

## MARKET PERFORMANCE OF FINANCIAL SERVICES STOCKS FOR THE QUARTER ENDING SEPTEMBER 30, 2013

In the third quarter of 2013, the US stock market increased by 5.9% as measured by Standard & Poor's 500. Financial services stocks, as measured by the XLF Financial ETF increased 4.0%. Insurance stocks, as measured by the Nasdaq Insurance Index, increased by 2.3%. The average total return for all 138 companies included in this

study was 8.8%. Seven sub-sectors outperformed the S&P 500 and four underperformed. All but one sub-sector outperformed the Nasdaq Insurance Index. All sub-sectors posted positive returns for the quarter, as shown in Table 1. The top performing categories were Claims Adjusters and Title Insurers.

<b>Table 1</b>	<b>Median Average % Increase 6/28/13 - 9/30/13</b>
Claims Adjusters	69.8
Title Insurers	11.8
Life & Annuity Cos.	10.9
Health Insurers	9.7
Securities Brokers & Asset Management Cos.	8.8
Primary Property Casualty Underwriting Cos.	6.5
Insurance Brokers	6.3
<b>Standard &amp; Poors 500</b>	5.9
Finance Cos.	4.4
<b>XLF (Financial Sector ETF)</b>	4.0
Financial Guarantors	3.5
Property and Casualty Reinsurance Cos.	3.1
<b>Nasdaq Insurance Index</b>	2.3
Multi-Line Insurers	1.6

The third quarter performance showed strong gains in the equity markets despite slowing profit growth. Many of the major stock indexes moved further into high's before pulling back late in September when the Fed decided not to taper its asset purchases. The Fed's decision confirmed that the condition of the economy, particularly job growth, is still too weak to ease up on the stimulus. As we head into the fourth quarter rife with political uncertainty, a government shutdown, debt ceiling limits and what affect this will have on the

nation's credit rating, we expect market volatility to remain high.

Claim adjuster Crawford and Company had an increase of 69.8% in the third quarter, nicely offsetting their 29.5% decrease the first half of 2013. Growth in operating performance showed a turnaround late in the second quarter and gained momentum throughout the third quarter, a trend which management believes will continue.

Title insurers are up 11.8% during the third quarter rebounding nicely from the 1.1% decrease during the second quarter of 2013. Stewart Information Services is the top performer in this category up 19.8% for Q3 2013. Investors Title Company and Fidelity National Financial were up 12.9% and 11.5% respectively for the third quarter. With the stabilization of refinancing activity, these companies are focusing on improving transaction volume and increasing prices in markets where there is stronger job growth and a subsequent need for housing.

Health insurers were up 9.7% during the third quarter as compared to a 1.5% increase for the third quarter 2012. Stancorp Financial Group down 15.9% Q3 2012 was the best performer in this sub-sector up 12.1% for Q3 2013. Stancorp continues to make progress in their repricing efforts to address the increase in disability claims and the low interest environment.

Life and Annuity Companies are up 10.9% versus an increase of 6.0% for the same period last year. Many of these companies have been making headway despite a slow economic recovery, low interest rate environment and stricter regulations concerning financial disclosure, risk assessment and capital management. Citizens, Inc. was the top performer in this category with an increase of 42.9%, recovering nicely from the second quarter decrease of 28.7%. The company saw a growth in premiums and an improvement in their net investment income and is actively seeing acquisition candidates. Protective Life Corp. was the second best performer in this sub-sector up 39.6% for Q3 2013 versus a decrease of 10.3% for Q3 2012. Protective Life announced the acquisition of MONY Life Insurance during the second quarter 2013 and it was taken positively by investors. Protective Life has a long history successfully acquiring both closed blocks of business and small companies. The acquisition is expected to be accretive to Protective Life's earnings in the upcoming period. Annuity writer American Equity Investment Life was up 74% in the first nine months of 2013 with a third quarter return of 13.3%. With its continuing growth and gain in market share, American Equity now trades in line with the market, up from a deep discount.

