

## MARKET PERFORMANCE OF FINANCIAL SERVICES STOCKS FOR THE QUARTER ENDING DECEMBER 31, 2013

In the fourth quarter of 2013, the US stock market increased by 10.5% as measured by Standard & Poor's 500. Financial services stocks, as measured by the XLF Financial ETF increased 9.8%. Insurance stocks, as measured by the Nasdaq Insurance Index, increased by 7.1%. The average total return for all 137 companies included in this study was 11.6%. Six sub-sectors

outperformed the S&P 500 and five underperformed. All but two sub-sectors outperformed the Nasdaq Insurance Index. Nine sub-sectors posted positive returns and two posted negative returns for the quarter, as shown in Table 1. The top performing categories were Security Brokers & Asset Managers and Multi-Line Insurers.

**Table 1**

	Median Average % Increase <u>9/30/13 - 12/31/13</u>
Securities Brokers & Asset Management Cos.	26.3
Multi-Line Insurers	17.6
Financial Guarantors	16.3
Life & Annuity Cos.	13.2
Health Insurers	12.1
Title Insurers	12.1
<b>Standard &amp; Poors 500</b>	10.5
Primary Property Casualty Underwriting Cos.	8.6
Property and Casualty Reinsurance Cos.	7.8
<b>XLF (Financial Sector ETF)</b>	4.0
Insurance Brokers	3.4
<b>Nasdaq Insurance Index</b>	2.3
Finance Cos.	-3.0
Claims Adjusters	-4.3

The fourth quarter performance showed strong gains in the equity markets bringing the major indexes to record highs. The quarter's performance pushed the S&P 500 Index to its best year since 1997. Large cap stocks gained leadership for the quarter, but small and mid-cap stocks ended with generally stronger gains for the year. The Fed also played a role in the market gains during the fourth quarter by announcing in December that it will begin tapering its asset purchases sighting overall economic progress, particularly in the unemployment rate which dropped to 7%, the number

that was stated back in September to be the trigger in which they believed that the economy would be strong enough to handle the pullback. Securities Brokers & Asset Managers were the best performing category with a 26.3% median average return during the fourth quarter. JANUS led the category and placed sixth best overall performer up 46.4% for Q4 2013. JANUS has benefitted from top-line growth, increased assets under management and lower operating expenses. Security broker Raymond James Financial up 25.6% for the fourth quarter is benefiting from exposure in areas

with better growth prospects and cost optimization; with the potential for further margin upside as short rates begin to rise.

Multi-Line Insurers were up 17.6% versus a 3.1% decrease FY2012. The top performers experienced top-line growth in combination with lower expenses and increased shareholder value through share buybacks. Assurant Inc. was the leader in this group with a fourth quarter return of 23.4%. Kemper Corporation closely followed with a fourth quarter increase of 22.5%. Assurant management expects its specialty line of business to benefit from growth in multi-housing loans, higher volume in lender-placed loan portfolios, and discontinuation of client quota-share arrangement. Higher top-line growth is also expected in its Solutions line. Kemper’s solid performance was largely due to strong performance in its core property and casualty business.

Financial Guarantors were up 16.3% for the fourth quarter maintaining a strong position from YE2012 where they placed second among the sub-sectors. Assured Guaranty Ltd. was the top performing company in this group with a 26.4% return for the period. Given the weak operating environment in the municipal bond insurance industry, Assured Guaranty has shown reasonable financial results by successfully executing their broad-based strategic objectives involving international infrastructure finance, structured finance and U.S. public finance which they believe all made contributions to their new business production.

Life and Annuity Companies were up 13.2% versus an increase of 5.1% for the same period last year. This sub-sector is poised for growth throughout 2014 as the Fed eases on its asset purchase program. Phoenix Companies, Inc. was the top performer in this category with an increase of 58.8%. Annuity writer American Equity Investment Life was up 25.3% for the fourth quarter and 116.1% for the year ending December 31, 2013. With its continuing growth and gain in market share, American Equity now trades in line with the market, up from a deep discount.

