

## MARKET PERFORMANCE OF FINANCIAL SERVICES STOCKS FOR THE QUARTER ENDING DECEMBER 31<sup>ST</sup>, 2012

In the fourth quarter of 2012, the US stock market declined by 0.4% as measured by Standard & Poor's 500. Financial services stocks, as measured by the XLF Financial ETF increased 5.8%. Insurance stocks, as measured by the Nasdaq Insurance Index, increased by 5.2%. The average total return for all 145 companies included

in this study was 6.3%. Ten sub-sectors outperformed the S&P 500 and one underperformed. Ten sub-sectors posted positive returns and only one posted a negative return for the quarter, as shown in Table 1. The top performing categories were Claims Adjusters and Financial Guarantors.

**Table 1**

	<b>Median Average % Total Return Increase 9/30/12 - 12/31/12</b>
Claims Adjusters	61.9
Financial Guarantors	23.0
Title Insurers	11.3
Health Insurers	10.4
Securities Brokers & Asset Management Cos.	6.1
<b>XLF (Financial Sector ETF)</b>	<b>5.8</b>
Finance Cos.	5.3
<b>Nasdaq Insurance Index</b>	<b>5.2</b>
Life & Annuity Cos.	5.1
Property and Casualty Reinsurance Cos.	3.9
Primary Property Casualty Underwriting Cos.	3.6
Insurance Brokers	1.1
<b>Standard &amp; Poors 500</b>	<b>-0.4</b>
Multi-Line Insurers	-3.1

The fourth quarter performance was strong in most sub-sectors despite both political and literal headwinds. According to catastrophe modeling firm EQECAT, insured losses from Hurricane Sandy were estimated to be between \$10 and \$20 Billion. Many insurance and financial service companies paid out special dividends. While fiscal cliff tax changes may have influenced the companies' payment of dividends, many executives cited lack of productive use for excess capital as reason for returning it to shareholders.

The top performing stock overall for the second quarter in a row was Security National Financial Corp, with a 110.6% return. Despite a cited drag in the life insurance segment from low interest rates, Security National's revenues increased 54% and after-tax earnings increased 482% in the third quarter of 2012 from the third quarter of 2011. Low interest rates benefited Security National's mortgage segment however, which experienced a 101.4% increase in revenue and a 1,291.1% increase in pre-tax earnings over

that same period a year ago. Security Nationals' death care segment profitability experienced a 233% improvement.

The Claims Adjusters category, consisting of Crawford & Co., was the top performing category for the fourth quarter, with a 61.9% return as claims handling increased from Hurricane Sandy and the company raised guidance for 2013.

The second best performing category for the fourth quarter was Financial Guarantors, with a 23% median average return. MGIC led the category and ranked third overall with a 73.9% return for the fourth quarter. The mortgage insurer reported that diluted loss per share increased from \$0.82 in the third quarter of 2011 to \$1.22 in the third quarter of 2012, but the percentage of loans that were delinquent declined from 13.49% to 12.34%. Radian ranked sixth overall with a 40.9% return.

Title Insurers continued their strong performance and were the third best performing category with an 11.3% median average return. Stewart Info Services led the category and was the tenth top performer overall with a 29.6% return in the fourth quarter after the company reported a 663% increase in net earnings for the third quarter of 2012 compared to the third quarter of 2011.

Despite the previously mentioned losses from Hurricane Sandy, Primary Property Casualty Underwriting Cos. and Property and Casualty Reinsurance Cos. returned 3.6% and 3.9% respectively during the fourth quarter. Investors continue to view the improvement in pricing relative to claims costs in a favorable light. Kingsway Financial led the Property & Casualty Underwriters category and ranked second overall with a 75.6% return. Affirmative Insurance, one of the top performers in the third quarter, was the worst performer both in the Primary Property Casualty Underwriting Cos. category and overall with a -68.9% return. Moody's downgraded Affirmative's financial strength rating to Caa1 from B3, triggering a debt acceleration notice.

The Securities Brokers & Asset Management Cos. category reported median average returns of 6.1%. Jefferies was the top performing company in the category and sixth overall with a return of 36.9%. Knight Capital Group bounced back from the worst performing

stock in the third quarter to the seventh best in the fourth with a 31.2% return after accepting a takeover offer from high-speed trading firm GETCO Holding Co. for \$3.75 per share in cash or one share of common stock of the new company. The deal is expected to be completed in the second quarter of 2013.