Securities Brokers & Asset Management companies remain steady up 8.8% Q3 2013 versus an increase of 9.2% Q3 2012, reflecting financial market gains and strong sales leading to growth in assets under management.

Insurance Brokers also held steady up 6.3% Q3 2013 versus an increase 4.6% Q3 2012, largely as a reflection of strong internal growth.

Property and Casualty Underwriting Companies and Property and Casualty Reinsurance Companies stock prices increased throughout the quarter. Up 1.5% Q2 2013, this sub-sector increased to 6.5% Q3 2013.

Property casualty revenues now reflect slow but steady economic growth as well as the compounding effect of year over year rises in premium rates. At the same time, low inflation is putting downward pressure on claims costs. Even low investment returns haven't halted the expansion of both profit margins and return on equity.

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 Increase <u>6/28/13 - 9/30/13</u>
Affirmative Insurance	213.3
Crawford & Co. (B Shares)	69.8
Assurance America	66.7
American Independence Corp	42.9
Citizens Inc	39.6
Encore Capital Group	37.7
Homeowners Choice	36.5
American Equity Investment	34.6
Eastern Insurance Holdings	30.9
United Insurance Holdings	26.4

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

	% Total Return Decrease <u>6/28/13 - 9/30/13</u>
Tower Group Inc	65.9
Life Partners Holdings	25.3
MBIA Inc	22.0
Kingsway Financial Services	20.8
National Security Group Inc	19.6
Meadowbrook Insurance	19.1
Knight Capital group	15.8
QC Holdings	14.8
Assured Guaranty Ltd	12.5
ProAssurance Corp	11.5

Table 4

		Market Price 6/30/13	Market Price 9/30/2013	Percent Increase/ - Decrease	Total Return
<b>Claims Adjusters</b>					
Crawford & Co. (B Shares)	CRD.B	\$ 5.62	\$ 9.70	72.60%	69.78%
<b>Median Average</b>				<b>72.60%</b>	<b>69.78%</b>
<b>Title</b>					
Stewart Info Services	STC	\$26.19	\$31.99	22.15%	19.82%
Fidelity National Financial	FNF	\$23.81	\$26.60	11.72%	12.08%
First American Financial	FAF	\$22.04	\$24.35	10.48%	11.60%
Investors Title Co	ITIC	\$70.94	\$75.10	5.86%	5.63%
<b>Median Average</b>				<b>11.10%</b>	<b>11.84%</b>
<b>Life &amp; Annuity Cos</b>					
American Independence Corp	AMIC	\$6.94	\$9.97	43.66%	42.94%
Citizens Inc	CIA	\$5.98	\$8.64	44.48%	39.63%
American Equity Investment	AEL	\$15.70	\$21.22	35.16%	34.65%
Kansas City Life Insurance	KCLI	\$38.27	\$44.22	15.55%	16.26%
Principal Financial Group Inc	PFG	\$37.45	\$42.82	14.34%	16.05%
Lincoln National Corp	LNC	\$36.47	\$41.99	15.14%	15.93%
Genworth Financial Inc	GNW	\$11.41	\$12.80	12.18%	13.32%
Protective Life Corp	PL	\$38.41	\$42.55	10.78%	12.94%
Symetra Financial Corp	SYA	\$15.99	\$17.82	11.44%	12.81%
National Western Life	NWLI	\$189.85	\$201.77	6.28%	9.05%
FBL Financial Group Inc	FFG	\$43.51	\$44.90	3.19%	8.42%
Prudential Financial	PRU	\$73.03	\$77.98	6.78%	7.91%
Primerica Inc	PRI	\$37.44	\$40.34	7.75%	7.47%
Metlife Inc	MET	\$45.76	\$46.95	2.60%	3.74%
Security National Financial Corp	SNFCA	\$5.92	\$6.06	2.36%	-0.68%
Investors Heritage Capital	IHRC	\$22.85	\$21.30	-6.78%	-6.78%
UTG Inc	UTGN	\$12.98	\$12.00	-7.55%	-7.55%
Phoenix Companies Inc	PNX	\$43.00	\$38.67	-10.07%	-9.26%
<b>Median Average</b>				<b>9.26%</b>	<b>10.93%</b>
<b>Health Insurers</b>					
Torchmark Corp	TMK	\$65.14	\$72.35	11.07%	12.11%
StanCorp Financial Group	SFG	\$49.41	\$55.02	11.35%	11.76%
Aflac Inc	AFL	\$58.12	\$61.99	6.66%	7.67%
Unum Group	UNM	\$29.37	\$30.44	3.64%	4.74%
<b>Median Average</b>				<b>8.86%</b>	<b>9.71%</b>

