

## MARKET PERFORMANCE OF FINANCIAL SERVICES STOCKS FOR THE QUARTER ENDING JUNE 30, 2012

In the second quarter of 2012, the US stock market decreased by 2.8% as measured by Standard & Poor's 500. Financial services stocks, as measured by the XLF Financial ETF decreased 6.9%. Insurance stocks, as measured by the Nasdaq Insurance Index, increased by 3%. The average return for all 146 companies included in

this study was negative 1.2%. Five sub-sectors outperformed the S&P 500 and six underperformed. Four sub-sectors posted positive returns and seven posted negative returns for the quarter, as shown in Table 1. Top performing categories included Finance Companies and Title Insurers.

**Table 1**

	Median Average Total Return <u>3/31/12 - 6/30/12</u>
Title Insurers	7.8
Finance Cos.	7.4
<b>Nasdaq Insurance Index</b>	3.0
Property and Casualty Reinsurance Cos.	2.5
Primary Property Casualty Underwriting Cos.	0.6
Insurance Brokers	-2.7
<b>Standard &amp; Poors 500</b>	-2.8
Multi-Line Insurers	-4.5
<b>XLF (Financial Sector ETF)</b>	-6.9
Health Insurers	-8.0
Securities Brokers & Asset Management Cos.	-8.3
Life & Annuity Cos.	-10.5
Claims Adjusters	-16.1
Financial Guarantors	-19.2

Global economic fears weighed heavily on market sentiment in the second quarter of 2012 and influenced performance for some insurance and financial companies. Reemerging concerns over the European debt crisis caused a near reversal of last quarter's results for many companies with higher perceived risk. Property and Casualty Reinsurance Companies and Primary Property Casualty Underwriting Companies did

well relative to the market on continued reports of rate firming and benefitting from mild winter weather.

The best performing category was Title Insurers, with a 7.8% median average return in the second quarter and no negative performers. Investors Title led the category and was the 9<sup>th</sup> top performer overall with a 20% return in the second quarter as they were added to the Russell

3000 Microcap Index. Positive earnings resulted from the combination of increased revenues from refinancing activity due to low interest rates and reduced costs from actions taken after the housing crisis. Investors Title's revenues increased 11.9% versus the prior year period, primarily due to a 10.1% increase in net premiums written and net income increased to \$0.67 per diluted share vs. \$0.46 per diluted share in the prior year period.

Finance Companies as a category performed 2<sup>nd</sup> best, with a median average return of 7.4% and four of the top ten stocks. Asset Acceptance Capital and Imperial Holdings returned 43.5% and 43.4% respectively, Encore Capital returned 31.4%, and Portfolio Recovery Associates 27.2%. Imperial's stock saw a rapid increase resulting from settlement of a probe related to their premium finance business in which they agreed to pay an \$8 million penalty under terms of a non prosecution agreement with the U.S. Attorney's Office.

Property Casualty Reinsurers and Primary Property Casualty Underwriters outperformed the S&P 500, with respective 2.5% and 0.6% median average returns in the second quarter. Kingstone Companies, the 2<sup>nd</sup> best performing stock overall for the quarter and 1<sup>st</sup> in the Primary Property Casualty Underwriters category, experienced very low loss ratios due to the warm winter weather and benefitted from their conservative fixed income investments.

Financial Guarantors were the worst performing category for the 2<sup>nd</sup> quarter, with a -19.2% median average return. MGIC and Radian were the worst performers of the group with -41.9% and -24.3% returns. MGIC's new mortgage guarantee business written in 2009 and 2010 has had just 4% and 11% loss ratios respectively, but poor quality business written prior to 2008 resulted in first quarter losses of \$337 million compared to \$310 million last year. Concerns over MGIC's ability to remain compliant with regulatory capital requirements have also affected the stock.

Life Partners was the worst performing stock with a -45.4% return for the quarter. While the Insurance Broker category reported returns comparable to the S&P 500, -2.7% vs. -2.8%, Life

Partners stock declined amid ongoing SEC investigations related to prior accounting issues.

Security National Financial was an outlier to the Life & Annuity category with a 73% return for the quarter, in contrast to a -10.5% median average return for the category. Security National's completed acquisition of North American Life unit Trans-Western Life, as well as settlement of a Wells Fargo funding lawsuit contributed to their ranking as the top performing stock.

