Conestoga Title Insurance Company

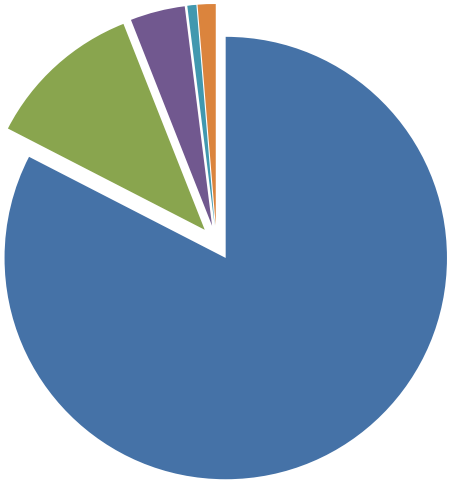
NAIC: 51209

137 East King Street
Lancaster, PA 17602
www.conestogatitle.com

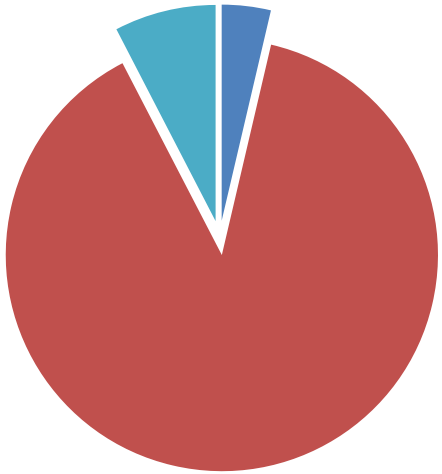
A' Unsurpassed
Financial Stability Rating®
Demotech, Inc.

Founded in 1973, Conestoga Title Insurance Company is a regional title insurance underwriter domiciled in Pennsylvania. Conestoga is licensed to issue title insurance in PA, MD, DE, NJ, NY, OH, IN, VA, KY, TN, AL, GA, SC, MS and DC. The company provides underwriting and administrative support for a seasoned network of title agents. Visit www.conestogatitle.com for more information.

Net Admitted Assets - 1st Quarter 2019



Liabilities - 1st Quarter 2019



BALANCE SHEET REPORT - 1ST QUARTER 2019

NET ADMITTED ASSETS	3/31/19	PERCENT TOTAL	12/31/18	PERCENT CHANGE
BONDS	15,619,398	**82.56%**	16,276,742	-4.04%
STOCKS	0	**0.00%**	0	0.00%
CASH AND EQUIVALENTS	2,168,761	**11.46%**	1,552,855	39.66%
OTHER CASH & INVESTED ASSETS	755,611	**3.99%**	765,440	-1.28%
SUBTOTAL CASH AND INVESTED ASSETS	18,543,770	**98.02%**	18,595,037	-0.28%
PREMIUMS AND AGENTS' BALANCES	125,928	**0.67%**	125,092	0.67%
ALL OTHER ASSETS	248,921	**1.32%**	255,954	-2.75%
TOTAL NET ADMITTED ASSETS	**18,918,619**	**100.00%**	**18,976,083**	-0.30%

LIABILITIES AND POLICYHOLDERS' SURPLUS	3/31/19	PERCENT TOTAL	12/31/18	PERCENT CHANGE
KNOWN CLAIM RESERVE	226,216	**1.20%**	219,717	2.96%
ALL OTHER RESERVES	5,486,669	**29.00%**	5,458,474	0.52%
PREMIUMS RECEIVED IN ADVANCE	0	**0.00%**	3,875	-100.00%
PAYABLE TO PARENT, SUBSIDIARIES AND AFFILIATES	0	**0.00%**	0	0.00%
ALL OTHER LIABILITIES	470,104	**2.48%**	612,653	-23.27%
TOTAL LIABILITIES	6,182,989	**32.68%**	6,294,719	-1.77%
POLICYHOLDERS' SURPLUS	12,735,630	**67.32%**	12,681,364	0.43%
TOTAL LIABILITIES AND POLICYHOLDERS' SURPLUS	**18,918,619**	**100.00%**	**18,976,083**	-0.30%

Important: Financial Stability Ratings® must be verified by visiting **www.demotech.com**. Report data relies on submitted quarterly financial statements. Demotech makes no warranties or statements as to the accurancy of this information.