		Market Price 6/30/13	Market Price 9/30/2013	Percent Increase/ - Decrease	Total Return
<b>Securities Brokers &amp; Asset Management Cos</b>					
Waddell and Reed	WDR	\$43.50	\$51.48	18.34%	19.96%
Blackstone Group L.P.	BX	\$21.06	\$24.89	18.19%	19.87%
Lazard	LAZ	\$32.15	\$36.02	12.04%	14.57%
Ameriprise	AMP	\$80.88	\$91.08	12.61%	13.69%
Franklin Resources	BEN	\$45.34	\$50.55	11.49%	12.31%
Morgan Stanley	MS	\$24.43	\$26.95	10.32%	11.05%
Och-Ziff Capital	OZM	\$10.44	\$10.99	5.27%	10.02%
Legg Mason	LM	\$31.01	\$33.44	7.84%	9.29%
KKR & Co. L.P.	KKR	\$19.66	\$20.58	4.68%	8.40%
Goldman Sachs	GS	\$151.25	\$158.21	4.60%	6.03%
Eaton Vance	EV	\$37.59	\$38.83	3.30%	4.56%
Janus	JNS	\$8.51	\$8.51	0.00%	1.58%
Federated Investors	FII	\$27.41	\$27.16	-0.91%	0.65%
T. Rowe Price	TROW	\$73.20	\$71.93	-1.73%	-0.50%
Raymond James Financial	RJF	\$42.98	\$41.67	-3.05%	-2.05%
Knight Capital group	KCG	\$10.50	\$8.67	-17.43%	-15.81%
<b>Median Average</b>				<b>4.97%</b>	<b>8.84%</b>
<b>Primary Property Casualty Underwriting Cos</b>					
Affirmative Insurance	AFFM	\$0.75	\$2.45	226.67%	213.33%
Assurance America	ASAM	\$0.04	\$0.07	66.67%	66.67%
Homeowners Choice	HCI	\$30.72	\$40.84	32.94%	36.50%
Eastern Insurance Holdings	EIHI	\$18.75	\$24.41	30.19%	30.89%
United Insurance Holdings	UIHC	\$6.99	\$8.83	26.32%	26.38%
United Fire Group	UFCS	\$24.83	\$30.47	22.71%	23.34%
AmTrust Financial Services	AFSI	\$32.45	\$39.01	20.18%	20.72%
Old Republic International Corp	ORI	\$12.87	\$15.40	19.66%	20.41%
Employers Holdings	EIG	\$24.45	\$29.74	21.64%	20.06%
CNA Financial Corp	CNA	\$32.62	\$38.18	17.04%	16.28%
EMC Insurance Group Inc	EMCI	\$26.26	\$30.18	14.93%	15.53%
Horace Mann	HMN	\$24.38	\$28.38	16.41%	15.34%
RLI Corp	RLI	\$76.41	\$87.42	14.41%	13.73%
Hanover Insurance Group	THG	\$48.93	\$55.32	13.06%	13.67%
Hilltop Holdings Inc	HTH	\$16.40	\$18.50	12.80%	13.29%
State Auto Financial	STFC	\$18.17	\$20.94	15.24%	12.98%
American Financial Group Inc	AFG	\$48.91	\$54.06	10.53%	11.32%
American International Group Inc	AIG	\$44.70	\$48.63	8.79%	10.18%
Allied World Assr	AWH	\$91.51	\$99.39	8.61%	9.74%

