858-BG-5	Oklahoma Gas & Elec Co		06/25/2013	Wells Fargo Bank		1,100,570	1,000,000.00	23,318	1FE
713448-BH-0	Pepsico Inc		06/07/2013	Southwest Securities		1,154,220	1,000,000.00	1,528	1FE
74834L-AL-4	Quest Diagnostics Inc		04/24/2013	Shay Financial Services		1,102,720	1,000,000.00	26,947	2FE
776696-AD-8	Roper Industries Inc		05/16/2013	Shay Financial Services		507,830	500,000.00	154	2FE
92553P-AF-9	Viacom Inc New		04/03/2013	Wells Fargo Bank		1,078,920	1,000,000.00	2,715	2FE
94106L-AT-6	Waste Management Inc.		06/19/2013	Shay Financial Services		546,785	500,000.00	9,120	2FE
3899999	Total Bonds Industrial and Miscellaneous (Unaffiliated)				X X X	18,660,615	17,000,000.00	193,598	X X X
29379V-AN-3	Enterprise Products Oper		04/09/2013	Southwest Securities		1,093,000	1,000,000.00	25,472	2FE
70212J-AA-3	Partnerre Finance II, Inc.		04/12/2013	Southwest Securities		1,030,000	1,000,000.00	24,329	2FE
745332-BY-1	Puget Sound Energy Inc		05/14/2013	Southwest Securities		542,500	500,000.00	16,079	3FE
852891-AB-6	StanCorp Financial Group		06/11/2013	Southwest Securities		1,214,895	1,194,000.00	2,975	3FE
92931B-AC-0	WPS Res Corp		04/01/2013	Southwest Securities		1,066,250	1,000,000.00	20,876	2FE
4899999	Total Bonds Hybrid Securities				X X X	4,946,645	4,694,000.00	89,731	X X X
8399997	Total Bonds Part 3				X X X	24,889,820	22,944,000	287,301	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	24,889,820	22,944,000.00	287,301	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 Desig- nation 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.							
3133XP-JJ-4 742651-DF-6	FHLB 00-1239 Private Export Funding Corp		06/20/2013 04/15/2013	PRINCIPAL RECEIPT MATURITY		12,309 1,000,000	12,309.44 1,000,000.00	13,017 1,058,250	12,745 1,005,204		(435) (5,204)		(435) (5,204)		12,309 1,000,000				242 17,750	08/20/2015 04/15/2013	1FE 1FE
0599999	Total - Bonds - U.S. Governments				X X X	1,012,309	1,012,309.44	1,071,267	1,017,949		(5,639)		(5,639)		1,012,309				17,992	X X X	X X X
31396Q-WZ-8 31398P-4W-6 3137AE-LS-2 31339M-SK-5 31396Y-SC-7 31398W-2U-7 31395V-4L-0 31397G-HH-6 3137A9-PB-6	Fannie Mae-FNR 2009-63 LD Fannie Mae-FNR 2010-49 PA FHLMC Series 3910 FHR 2399 PG FNR 2008-17 UF Freddie Mac 3629 AB Freddie Mac-FHR 2990 TD Freddie Mac-FHR 3313 GP Freddie Mac-FHR 3842 BY		06/25/2013 06/25/2013 06/17/2013 06/17/2013 06/25/2013 06/17/2013 06/17/2013 06/17/2013 06/17/2013	PRINCIPAL RECEIPT PRINCIPAL RECEIPT PRINCIPAL RECEIPT PRINCIPAL RECEIPT PRINCIPAL RECEIPT PRINCIPAL RECEIPT PRINCIPAL RECEIPT PRINCIPAL RECEIPT PRINCIPAL RECEIPT		64,563 40,550 68,867 38,098 68,045 101,396 93,077 36,850 55,356	64,563.22 40,550.18 68,866.94 38,097.69 68,044.64 101,396.24 93,077.43 36,849.82 55,355.64	67,368 41,919 69,685 40,955 68,002 106,751 96,975 38,646 58,219	66,001 41,611 69,675 39,932 68,009 104,720 96,374 38,691 57,544		(1,437) (1,061) (808) (1,834) 36 (3,324) (3,296) (1,841) (2,188)		(1,437) (1,061) (808) (1,834) 36 (3,324) (3,296) (1,841) (2,188)		64,563 40,550 68,867 38,098 68,045 101,396 93,077 36,850 55,356				1,197 666 463 801 240 1,672 1,255 657 769	02/25/2039 11/25/2035 12/15/2037 01/15/2017 03/25/2038 01/15/2023 05/15/2035 04/15/2037 08/15/2024	1FE 1FE 1FE 1FE 1FE 1FE 1FE 1FE 1FE
3199999	U.S. Total - Bonds - Special Revenue and Special Assessment Non-Guaranteed Obl				X X X	566,802	566,801.80	588,520	582,557		(15,753)		(15,753)		566,802				7,720	X X X	X X X