Flagstone Reinsurance Holdings and Presidential Life were acquired during the quarter and will no longer be included in this report.

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**

	<b>% Total Return Increase</b> <b><u>9/30/12 - 12/31/12</u></b>
Security National Financial Corp	110.6
Kingsway Financial Services	75.6
MGIC Investment Corp	73.9
Crawford & Co. (B Shares)	61.9
Genworth Financial Inc	43.6
Radian Group Inc	40.9
Jefferies	36.9
Knight Capital group	31.2
Imperial Holdings Inc	30.5
Stewart Info Services	29.6

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

	<b>% Total Return Decrease</b> <b><u>9/30/12 - 12/31/12</u></b>
Affirmative Insurance	68.9
Asset Acceptance Capital Corp	39.7
Meadowbrook Insurance	24.6
MBIA Inc	22.5
Phoenix Companies Inc	19.4
Assurance America	15.2
United Fire Group	12.6
Homeowners Choice	10.0
Federated National Insurance	9.9
Janus	8.5

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

Table 4:

		Market Price 9/30/11	Market Price 12/31/2012	Percent Increase/ - Decrease	Total Return
<b>Claims Adjusters</b>					
Crawford & Co. (B Shares)	CRD.B	\$5.01	\$7.98	59.28%	61.88%
<b>Median Average</b>				<b>59.28%</b>	<b>61.88%</b>
<b>Financial Guarantors</b>					
MGIC Investment Corp	MTG	\$1.53	\$2.66	73.86%	73.86%
Radian Group Inc	RDN	\$4.34	\$6.11	40.78%	40.87%
Assured Guaranty Ltd	AGO	\$13.62	\$14.23	4.48%	5.21%
MBIA Inc	MBI	\$10.13	\$7.85	-22.51%	-22.51%
<b>Median Average</b>				<b>22.63%</b>	<b>23.04%</b>
<b>Title</b>					
Stewart Info Services	STC	\$20.14	\$26.00	29.10%	29.58%
First American Financial	FAF	\$21.67	\$24.09	11.17%	11.72%
Fidelity National Financial	FNF	\$21.39	\$23.55	10.10%	10.85%
Investors Title Co	ITIC	\$65.24	\$60.00	-8.03%	-7.91%
<b>Median Average</b>				<b>10.63%</b>	<b>11.29%</b>
<b>Health Insurers</b>					
StanCorp Financial Group	SFG	\$31.24	\$36.67	17.38%	20.72%
Aflac Inc	AFL	\$47.88	\$53.12	10.94%	11.73%
Unum Group	UNM	\$19.22	\$20.82	8.32%	9.01%
Torchmark Corp	TMK	\$51.35	\$51.67	0.62%	0.92%
<b>Median Average</b>				<b>9.63%</b>	<b>10.37%</b>
<b>Securities Brokers &amp; Asset Management Cos</b>					
Jefferies	JEF	\$13.69	\$18.57	35.65%	36.89%
Knight Capital group	KCG	\$2.68	\$3.51	31.21%	31.21%
Eaton Vance	EV	\$28.96	\$31.85	9.98%	15.03%

		Market Price 9/30/11	Market Price 12/31/2012	Percent Increase/ - Decrease	Total Return
<b>Securities Brokers &amp; Asset Management Cos (cont'd.)</b>					
Morgan Stanley	MS	\$16.74	\$19.12	14.22%	14.55%
Goldman Sachs	GS	\$113.68	\$127.56	12.21%	12.68%
Ameriprise	AMP	\$56.69	\$62.63	10.48%	11.31%
Waddell and Reed	WDR	\$32.77	\$34.82	6.26%	10.41%
Blackstone Group L.P.	BX	\$14.28	\$15.59	9.17%	9.93%
Federated Investors	FII	\$20.69	\$20.23	-2.22%	6.08%
Raymond James Financial	RJF	\$36.65	\$38.53	5.13%	5.52%
Legg Mason	LM	\$24.68	\$25.72	4.21%	5.13%
T. Rowe Price	TROW	\$63.30	\$65.12	2.87%	5.02%
Lazard	LAZ	\$29.23	\$29.84	2.09%	4.07%
Franklin Resources	BEN	\$125.07	\$125.70	0.50%	3.08%
KKR & Co. L.P.	KKR	\$15.11	\$15.23	0.79%	2.36%
Och-Ziff Capital	OZM	\$9.66	\$9.50	-1.66%	-0.38%
Janus	JNS	\$9.44	\$8.52	-9.75%	-8.48%
<b>Median Average</b>				<b>5.13%</b>	<b>6.08%</b>