		Market Price 6/30/13	Market Price 9/30/2013	Percent Increase/ - Decrease	Total Return
<b>Primary Property Casualty Underwriting Cos - Cont.</b>					
Global Indemnity plc	GBLI	\$23.55	\$25.46	8.11%	9.64%
Safety Insurance Group Inc	SAFT	\$48.51	\$52.97	9.19%	9.46%
Infinity P&C Corp	IPCC	\$59.76	\$64.60	8.10%	8.28%
Selective Insurance Group	SIGI	\$23.02	\$24.50	6.43%	7.87%
Travelers Companies Inc	TRV	\$79.92	\$84.77	6.07%	7.53%
Progressive Corp	PGR	\$25.42	\$27.23	7.12%	7.47%
First Acceptance Corp	FAC	\$1.64	\$1.75	6.71%	6.71%
Allstate Corp	ALL	\$48.12	\$50.55	5.05%	6.69%
ACE Ltd	ACE	\$89.48	\$93.56	4.56%	6.55%
Chubb Corp	CB	\$84.65	\$89.26	5.45%	6.43%
WR Berkley Corp	WRB	\$40.86	\$42.86	4.89%	6.04%
Alleghany Corp	Y	\$383.31	\$409.65	6.87%	5.95%
Loews Corp	L	\$44.40	\$46.74	5.27%	5.89%
Arch Capital Group Ltd	ACGL	\$51.41	\$54.13	5.29%	5.34%
Cincinnati Financial	CINF	\$45.92	\$47.16	2.70%	4.28%
OneBeacon Insurance Group	OB	\$14.48	\$14.76	1.93%	3.41%
Donegal Group Inc	DGICA	\$13.97	\$13.99	0.14%	3.09%
Baldwin & Lyons	BWINB	\$24.28	\$24.38	0.41%	3.05%
HCC Insurance Holdings Inc	HCC	\$43.11	\$43.82	1.65%	2.22%
Kingstone Companies Inc	KINS	\$5.22	\$5.27	0.96%	1.94%
Argo Group International	AGII	\$42.39	\$42.90	1.20%	1.88%
Navigators Group Inc	NAVG	\$57.04	\$57.77	1.28%	1.65%
Universal Insurance Holdings	UVE	\$7.08	\$7.05	-0.42%	1.04%
GAINSCO INC	GANS	\$8.00	\$8.00	0.00%	0.00%
White Mountains	WTM	\$574.94	\$567.62	-1.27%	-0.42%
Markel Corp	MKL	\$526.95	\$517.77	-1.74%	-1.31%
National Interstate Corp	NATL	\$29.25	\$27.81	-4.92%	-1.80%
Hallmark Financial Services	HALL	\$9.14	\$8.87	-2.95%	-2.30%
Federated National Insurance	FNHC	\$9.75	\$9.52	-2.36%	-2.89%
Unico American Corp	UNAM	\$12.89	\$12.47	-3.26%	-4.58%
Erie Indemnity Co	ERIE	\$79.69	\$72.47	-9.06%	-7.10%
ProAssurance Corp	PRA	\$52.16	\$45.06	-13.61%	-11.54%
Meadowbrook Insurance	MIG	\$8.03	\$6.50	-19.05%	-19.07%
National Security Group Inc	NSEC	\$7.70	\$6.43	-16.49%	-19.60%
Kingsway Financial Services	KFS	\$3.61	\$2.83	-21.61%	-20.78%
Tower Group Inc	TWGP	\$20.51	\$7.00	-65.87%	-65.91%
<b>Median Average</b>				<b>5.45%</b>	<b>6.55%</b>