The 10 best performing and worst performing financial services stocks are given in Tables 2 and 3, respectively. The performance of other individual stocks and categories is given in Table 4.

**Table 2:**  
**Ten Best Performing Financial Services Stocks**

	Total Return 3/31/12 - 6/30/12
Security National Financial Corp	73.0
Kingstone Companies Inc	65.6
Asset Acceptance Capital Corp	43.5
Imperial Holdings Inc	43.4
Homeowners Choice	40.4
Encore Capital Group	31.4
Portfolio Recovery Associates	27.2
Hilltop Holdings Inc	22.9
Investors Title Co	22.0
United Fire Group	20.1

**Table 3:**  
**Ten Worst Performing Financial Services Stocks**

	Total Return 3/31/12 - 6/30/12
Life Partners Holdings	-45.4
Assurance America	-43.8
MGIC Investment Corp	-41.9
Affirmative Insurance	-37.7
Genworth Financial Inc	-32.0
Jefferies	-30.8
Kingsway Financial Services	-25.6
Morgan Stanley	-25.5
Phoenix Companies Inc	-24.5
Radian Group Inc	-24.3

\*Nasdaq Insurance Index data is not available for Total Return and reflects price change of index only.

**Table 4**

<u>Title</u>		<u>Market Price</u> <u>3/31/2012</u>	<u>Market Price</u> <u>6/30/2012</u>	<u>Percent Increase/</u> <u>- Decrease</u>	<u>Total Return</u>
Investors Title Co.	ITIC	\$46.72	\$56.93	21.9%	22.0%
Stewart Info Services	STC	\$14.21	\$15.35	8.0%	8.0%
Fidelity National Financial	FNF	\$18.03	\$19.26	6.8%	7.6%
First American Financial	FAF	\$16.63	\$16.96	2.0%	2.5%
<b>Median Average</b>				<b>7.4%</b>	<b>7.8%</b>
<b><u>Finance Cos.</u></b>					
Asset Acceptance Capital Corp.	AACC	\$4.74	\$6.80	43.5%	43.5%
Imperial Holdings Inc.	IFT	\$2.67	\$3.83	43.4%	43.4%
Encore Capital Group	ECPG	\$22.55	\$29.62	31.4%	31.4%
Portfolio Recovery Associates	PRAA	\$71.72	\$91.26	27.2%	27.2%
Asta Funding	ASFI	\$8.17	\$9.37	14.7%	14.9%
World Acceptance Corp.	WRLD	\$61.25	\$65.80	7.4%	7.4%
White River Capital	RVR	\$22.36	\$22.75	1.7%	2.9%
QC Holdings	QCCO	\$4.16	\$4.19	0.7%	1.9%
Advance America	AEA	\$10.49	\$10.50	0.1%	0.1%
Nicholas Financial	NICK	\$13.19	\$12.82	-2.8%	-2.0%
Credit Acceptance Corp.	CACC	\$101.01	\$84.43	-16.4%	-16.4%
<b>Median Average</b>				<b>7.4%</b>	<b>7.4%</b>
<b><u>Property Casualty Reinsurance Cos.</u></b>					
PartnerRe Ltd.	PRE	\$67.89	\$75.67	11.5%	12.4%
Everest Reinsurance Group Ltd.	RE	\$92.52	\$103.49	11.9%	12.4%
Montpelier Re	MRH	\$19.32	\$21.29	10.2%	10.7%
Platinum	PTP	\$36.50	\$38.10	4.4%	4.6%
Validus Holdings Ltd.	VR	\$30.95	\$32.03	3.5%	4.3%
Aspen Insurance Holdings	AHL	\$27.94	\$28.90	3.4%	4.1%
Greenlight Capital Re	GLRE	\$24.63	\$25.42	3.2%	3.2%
Berkshire Hathaway	BRK.A	\$121,900.00	\$124,945.00	2.5%	2.5%
Flagstone Reinsurance Holdings	FSR	\$7.87	\$8.01	1.8%	2.3%
RenaissanceRe	RNR	\$75.73	\$76.01	0.4%	0.7%
Enstar Group Ltd.	ESGR	\$98.99	\$98.94	-0.1%	-0.1%