**Finance Cos.**

Imperial Holdings Inc	IFT	\$3.41	\$4.45	30.50%	30.50%
Credit Acceptance Corp	CACC	\$85.51	\$101.68	18.91%	18.91%
Nicholas Financial	NICK	\$12.91	\$12.40	-3.95%	12.55%
World Acceptance Corp	WRLD	\$67.45	\$74.56	10.54%	10.54%
Encore Capital Group	ECPG	\$28.26	\$30.62	8.35%	8.35%
Portfolio Recovery Associates	PRAA	\$104.43	\$106.86	2.33%	2.33%
Asta Funding	ASFI	\$9.39	\$9.51	1.28%	2.13%
White River Capital	RVR	\$22.59	\$21.25	-5.93%	-5.93%
QC Holdings	QCCO	\$3.51	\$3.24	-7.80%	-6.34%
Asset Acceptance Capital Corp	AACC	\$7.46	\$4.50	-39.68%	-39.68%
<b>Median Average</b>				<b>1.80%</b>	<b>5.34%</b>

**Life & Annuity Cos**

Security National Financial Corp	SNFCA	\$4.17	\$8.78	110.55%	110.55%
Genworth Financial Inc	GNW	\$5.23	\$7.51	43.59%	43.59%
National Western Life	NWLI	\$143.25	\$157.74	10.12%	10.40%

		Market Price 9/30/11	Market Price 12/31/2012	Percent Increase/ - Decrease	Total Return
<b>Life &amp; Annuity Cos (cont'd.)</b>					
Protective Life Corp	PL	\$26.21	\$28.58	9.04%	9.83%
Lincoln National Corp	LNC	\$24.19	\$25.90	7.07%	7.42%
Principal Financial Group Inc	PFG	\$26.94	\$28.52	5.86%	6.67%
American Equity Investment	AEL	\$11.63	\$12.21	4.99%	6.35%
Symetra Financial Corp	SYA	\$12.30	\$12.98	5.53%	6.19%
Citizens Inc	CIA	\$10.49	\$11.05	5.34%	5.34%
Primerica Inc	PRI	\$28.64	\$30.01	4.78%	5.12%
FBL Financial Group Inc	FFG	\$33.20	\$34.21	3.04%	3.35%
American Independence Corp	AMIC	\$4.91	\$5.00	1.83%	1.83%
Prudential Financial	PRU	\$54.51	\$53.33	-2.16%	1.05%
Presidential Life	PLFE*	\$13.93	\$14.00	0.50%	0.50%
Kansas City Life Insurance	KCLI	\$38.53	\$38.16	-0.96%	0.48%
UTG Inc	UTGN	\$13.25	\$13.25	0.00%	0.00%
Metlife Inc	MET	\$34.46	\$32.94	-4.41%	-2.24%
Investors Heritage Capital	IHRC	\$18.50	\$17.67	-4.49%	-4.49%
Phoenix Companies Inc	PNX	\$30.67	\$24.73	-19.37%	-19.37%
<b>Median Average</b>				<b>4.78%</b>	<b>5.12%</b>
<b>Property Casualty Reinsurance Cos.</b>					
Platinum	PTP	\$40.87	\$46.00	12.55%	12.76%
Enstar Group Ltd	ESGR	\$99.65	\$111.98	12.37%	12.37%
PartnerRe Ltd	PRE	\$74.28	\$80.49	8.36%	9.23%
RenaissanceRe	RNR	\$77.04	\$81.26	5.48%	5.83%
Aspen Insurance Holdings	AHL	\$30.49	\$32.08	5.21%	5.79%
XL Group plc	XL	\$24.03	\$25.06	4.29%	4.75%
Maiden Holdings Ltd	MHLD	\$8.89	\$9.19	3.37%	4.42%
Endurance Specialty	ENH	\$38.50	\$39.69	3.09%	3.90%
Montpelier Re	MRH	\$22.13	\$22.86	3.30%	3.83%
Everest Reinsurance Group Ltd	RE	\$106.96	\$109.95	2.80%	3.27%
Validus Holdings Ltd	VR	\$33.91	\$34.58	1.98%	2.70%
Flagstone Reinsurance Holdings	FSR*	\$8.59	\$8.74	1.75%	1.98%
Berkshire Hathaway	BRK.A	\$132,700.00	\$134,060.00	1.02%	1.02%
Axis Capital Holdings Ltd	AXS	\$34.92	\$34.64	-0.80%	-0.08%
Greenlight Capital Re	GLRE	\$24.75	\$23.08	-6.75%	-6.75%
<b>Median Average</b>				<b>3.30%</b>	<b>3.90%</b>