0258M0-CX-5 054303-AV-4 349631-AP-6 14312Y-AC-3 15189Y-AB-2 171232-AP-6 12668X-AC-9 232820-AE-0 302570-BA-3 46625H-HA-1 50172C-AA-8 524660-AS-6 709599-AE-4 74922S-AA-6 75114T-AC-5 75115D-AF-2 760488-AA-4 760985-UJ-3 91324P-AE-2	American Express Credit Note Avon Products Inc. Beam Inc Carmax 2010-3 A3 Centerpoint Energy Resources Chubb Corp Countrywide Series 2006-S8 Cytex Industries Inc. FPL Group Capital Inc JP Morgan Chase & Co LAI Vehicle Lease Secur Trust Leggett & Platt Inc. Penske Truck Leasing /PTL RALI 2006-QS-17 RALI 2006-QS5 RALI Ser 2006-QS13 Republic Holdings Texas II, LP Residential Asset Mtg Products UnitedHealth Group Inc.		06/19/2013 04/15/2013 06/11/2013 06/17/2013 04/01/2013 05/28/2013 06/25/2013 04/02/2013 06/17/2013 05/22/2013 06/17/2013 04/01/2013 06/10/2013 06/25/2013 06/25/2013 06/25/2013 05/01/2013 05/06/2013 04/01/2013	MATURITY CALLED @ 104.345200 CALLED @ 105.763000 PRINCIPAL RECEIPT MATURITY Southwest Securities PRINCIPAL RECEIPT CALLED @ 112500000. MATURITY Southwest Securities PRINCIPAL RECEIPT MATURITY Southwest Securities VARIOUS VARIOUS VARIOUS Republic Holdings Texa Shay Financial Services MATURITY		1,000,000 1,043,452 528,815 189,513 770,000 1,125,000 15,455 11,250 1,000,000 1,756,875 202,925 1,000,000 1,056,880 36,127 35,031 34,620 500,000 671,187 1,000,000	1,000,000.00 1,000,000.00 500,000.00 189,513.09 770,000.00 1,000,000.00 15,454.64 0.01 1,000,000.00 1,500,000.00 202,925.42 1,000,000.00 1,000,000.00 52,987.87 54,419.58 52,583.90 500,000.00 671,187.14 1,000,000.00	999,950 1,102,200 548,905 189,501 867,898 1,039,500 15,025 13,161 1,040,000 1,696,250 203,464 1,007,581 1,007,852 21,894 43,823 47,764 34,587 500,000 663,636 1,077,270	999,973 1,042,958 527,264 189,512 782,037 1,037,527 13,161 1,004,706 1,687,375 203,043 1,007,581 1,007,852 21,894 43,823 34,395 34,587 500,000 664,622 1,007,722		27 (10,548) (8,221) 2 (12,037) (3,218) 2,015 279 (4,706) (12,129) (117) (7,581) (742) 21,929 6,246 4,267 4,420 235 (7,722)		27 (10,548) (8,221) 2 (12,037) (3,218) 2,294 (4,706) (12,129) (117) (7,581) (742) 28,175 17,636 15,667 235 (7,722)		1,000,000 1,032,410 519,043 189,513 770,000 1,034,309 15,455 11,250 1,000,000 1,675,246 202,925 1,000,000 1,007,111 50,069 52,031 50,254 500,000 664,857 1,000,000			11,042 9,772 9,772 693 30,319 90,691 301 11,250 26,750 81,629 1,887 23,500 49,769 (13,941) (17,000) (15,634) 11,866 6,331 24,375	06/19/2013 03/01/2014 06/15/2014 02/17/2015 04/01/2013 03/29/2067 04/25/2036 07/01/2013 06/15/2013 04/30/2018 09/15/2016 04/01/2013 05/11/2017 12/25/2036 05/25/2036 09/25/2036 03/01/2015 03/25/2034 04/01/2013	1FE 2FE 2FE 1FE 2FE 1FE 5FM 2FE 2FE 1FE 2FE 2FE 2FE 5FM 4FM 4FM 1FE 1FM 2FE	

(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 Desig- nation 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.							
3899999	Total - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	11,977,130	11,509,071.65	12,142,670	11,766,209	48,560	(51,545)		(2,985)		11,763,223		213,909	213,909	326,503	X X X	X X X
020002-AV-3	Allstate Corp		06/20/2013	CALLED @ 111.312000		1,252,260	1,125,000.00	1,172,813	1,172,464		(4,616)		(4,616)		1,167,848		84,412	84,412	41,152	05/15/2037	2FE
53079E-AQ-7	Liberty Mutual Group		05/30/2013	Southwest Securities		1,045,000	1,000,000.00	985,000	985,373		97		97		985,470		59,530	59,530	50,361	03/15/2037	3FE
58551T-AA-5	Mellon Capital IV Capsec		06/18/2013	Southwest Securities		568,200	600,000.00	523,500	523,597		369		369		523,966		44,234	44,234	12,147	06/29/2049	2FE
4899999	Total - Bonds - Hybrid Securities				X X X	2,865,460	2,725,000.00	2,681,313	2,681,434		(4,150)		(4,150)		2,677,284		188,176	188,176	103,660	X X X	X X X
8399997	Total - Bonds - Part 4				X X X	16,421,701	15,813,183	16,483,770	16,048,149	48,560	(77,087)		(28,527)		16,019,618		402,085	402,085	455,875	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	X X X
8399999	Total Bonds				X X X	16,421,701	15,813,182.89	16,483,770	16,048,149	48,560	(77,087)		(28,527)		16,019,618		402,085	402,085	455,875	X X X	X X X
9999999	Totals					16,421,701	X X X	16,483,770	16,048,149	48,560	(77,087)		(28,527)		16,019,618		402,085	402,085	455,875	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**