Health Insurers remain steady up 12.1% Q4 2013 versus an increase of 10.4% Q4 2012. Headwinds such as external challenges with federal and state legislative and regulatory reforms, conscious, price-savvy consumers and a fiercely competitive market remain; the performance reflects strength under stress.

Title Insurers were up 12.1% during the fourth quarter remaining in line with Q4 2012 up 11.3%. The top performers in this category are Fidelity National Financial, up 22.7%, followed by First American Financial up 16.3% for the period. Both remain positioned to capitalize on the continued recovery of the real estate market.

Primary Property Casualty Underwriting Companies and Property and Casualty Reinsurance Companies stock prices increased for the quarter up 8.6% and 7.8% respectively. Property casualty companies are seeing the benefits of premium rates gains, but still trade at roughly book value.

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 9/30/13 - 12/31/13
Universal Insurance Holdings	109.2
United Insurance Holdings	59.9
Phoenix Companies Inc	58.8
National Security Group Inc	55.3
Federated National Insurance	54.5
Janus	46.4
Kingstone Companies Inc	38.9
Knight Capital group	37.9
Kingsway Financial Services	37.8
Och-Ziff Capital	37.3

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

	% Total Return Decrease 9/30/13 - 12/31/13
Tower Group Inc	51.7
Assurance America	42.9
QC Holdings	22.8
Security National Financial Corp	20.5
National Interstate Corp	16.9
Life Partners Holdings	16.8
AmTrust Financial Services	15.8
Portfolio Recovery Associates	11.8
Maiden Holdings Ltd	6.5
United Fire Group	5.4

		Market Price 9/30/13	Market Price 12/31/2013	Percent Increase/ - Decrease	Total Return
<b>Insurance Brokers</b>					
Aon Corp	AON	\$74.44	\$83.89	12.69%	12.94%
Marsh & McLennan	MMC	\$43.55	\$48.36	11.04%	11.70%
Arthur J Gallagher	AJG	\$43.65	\$46.93	7.51%	8.33%
Willis Group Holdings	WSH	\$43.33	\$44.81	3.42%	4.06%
Brown & Brown Inc	BRO	\$32.10	\$31.39	-2.21%	-1.91%
Fortegra Financial Corp	FRF	\$8.51	\$8.27	-2.82%	-2.82%
Life Partners Holdings	LPHI	\$2.20	\$1.78	-19.09%	-16.81%
<b>Median Average</b>				<b>3.42%</b>	<b>4.06%</b>
<b>Multi-Line Insurers</b>					
Assurant Inc	AIZ	\$54.10	\$66.37	22.68%	23.15%
Kemper	KMPR	\$33.60	\$40.88	21.67%	22.45%
American National Insurance Co	ANAT	\$98.04	\$114.54	16.83%	17.61%
Hartford Financial Svcs	HIG	\$31.12	\$36.23	16.42%	16.90%
Atlantic American Corp	AAME	\$4.05	\$4.09	0.99%	0.99%
<b>Median Average</b>				<b>16.83%</b>	<b>17.61%</b>
<b>Life &amp; Annuity Cos</b>					
Phoenix Companies Inc	PNX	\$38.67	\$61.40	58.78%	58.78%
American Equity Investment	AEL	\$21.22	\$26.38	24.32%	25.27%
Lincoln National Corp	LNC	\$41.99	\$51.62	22.93%	23.29%
Genworth Financial Inc	GNW	\$12.80	\$15.53	21.33%	21.33%
American Independence Corp	AMIC	\$9.97	\$12.02	20.56%	20.56%
Protective Life Corp	PL	\$42.55	\$50.66	19.06%	19.58%
Prudential Financial	PRU	\$77.98	\$92.22	18.26%	18.96%
Principal Financial Group Inc	PFG	\$42.82	\$49.31	15.16%	15.77%
Metlife Inc	MET	\$46.95	\$53.92	14.85%	15.50%
National Western Life	NWLI	\$201.77	\$223.55	10.79%	10.98%
Kansas City Life Insurance	KCLI	\$44.22	\$47.74	7.96%	8.59%
Symetra Financial Corp	SYA	\$17.82	\$18.96	6.40%	6.92%
Primerica Inc	PRI	\$40.34	\$42.91	6.37%	6.65%
UTG Inc	UTGN	\$12.00	\$12.75	6.25%	6.25%
Citizens Inc	CIA	\$8.64	\$8.75	1.27%	1.27%