		Market Price 9/30/11	Market Price 12/31/2012	Percent Increase/ - Decrease	Total Return
<b>Primary Property Casualty Underwriting Cos</b>					
Kingsway Financial Services	KFS	\$2.17	\$3.81	75.58%	75.58%
National Interstate Corp	NATL	\$25.80	\$28.82	11.71%	21.01%
Universal Insurance Holdings	UVE	\$3.85	\$4.38	13.77%	18.98%
Alterra Cap Holdings	ALTE	\$23.94	\$28.19	17.75%	18.60%
Unico American Corp	UNAM	\$11.62	\$12.65	8.86%	17.36%
Old Republic International Corp	ORI	\$9.30	\$10.65	14.52%	16.45%
Hallmark Financial Services	HALL	\$8.14	\$9.39	15.36%	15.36%
EMC Insurance Group Inc	EMCI	\$21.00	\$23.88	13.71%	14.84%
Erie Indemnity Co	ERIE	\$64.27	\$69.22	7.70%	12.74%
Employers Holdings	EIG	\$18.33	\$20.58	12.27%	12.64%
AmTrust Financial Services	AFSI	\$25.62	\$28.69	11.98%	12.38%
Horace Mann	HMN	\$18.11	\$19.96	10.22%	11.12%
HCC Insurance Holdings Inc	HCC	\$33.89	\$37.21	9.80%	10.29%
American International Group Inc	AIG	\$32.79	\$35.30	7.65%	7.65%
First Acceptance Corp	FAC	\$1.17	\$1.25	7.30%	7.30%
Hilltop Holdings Inc	HTH	\$12.71	\$13.54	6.53%	6.53%
Progressive Corp	PGR	\$20.74	\$21.10	1.74%	6.47%
ACE Ltd	ACE	\$75.60	\$79.80	5.56%	6.20%
Travelers Companies Inc	TRV	\$68.26	\$71.82	5.22%	5.88%
National Security Group Inc	NSEC	\$8.11	\$8.55	5.43%	5.75%
Arch Capital Group Ltd	ACGL	\$41.64	\$44.02	5.72%	5.72%
American Financial Group Inc	AFG	\$37.90	\$39.52	4.27%	5.47%
CNA Financial Corp	CNA	\$26.80	\$28.01	4.51%	5.07%
OneBeacon Insurance Group	OB	\$13.44	\$13.90	3.42%	5.06%
RLI Corp	RLI	\$66.66	\$64.66	-3.00%	4.90%
Hanover Insurance Group	THG	\$37.26	\$38.74	3.97%	4.88%
Cincinnati Financial	CINF	\$37.87	\$39.16	3.41%	4.47%
Argo Group International	AGII	\$32.39	\$33.59	3.70%	4.08%
Navigators Group Inc	NAVIG	\$49.23	\$51.07	3.75%	3.75%
WR Berkley Corp	WRB	\$37.49	\$37.74	0.67%	3.47%
Allied World Assr	AWH	\$77.25	\$78.80	2.01%	2.49%
Eastern Insurance Holdings	EIHI	\$16.77	\$17.08	1.85%	2.27%
Selective Insurance Group	SIGI	\$19.00	\$19.27	1.42%	2.17%
Safety Insurance Group Inc	SAFT	\$45.88	\$46.17	0.63%	1.98%
Allstate Corp	ALL	\$39.61	\$40.17	1.41%	1.96%
American Safety Insurance	ASI	\$18.69	\$18.92	1.23%	1.23%