		Market Price 6/30/13	Market Price 9/30/2013	Percent Increase/ - Decrease	Total Return
<b>Insurance Brokers</b>					
Fortegra Financial Corp	FRF	\$6.87	\$8.51	23.87%	24.60%
Aon Corp	AON	\$64.35	\$74.44	15.68%	16.96%
Marsh & McLennan	MMC	\$39.92	\$43.55	9.09%	10.29%
Willis Group Holdings	WSH	\$40.78	\$43.33	6.25%	7.72%
Arthur J Gallagher	AJG	\$43.69	\$43.65	-0.09%	1.40%
Brown & Brown Inc	BRO	\$32.24	\$32.10	-0.43%	0.11%
Life Partners Holdings	LPHI	\$3.07	\$2.20	-28.34%	-25.31%
<b>Median Average</b>				<b>6.25%</b>	<b>7.72%</b>
<b>Finance Cos.</b>					
Encore Capital Group	ECPG	\$33.11	\$45.77	38.24%	37.72%
Portfolio Recovery Associates	PRAA	\$51.21	\$59.93	17.03%	16.36%
Nicholas Financial	NICK	\$15.12	\$16.29	7.74%	9.20%
Credit Acceptance Corp	CACC	\$105.05	\$110.81	5.48%	5.41%
World Acceptance Corp	WRLD	\$86.94	\$89.92	3.43%	3.44%
Asta Funding	ASFI	\$8.65	\$8.89	2.77%	0.12%
Imperial Holdings Inc	IFT	\$6.85	\$6.33	-7.59%	-7.45%
QC Holdings	QCCO	\$2.85	\$2.32	-18.65%	-14.81%
<b>Median Average</b>				<b>4.46%</b>	<b>4.42%</b>
<b>Financial Guarantors</b>					
Radian Group Inc	RDN	\$11.62	\$13.93	19.88%	19.73%
MGIC Investment Corp	MTG	\$6.07	\$7.28	19.93%	19.60%
Assured Guaranty Ltd	AGO	\$22.06	\$18.75	-15.00%	-12.54%
MBIA Inc	MBI	\$13.31	\$10.23	-23.14%	-22.01%
<b>Median Average</b>				<b>2.44%</b>	<b>3.53%</b>
<b>Property Casualty Reinsurance Cos.</b>					
Greenlight Capital Re	GLRE	\$24.53	\$28.44	15.94%	15.61%
Everest Reinsurance Group Ltd	RE	\$128.26	\$145.41	13.37%	13.80%
Maiden Holdings Ltd	MHLD	\$11.22	\$11.81	5.26%	8.73%
Platinum	PTP	\$57.22	\$59.73	4.39%	5.74%
Montpelier Re	MRH	\$25.01	\$26.05	4.16%	5.50%
Endurance Specialty	ENH	\$51.45	\$53.72	4.41%	5.13%
RenaissanceRe	RNR	\$86.79	\$90.53	4.31%	4.32%
Enstar Group Ltd	ESGR	\$132.98	\$136.60	2.72%	3.12%
Validus Holdings Ltd	VR	\$36.12	\$36.98	2.38%	2.85%

		Market Price 6/30/13	Market Price 9/30/2013	Percent Increase/ - Decrease	Total Return
<b>Property Casualty Reinsurance Cos. - Cont.</b>					
XL Group plc	XL	\$30.32	\$30.82	1.65%	2.71%
Berkshire Hathaway	BRK.A	\$168,600.00	\$170,410.00	1.07%	2.14%
Flagstone Reinsurance Holdings	FSR*	\$8.59	\$8.74	1.75%	1.98%
PartnerRe Ltd	PRE	\$90.56	\$91.54	1.08%	1.66%
Aspen Insurance Holdings	AHL	\$37.09	\$36.29	-2.16%	-1.43%
Axis Capital Holdings Ltd	AXS	\$45.78	\$43.31	-5.40%	-4.98%
<b>Median Average</b>				<b>2.72%</b>	<b>3.12%</b>
<b>Multi-Line Insurers</b>					
Assurant Inc	AIZ	\$50.91	\$54.10	6.27%	7.14%
Atlantic American Corp	AAME	\$3.90	\$4.05	3.85%	3.84%
Hartford Financial Svcs	HIG	\$30.92	\$31.12	0.65%	1.64%
American National Insurance Co	ANAT	\$99.47	\$98.04	-1.44%	-0.06%
Kemper	KMPR	\$34.25	\$33.60	-1.90%	-1.26%
<b>Median Average</b>				<b>0.65%</b>	<b>1.64%</b>