		Market Price 9/30/13	Market Price 12/31/2013	Percent Increase/ - Decrease	Total Return
<b>Life &amp; Annuity Cos Cont.</b>					
FBL Financial Group Inc	FFG	\$44.90	\$44.79	-0.24%	0.10%
Investors Heritage Capital	IHRC	\$21.30	\$20.70	-2.82%	-2.82%
Security National Financial Corp	SNFCA	\$6.06	\$4.82	-20.46%	-20.46%
<b>Median Average</b>				<b>12.82%</b>	<b>13.24%</b>
<b>Health Insurers</b>					
StanCorp Financial Group	SFG	\$55.02	\$66.25	20.41%	22.48%
Unum Group	UNM	\$30.44	\$35.08	15.24%	15.78%
Torchmark Corp	TMK	\$72.35	\$78.15	8.02%	8.51%
Aflac Inc	AFL	\$61.99	\$66.80	7.76%	8.36%
<b>Median Average</b>				<b>11.63%</b>	<b>12.14%</b>
<b>Primary Property Casualty Underwriting Cos</b>					
Universal Insurance Holdings	UVE	\$7.05	\$14.48	105.39%	109.19%
United Insurance Holdings	UIHC	\$8.83	\$14.08	59.46%	59.92%
National Security Group Inc	NSEC	\$6.43	\$9.95	54.74%	55.34%
Federated National Insurance	FNHC	\$9.52	\$14.67	54.08%	54.53%
Kingstone Companies Inc	KINS	\$5.27	\$7.27	37.95%	38.87%
Kingsway Financial Services	KFS	\$2.83	\$3.90	37.81%	37.81%
Homeowners Choice	HCI	\$40.84	\$53.50	31.00%	31.80%
First Acceptance Corp	FAC	\$1.75	\$2.27	29.71%	29.71%
Hilltop Holdings Inc	HTH	\$18.50	\$23.13	25.03%	25.03%
Donegal Group Inc	DGICA	\$13.99	\$15.90	13.65%	14.55%
Allied World Assr	AWH	\$99.39	\$112.81	13.50%	14.02%
CNA Financial Corp	CNA	\$38.18	\$42.89	12.34%	12.90%
Old Republic International Corp	ORI	\$15.40	\$17.27	12.14%	13.34%
Markel Corp	MKL	\$517.77	\$580.35	12.09%	12.09%
Baldwin & Lyons	BWINB	\$24.38	\$27.32	12.06%	13.12%
RLI Corp	RLI	\$87.42	\$97.38	11.39%	15.08%
Horace Mann	HMN	\$28.38	\$31.54	11.13%	11.85%
Infinity P&C Corp	IPCC	\$64.60	\$71.75	11.07%	11.55%
Cincinnati Financial	CINF	\$47.16	\$52.37	11.05%	11.97%
ACE Ltd	ACE	\$93.56	\$103.53	10.66%	10.66%
Selective Insurance Group	SIGI	\$24.50	\$27.06	10.45%	10.99%