		Market Price <u>3/31/2012</u>	Market Price <u>6/30/2012</u>	Percent Increase/ - Decrease	Total Return
<b>Property Casualty Reinsurance Cos. (cont'd.)</b>					
Axis Capital Holdings Ltd.	AXS	\$33.17	\$32.55	-1.9%	-1.1%
XL Group plc	XL	\$21.69	\$21.04	-3.0%	-2.5%
Maiden Holdings Ltd.	MHLD	\$9.00	\$8.68	-3.6%	-2.6%
Endurance Specialty	ENH	\$40.66	\$38.32	-5.8%	-5.0%
<b>Median Average</b>				<b>2.5%</b>	<b>2.5%</b>
<b>Primary Property Casualty Underwriting Cos.</b>					
Kingstone Companies Inc.	KINS	\$3.18	\$5.24	64.6%	65.6%
Homeowners Choice	HCI	\$12.70	\$17.60	38.6%	40.4%
Hilltop Holdings Inc.	HTH	\$8.39	\$10.31	22.9%	22.9%
United Fire Group	UFCS	\$17.89	\$21.33	19.2%	20.1%
Eastern Insurance Holdings	EIHI	\$14.60	\$17.00	16.4%	17.0%
Allied World Assurance	AWH	\$68.67	\$79.47	15.7%	15.7%
Cincinnati Financial	CINF	\$34.51	\$38.07	10.3%	11.5%
AmTrust Financial Services	AFSI	\$26.88	\$29.71	10.5%	10.9%
Infinity P&C Corp.	IPCC	\$52.33	\$57.67	10.2%	10.7%
Travelers Companies Inc.	TRV	\$59.20	\$63.84	7.8%	8.6%
WR Berkley Corp.	WRB	\$36.12	\$38.92	7.8%	8.0%
Allstate Corp.	ALL	\$32.92	\$35.09	6.6%	7.3%
Arch Capital Group Ltd.	ACGL	\$37.24	\$39.69	6.6%	6.6%
Chubb Corp.	CB	\$69.11	\$72.82	5.4%	6.0%
Navigators Group Inc.	NAVG	\$47.24	\$50.05	5.9%	5.9%
Baldwin & Lyons	BWINB	\$22.38	\$23.24	3.8%	5.1%
National Interstate Corp.	NATL	\$25.58	\$26.59	3.9%	4.4%
American International Group Inc.	AIG	\$30.83	\$32.09	4.1%	4.1%
White Mountains	WTM	\$501.72	\$521.75	4.0%	4.0%
Global Indemnity plc	GBLI	\$19.49	\$20.25	3.9%	3.9%
Alleghany Corp.	Y	\$329.10	\$339.75	3.2%	3.2%
Loews Corp.	L	\$39.87	\$40.91	2.6%	2.8%
Alterra Cap Holdings	ALTE	\$22.98	\$23.35	1.6%	2.2%
Employers Holdings	EIG	\$17.71	\$18.04	1.9%	2.2%
American Financial Group Inc.	AFG	\$38.58	\$39.23	1.7%	2.2%
EMC Insurance Group Inc.	EMCI	\$20.09	\$20.20	0.5%	1.6%
ProAssurance Corp.	PRA	\$88.11	\$89.09	1.1%	1.4%
ACE Ltd.	ACE	\$73.20	\$74.13	1.3%	1.3%