Demotech, Inc.

SERIOUS ABOUT SOLVENCY®

About Demotech, Inc.

Demotech, Inc. is a Columbus, Ohio based financial analysis firm providing a wide range of services including Financial Stability Ratings® (FSRs), pricing analysis, state filings assistance and support for other required regulatory reporting. Having worked with insurers of all sizes, Demotech possesses broad experience addressing actuarial and financial analysis issues, whether the issue is unique to a particular insurer or prevalent throughout the industry.

Proactively Responding to Market Needs

Since our beginning in 1985, Demotech has proactively responded to the market with our clients in mind. Starting in 1989, Demotech gained acceptance from the secondary mortgage marketplace, including the Federal National Mortgage Association (Fannie Mae) and later the Federal Home Loan Mortgage Corporation (Freddie Mac) and the United States Department of Housing and Urban Development (HUD), for Financial Stability Ratings® to facilitate activities for financially stable clients.

In 1992, Demotech was the first company to analyze the financial position for the Title insurance industry and publish independent financial stability opinions. Since that time, Demotech has presented the Financial Stability Ratings® of virtually all Title underwriters. Financial Stability Ratings® of A", A', A and S are accepted by the major participants in the secondary mortgage marketplace.

Offering an Individualized Approach to Industry Challenges

Demotech understands the industry is fluid and that every company has unique challenges and objectives. We offer an individualized approach, learning an organization's needs and goals to offer a customized solution.

Working within the Title insurance sector, Demotech provides a variety of solutions, including Financial Stability Ratings®, actuarial consulting, market analysis and loss and loss adjustment expense reserve analysis. Each of our services has continually adapted to address our clients' challenges.

Solutions as Unique as Your Company

Demotech continues to assess the market with our clients' interests in mind. Since 1985, clients have looked to Demotech to provide information, analysis and proactive solutions. We continue to evolve along with the industry through the development of innovative solutions, driven by our commitment to our clients.

Financial Stability Ratings® (FSRs)

Description of the Analysis Process

The methodology utilized by Demotech, Inc. is proprietary. However, it relies on the underlying records and summaries prepared by responsible officers or employees of the Title underwriter and/or its parent company as reported in the financial statements of the insurer.

The Financial Stability Analysis Model involves a tactile review as well as computation and analysis of financial ratios to determine the current and future financial stability of the Title underwriter.

Tactile Review

The tactile review includes the study and summarization of materials provided to us. Set forth below is an example of some of the items that Demotech typically receives:

1. Annual and quarterly statements of the insurer, its parent company and subsidiaries
2. Statement of actuarial opinion, managements' discussion and analysis and independent audit
3. Changes in working capital
4. Change in the restricted cash and receivables from affiliates
5. Comparison of actual versus budget operating results
6. Summary of current reinsurance program.

Financial Ratio Calculation

A major item to determine the financial stability of a Title underwriter is the calculation of financial stability ratios measured against our financial stability test. These ratios and tests have been sampled on an industry-wide basis and have been substantiated by other firms as well as Demotech.

A series of solvent and insolvent Title underwriters was subjected to our battery of ratios and tests in order to determine the predictability and reliability of our financial analysis model. The Financial Stability Analysis Model would have flagged Title underwriters that became insolvent at least one year in advance of formal regulatory action.

The basic information to develop our ratios is readily available from GAAP or statutory statements. Our strategic weighting of ratios to arrive at a final score is based on regression analysis and multi-variate analysis. Those balance sheet and income statement items reviewed include but are not limited to:

* Total current assets
* Working capital
* Total liabilities
* Administrative expenses
* Net income
* Total expenses
* Total assets
* Total current liabilities
* Surplus
* Total revenues
* Receivables
* Amount of business written

The concept of financial stability is, in our opinion, independent of size. Accordingly, small, well-managed Title underwriters can have more financial stability than larger, highly leveraged underwriters.