		Market Price 9/30/13	Market Price 12/31/2013	Percent Increase/ - Decrease	Total Return
<b>Primary Property Casualty Underwriting Cos Cont.</b>					
Arch Capital Group Ltd	ACGL	\$54.13	\$59.69	10.27%	10.27%
Navigators Group Inc	NAVIG	\$57.77	\$63.16	9.33%	9.33%
Argo Group International	AGII	\$42.90	\$46.49	8.38%	8.72%
Chubb Corp	CB	\$89.26	\$96.63	8.26%	8.77%
Hanover Insurance Group	THG	\$55.32	\$59.71	7.94%	8.61%
Allstate Corp	ALL	\$50.55	\$54.54	7.89%	8.39%
ProAssurance Corp	PRA	\$45.06	\$48.48	7.59%	8.26%
OneBeacon Insurance Group	OB	\$14.76	\$15.82	7.18%	8.65%
Meadowbrook Insurance	MIG	\$6.50	\$6.96	7.08%	7.38%
Travelers Companies Inc	TRV	\$84.77	\$90.54	6.81%	7.41%
American Financial Group Inc	AFG	\$54.06	\$57.72	6.77%	9.13%
Employers Holdings	EIG	\$29.74	\$31.65	6.42%	6.63%
Safety Insurance Group Inc	SAFT	\$52.97	\$56.30	6.29%	7.42%
Unico American Corp	UNAM	\$12.47	\$13.25	6.26%	6.26%
White Mountains	WTM	\$567.62	\$603.08	6.25%	6.25%
HCC Insurance Holdings Inc	HCC	\$43.82	\$46.14	5.29%	5.81%
American International Group Inc	AIG	\$48.63	\$51.05	4.98%	5.19%
Affirmative Insurance	AFFM	\$2.45	\$2.55	4.08%	4.08%
Loews Corp	L	\$46.74	\$48.24	3.21%	3.34%
EMC Insurance Group Inc	EMCI	\$30.18	\$30.62	1.46%	2.24%
State Auto Financial	STFC	\$20.94	\$21.24	1.43%	1.95%
WR Berkley Corp	WRB	\$42.86	\$43.39	1.24%	1.47%
Erie Indemnity Co	ERIE	\$72.47	\$73.12	0.90%	1.73%
GAINSCO INC	GANS	\$8.00	\$8.05	0.63%	0.63%
Eastern Insurance Holdings	EIHI	\$24.41	\$24.49	0.33%	0.04%
Hallmark Financial Services	HALL	\$8.87	\$8.89	0.17%	0.17%
Progressive Corp	PGR	\$27.23	\$27.27	0.15%	0.15%
Global Indemnity plc	GBLI	\$25.46	\$25.30	-0.63%	-0.63%
Alleghany Corp	Y	\$409.65	\$399.96	-2.37%	-2.37%
United Fire Group	UFCS	\$30.47	\$28.66	-5.94%	-5.36%
AmTrust Financial Services	AFSI	\$39.01	\$32.69	-16.19%	-15.83%
National Interstate Corp	NATL	\$27.81	\$23.00	-17.30%	-16.95%
Assurance America	ASAM	\$0.07	\$0.04	-42.86%	-42.86%
Tower Group Inc	TWGP	\$7.00	\$3.38	-51.71%	-51.71%
<b>Median Average</b>				<b>7.59%</b>	<b>8.61%</b>

		Market Price 9/30/13	Market Price 12/31/2013	Percent Increase/ - Decrease	Total Return
<b>Property Casualty Reinsurance Cos.</b>					
Greenlight Capital Re	GLRE	\$28.44	\$33.71	18.53%	18.53%
PartnerRe Ltd	PRE	\$91.54	\$105.43	15.17%	15.91%
Aspen Insurance Holdings	AHL	\$36.29	\$41.31	13.83%	14.35%
Montpelier Re	MRH	\$26.05	\$29.10	11.71%	12.19%
Axis Capital Holdings Ltd	AXS	\$43.31	\$47.57	9.84%	10.47%
Endurance Specialty	ENH	\$53.72	\$58.67	9.21%	9.84%
Validus Holdings Ltd	VR	\$36.98	\$40.29	8.95%	9.78%
RenaissanceRe	RNR	\$90.53	\$97.34	7.52%	7.85%
Everest Reinsurance Group Ltd	RE	\$145.41	\$155.87	7.19%	7.71%
Berkshire Hathaway	BRK.A	\$170,410.00	\$177,900.00	4.40%	4.40%
XL Group plc	XL	\$30.82	\$31.84	3.31%	3.79%
Platinum	PTP	\$59.73	\$61.28	2.60%	2.72%
Flagstone Reinsurance Holdings	FSR*	\$8.59	\$8.74	1.75%	1.98%
Enstar Group Ltd	ESGR	\$136.60	\$138.91	1.69%	1.69%
Maiden Holdings Ltd	MHLD	\$11.81	\$10.93	-7.45%	-6.51%
<b>Median Average</b>				<b>7.52%</b>	<b>7.85%</b>
<b>Title</b>					
Fidelity National Financial	FNF	\$26.60	\$32.45	21.99%	22.73%
First American Financial	FAF	\$24.35	\$28.20	15.81%	16.33%
Investors Title Co	ITIC	\$75.10	\$80.98	7.83%	7.94%
Stewart Info Services	STC	\$31.99	\$32.27	0.88%	1.20%
<b>Median Average</b>				<b>11.82%</b>	<b>12.14%</b>
<b>Financial Guarantors</b>					
Assured Guaranty Ltd	AGO	\$18.75	\$23.59	25.81%	26.35%
MBIA Inc	MBI	\$10.23	\$11.94	16.72%	16.72%
MGIC Investment Corp	MTG	\$7.28	\$8.44	15.93%	15.93%
Radian Group Inc	RDN	\$13.93	\$14.12	1.36%	1.38%
<b>Median Average</b>				<b>16.32%</b>	<b>16.32%</b>