		Market Price 3/31/2012	Market Price 6/30/2012	Percent Increase/ - Decrease	Total Return
<b>Primary Property Casualty Underwriting Cos. (cont'd.)</b>					
HCC Insurance Holdings Inc.	HCC	\$31.17	\$31.40	0.7%	1.2%
GAINSCO INC.	GANS	\$9.00	\$9.00	0.0%	0.0%
Horace Mann	HMN	\$17.62	\$17.48	-0.8%	0.0%
National Security Group Inc.	NSEC	\$8.63	\$8.51	-1.4%	-0.3%
Selective Insurance Group	SIGI	\$17.61	\$17.41	-1.1%	-0.4%
American Safety Insurance	ASI	\$18.85	\$18.75	-0.5%	-0.5%
Hallmark Financial Services	HALL	\$7.89	\$7.80	-1.1%	-1.1%
Safety Insurance Group Inc	SAFT	\$41.64	\$40.64	-2.4%	-1.2%
Argo Group International	AGII	\$29.87	\$29.27	-2.0%	-1.6%
Markel Corp.	MKL	\$448.94	\$441.70	-1.6%	-1.6%
SeaBright Holdings	SBX	\$9.09	\$8.89	-2.2%	-1.6%
Donegal Group Inc.	DGICA	\$13.67	\$13.28	-2.9%	-2.0%
State Auto Financial	STFC	\$14.61	\$14.05	-3.8%	-2.8%
First Acceptance Corp.	FAC	\$1.39	\$1.34	-3.6%	-3.6%
Hanover Insurance Group	THG	\$41.12	\$39.13	-4.8%	-4.1%
RLI Corp.	RLI	\$71.64	\$68.20	-4.8%	-4.3%
CNA Financial Corp.	CNA	\$29.33	\$27.72	-5.5%	-5.0%
Meadowbrook Insurance	MIG	\$9.33	\$8.79	-5.8%	-5.2%
Tower Group Inc.	TWGP	\$22.43	\$20.87	-7.0%	-6.1%
Erie Indemnity Co.	ERIE	\$77.94	\$71.61	-8.1%	-7.5%
Unico American Corp.	UNAM	\$11.20	\$10.16	-9.3%	-7.7%
Progressive Corp.	PGR	\$23.18	\$20.83	-10.1%	-10.1%
Universal Insurance Holdings	UVE	\$3.89	\$3.41	-12.3%	-10.2%
United Insurance Holdings	UIHC	\$5.95	\$5.25	-11.8%	-11.8%
21st Century Holding	TCHC	\$4.50	\$3.96	-12.0%	-12.0%
OneBeacon Insurance Group	OB	\$15.41	\$13.02	-15.5%	-14.1%
Old Republic International Corp.	ORI	\$10.55	\$8.29	-21.4%	-20.0%
Kingsway Financial Services	KFS	\$0.80	\$0.60	-25.6%	-25.6%
Affirmative Insurance	AFFM	\$0.53	\$0.33	-37.7%	-37.7%
Assurance America	ASAM	\$0.13	\$0.07	-43.8%	-43.8%
<b>Median Average</b>				<b>0.3%</b>	<b>0.6%</b>

		<u>Market Price 3/31/2012</u>	<u>Market Price 6/30/2012</u>	<u>Percent Increase/ - Decrease</u>	<u>Total Return</u>
<b><u>Insurance Brokers</u></b>					
Brown & Brown Inc.	BRO	\$23.78	\$27.27	14.7%	15.0%
Willis Group Holdings	WSH	\$34.98	\$36.49	4.3%	5.1%
Arthur J Gallagher	AJG	\$35.74	\$35.07	-1.9%	-0.9%
Marsh & McLennan	MMC	\$32.79	\$32.23	-1.7%	-1.0%
Fortegra Financial Corp.	FRF	\$8.36	\$8.00	-4.3%	-4.3%
Aon Corp.	AON	\$49.06	\$46.78	-4.6%	-4.4%
National Financial Partners	NFP	\$15.14	\$13.40	-11.5%	-11.5%
Life Partners Holdings	LPHI	\$4.07	\$2.13	-47.7%	-45.4%
<b>Median Average</b>				<b>-3.1%</b>	<b>-2.7%</b>
<b><u>Multi-Line Insurers</u></b>					
Kemper	KMPR	\$30.28	\$30.75	1.6%	2.3%
American National Insurance Co.	ANAT	\$72.52	\$71.27	-1.7%	-0.6%
Atlantic American Corp.	AAME	\$2.88	\$2.75	-4.5%	-4.5%
Assurant Inc.	AIZ	\$40.50	\$34.84	-14.0%	-13.4%
Hartford Financial Svcs.	HIG	\$21.08	\$17.63	-16.4%	-15.9%
<b>Median Average</b>				<b>-4.5%</b>	<b>-4.5%</b>
<b><u>Health Insurers</u></b>					
Torchmark Corp.	TMK	\$49.85	\$50.55	1.4%	1.7%
Aflac Inc.	AFL	\$45.99	\$42.59	-7.4%	-6.7%
StanCorp Financial Group	SFG	\$40.94	\$37.16	-9.2%	-9.2%
Unum Group	UNM	\$24.48	\$19.13	-21.9%	-21.5%
<b>Median Average</b>				<b>-8.3%</b>	<b>-8.0%</b>
<b><u>Securities Brokers &amp; Asset Management Cos</u></b>					
Federated Investors	FII	\$22.41	\$21.85	-2.5%	-1.4%
T. Rowe Price	TROW	\$65.30	\$62.96	-3.6%	-3.0%
Eaton Vance	EV	\$28.58	\$26.95	-5.7%	-5.0%
Legg Mason	LM	\$27.93	\$26.37	-5.6%	-5.2%