		Market Price 9/30/11	Market Price 12/31/2012	Percent Increase/ - Decrease	Total Return
<b>Primary Property Casualty Underwriting Cos (cont'd.)</b>					
Global Indemnity plc	GBLI	\$21.88	\$22.13	1.14%	1.14%
Donegal Group Inc	DGICA	\$14.04	\$14.04	0.00%	0.95%
Baldwin & Lyons	BWINB	\$23.91	\$23.86	-0.21%	0.93%
United Insurance Holdings	UIHC	\$6.00	\$6.01	0.17%	0.68%
SeaBright Holdings	SBX	\$11.00	\$11.07	0.64%	0.64%
White Mountains	WTM	\$513.34	\$515.00	0.32%	0.32%
ProAssurance Corp	PRA	\$45.22	\$42.19	-6.70%	-0.70%
Chubb Corp	CB	\$76.28	\$75.32	-1.26%	-0.72%
Loews Corp	L	\$41.26	\$40.75	-1.24%	-1.08%
Alleghany Corp	Y	\$344.94	\$335.42	-2.76%	-2.76%
Infinity P&C Corp	IPCC	\$60.39	\$58.24	-3.56%	-3.17%
Kingstone Companies Inc	KINS	\$5.09	\$4.87	-4.34%	-3.57%
GAINSCO INC	GANS	\$10.10	\$8.75	-13.37%	-4.48%
Markel Corp	MKL	\$458.49	\$433.42	-5.47%	-5.47%
Tower Group Inc	TWGP	\$19.40	\$17.79	-8.30%	-7.30%
State Auto Financial	STFC	\$16.39	\$14.94	-8.85%	-8.22%
Federated National Insurance	FNHC	\$5.96	\$5.35	-10.23%	-9.91%
Homeowners Choice	HCI	\$23.50	\$20.79	-11.53%	-10.04%
United Fire Group	UFCS	\$25.15	\$21.84	-13.16%	-12.55%
Assurance America	ASAM	\$0.03	\$0.03	-15.16%	-15.16%
Meadowbrook Insurance	MIG	\$7.69	\$5.78	-24.84%	-24.57%
Affirmative Insurance	AFFM	\$0.45	\$0.14	-68.89%	-68.89%
<b>Median Average</b>				<b>1.79%</b>	<b>3.61%</b>

**Insurance Brokers**

Fortegra Financial Corp	FRF	\$7.93	\$8.89	12.11%	12.11%
Aon Corp	AON	\$52.29	\$55.61	6.35%	6.66%
Marsh & McLennan	MMC	\$33.93	\$34.47	1.59%	2.27%
National Financial Partners	NFP	\$16.90	\$17.14	1.42%	1.42%
Life Partners Holdings	LPHI	\$2.70	\$2.63	-2.59%	0.84%
Brown & Brown Inc	BRO	\$26.07	\$25.46	-2.34%	-2.00%
Arthur J Gallagher	AJG	\$35.82	\$34.65	-3.27%	-2.36%
Willis Group Holdings	WSH	\$36.92	\$33.53	-9.18%	-8.45%
<b>Median Average</b>				<b>-0.46%</b>	<b>1.13%</b>

		<b>Market Price 9/30/11</b>	<b>Market Price 12/31/2012</b>	<b>Percent Increase/ - Decrease</b>	<b>Total Return</b>
<b>Multi-Line Insurers</b>					
Hartford Financial Svcs	HIG	\$19.44	\$22.44	15.43%	15.98%
Atlantic American Corp	AAME	\$2.74	\$3.09	12.77%	14.70%
Kemper	KMPR	\$30.71	\$29.50	-3.94%	-3.12%
American National Insurance Co	ANAT	\$71.83	\$68.29	-4.93%	-3.87%
Assurant Inc	AIZ	\$37.30	\$34.70	-6.97%	-6.40%