		Market Price 9/30/13	Market Price 12/31/2013	Percent Increase/ - Decrease	Total Return
<b>Finance Cos.</b>					
Credit Acceptance Corp	CACC	\$110.81	\$129.99	17.31%	17.31%
Encore Capital Group	ECPG	\$45.77	\$50.26	9.81%	9.81%
Imperial Holdings Inc	IFT	\$6.33	\$6.54	3.32%	3.32%
World Acceptance Corp	WRLD	\$89.92	\$87.53	-2.66%	-2.66%
Nicholas Financial	NICK	\$16.29	\$15.74	-3.38%	-3.38%
Asta Funding	ASFI	\$8.89	\$8.42	-5.29%	-5.29%
Portfolio Recovery Associates	PRAA	\$59.93	\$52.84	-11.83%	-11.83%
QC Holdings	QCCO	\$2.32	\$1.79	-22.81%	-22.81%

<b>Median Average</b>				<b>-3.02%</b>	<b>-3.02%</b>
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#### Securities Brokers & Asset Management Cos

Janus	JNS	\$8.51	\$12.37	45.36%	46.37%
Knight Capital group	KCG	\$8.67	\$11.96	37.95%	37.95%
Och-Ziff Capital	OZM	\$10.99	\$14.80	34.67%	37.27%
Legg Mason	LM	\$33.44	\$43.48	30.02%	30.95%
Blackstone Group L.P.	BX	\$24.89	\$31.50	26.56%	27.64%
Waddell and Reed	WDR	\$51.48	\$65.12	26.50%	27.18%
Ameriprise	AMP	\$91.08	\$115.05	26.32%	26.97%
Lazard	LAZ	\$36.02	\$45.32	25.82%	27.36%
Raymond James Financial	RJF	\$41.67	\$52.19	25.25%	25.63%
KKR & Co. L.P.	KKR	\$20.58	\$24.34	18.27%	19.51%
T. Rowe Price	TROW	\$71.93	\$83.77	16.46%	17.03%
Morgan Stanley	MS	\$26.95	\$31.36	16.36%	16.56%
Franklin Resources	BEN	\$50.55	\$57.73	14.20%	14.44%
Goldman Sachs	GS	\$158.21	\$177.26	12.04%	12.41%
Eaton Vance	EV	\$38.83	\$42.79	10.20%	10.77%
Federated Investors	FII	\$27.16	\$28.80	6.04%	7.02%

<b>Median Average</b>				<b>25.53%</b>	<b>26.30%</b>
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#### Claims Adjusters

Crawford & Co. (B Shares)	CRD.B	\$ 9.70	\$ 9.24	-4.74%	-4.35%
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<b>Median Average</b>				<b>-4.74%</b>	<b>-4.35%</b>
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