		Market Price <u>3/31/2012</u>	Market Price <u>6/30/2012</u>	Percent Increase/ - Decrease	Total Return
<b>Securities Brokers &amp; Asset Management Cos. (cont'd.)</b>					
Waddell and Reed	WDR	\$32.41	\$30.28	-6.6%	-5.8%
Raymond James Financial	RJF	\$36.53	\$34.24	-6.3%	-5.9%
Knight Capital Group	KCG	\$12.87	\$11.94	-7.2%	-7.2%
Ameriprise	AMP	\$57.13	\$52.26	-8.5%	-7.9%
Lazard	LAZ	\$28.56	\$25.99	-9.0%	-8.3%
Franklin Resources	BEN	\$124.03	\$110.99	-10.5%	-10.3%
Janus	JNS	\$8.91	\$7.82	-12.2%	-11.5%
KKR & Co. L.P.	KKR	\$14.83	\$12.89	-13.1%	-12.1%
Och-Ziff Capital	OZM	\$9.28	\$7.58	-18.3%	-17.3%
Blackstone Group L.P.	BX	\$15.94	\$13.07	-18.0%	-17.4%
Goldman Sachs	GS	\$124.37	\$95.86	-22.9%	-22.6%
Morgan Stanley	MS	\$19.64	\$14.59	-25.7%	-25.5%
Jefferies	JEF	\$18.84	\$12.99	-31.1%	-30.8%
<b>Median Average</b>				<b>-9.0%</b>	<b>-8.3%</b>
<b>Life &amp; Annuity Cos.</b>					
Security National Financial Corp	SNFCA	\$1.41	\$2.44	73.0%	73.0%
American Independence Corp	AMIC	\$4.42	\$5.00	13.2%	13.2%
Kansas City Life Insurance	KCLI	\$32.20	\$35.19	9.3%	10.2%
Symetra Financial Corp	SYA	\$11.53	\$12.62	9.5%	10.1%
Primerica Inc.	PRI	\$25.21	\$26.73	6.0%	6.3%
National Western Life	NWLI	\$136.87	\$141.92	3.7%	3.7%
UTG Inc.	UTGN	\$12.50	\$12.50	0.0%	0.0%
Protective Life Corp	PL	\$29.62	\$29.41	-0.7%	0.0%
Citizens Inc.	CIA	\$9.88	\$9.75	-1.3%	-1.3%
Principal Financial Group Inc.	PFG	\$29.51	\$26.23	-11.1%	-10.5%
Investors Heritage Capital	IHRC	\$20.50	\$17.85	-12.9%	-12.9%
Presidential Life	PLFE	\$11.43	\$9.83	-14.0%	-13.4%
American Equity Investment	AEL	\$12.77	\$11.01	-13.8%	-13.8%
FBL Financial Group Inc.	FFG	\$33.70	\$28.01	-16.9%	-16.6%
Lincoln National Corp	LNC	\$26.36	\$21.87	-17.0%	-16.8%
MetLife Inc.	MET	\$37.35	\$30.85	-17.4%	-17.4%
Prudential Financial	PRU	\$63.39	\$48.43	-23.6%	-23.6%
Phoenix Companies Inc.	PNX	\$2.45	\$1.85	-24.5%	-24.5%
Genworth Financial Inc.	GNW	\$8.32	\$5.66	-32.0%	-32.0%

		<u>Market Price 3/31/2012</u>	<u>Market Price 6/30/2012</u>	<u>Percent Increase/ - Decrease</u>	<u>Total Return</u>
<b><u>Life &amp; Annuity Cos. (cont'd.)</u></b>					
<b>Median Average</b>				<b>-11.1%</b>	<b>-10.5%</b>
<b><u>Claims Adjusters</u></b>					
Crawford & Co. (B Shares)	CRDB	\$4.90	\$4.09	-16.5%	-16.1%
<b>Median Average</b>				<b>-16.5%</b>	<b>-16.1%</b>