

QUARTERLY STATEMENT

OF THE

NCRIC, INC.

Of

WASHINGTON

in the state of DC

to the Insurance Department

of the State of

For the Period Ended
September 30, 2008

2008



QUARTERLY STATEMENT

As of September 30, 2008
of the Condition and Affairs of the
NCRIC, INC.

NAIC Group Code.....2698, 2698 (Current Period) (Prior Period)	NAIC Company Code..... 41149	Employer's ID Number..... 52-1194407
Organized under the Laws of DISTRICT OF COLUMBIA	State of Domicile or Port of Entry DISTRICT OF COLUMBIA	Country of Domicile US
Incorporated/Organized..... June 24, 1980	Commenced Business..... October 1, 1980	
Statutory Home Office	1115 30TH STREET, NW..... WASHINGTON DC 20007 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	1115 30TH STREET, NW..... WASHINGTON DC 20007 <i>(Street and Number) (City or Town, State and Zip Code)</i>	202-969-1866 <i>(Area Code) (Telephone Number)</i>
Mail Address	1115 30TH STREET, NW..... WASHINGTON DC 20007 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	100 BROOKWOOD PLACE..... BIRMINGHAM AL 35209 <i>(Street and Number) (City or Town, State and Zip Code)</i>	205-877-4400 <i>(Area Code) (Telephone Number)</i>
Internet Website Address	WWW.PROASSURANCE.COM	
Statutory Statement Contact	JEFFREY M. MANGET <i>(Name)</i> jmanget@proassurance.com <i>(E-Mail Address)</i>	205-877-4442 <i>(Area Code) (Telephone Number) (Extension)</i> 205-868-4029 <i>(Fax Number)</i>

OFFICERS

Name	Title	Name	Title
1. HOWARD HARLEY FRIEDMAN	PRESIDENT	2. KATHRYN ANNE NEVILLE	SECRETARY
3. EDWARD LEWIS RAND, JR. #	TREASURER	4. WILLIAM STANCIL STARNES	CHAIRMAN
OTHER			
VICTOR THOMAS ADAMO	VICE CHAIRMAN	JEFFREY LYNN BOWLBY	VICE PRESIDENT
HOWARD HARLEY FRIEDMAN	CHIEF UNDERWRITING OFFICER	FRANK BERRY O'NEIL	VICE PRESIDENT
EDWARD LEWIS RAND, JR.	VICE PRESIDENT	DARRYL KEITH THOMAS	CHIEF CLAIMS OFFICER
HAYES VANCE WHITESIDE	VICE PRESIDENT		

DIRECTORS OR TRUSTEES

VICTOR THOMAS ADAMO	HOWARD HARLEY FRIEDMAN	EDWARD LEWIS RAND, JR.	WILLIAM STANCIL STARNES
DARRYL KEITH THOMAS			

State of..... ALABAMA
County of..... JEFFERSON

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

_____ (Signature) HOWARD HARLEY FRIEDMAN 1. (Printed Name) PRESIDENT _____ (Title)	_____ (Signature) KATHRYN ANNE NEVILLE 2. (Printed Name) SECRETARY _____ (Title)	_____ (Signature) EDWARD LEWIS RAND, JR. 3. (Printed Name) TREASURER _____ (Title)
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Subscribed and sworn to before me
This _____ day of _____

a. Is this an original filing? Yes [X] No []

b. If no: 1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....	224,590,042		224,590,042	217,436,971
2. Stocks:				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	128,776		128,776	396,901
3. Mortgage loans on real estate:				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....(192,366)), cash equivalents (\$.....16,333,537) and short-term investments (\$.....4,642,419).....	20,783,590		20,783,590	11,088,050
6. Contract loans (including \$.....0 premium notes).....			0	
7. Other invested assets.....	475,900		475,900	479,700
8. Receivables for securities.....	4,905,036		4,905,036	
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	250,883,344	0	250,883,344	229,401,622
11. Title plants less \$.....0 charged off (for Title insurers only).....			0	
12. Investment income due and accrued.....	2,322,790		2,322,790	2,664,521
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection.....	527,885	171,040	356,845	268,018
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	1,130,055	3,096	1,126,959	126,418
13.3 Accrued retrospective premiums.....			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	980,378		980,378	16,820,772
14.2 Funds held by or deposited with reinsured companies.....			0	
14.3 Other amounts receivable under reinsurance contracts.....	18,963		18,963	22,789
15. Amounts receivable relating to uninsured plans.....			0	
16.1 Current federal and foreign income tax recoverable and interest thereon.....	9,001,761		9,001,761	
16.2 Net deferred tax asset.....	6,594,888	4,335,945	2,258,943	2,118,199
17. Guaranty funds receivable or on deposit.....			0	
18. Electronic data processing equipment and software.....	46,439	1,314	45,125	24,819
19. Furniture and equipment, including health care delivery assets (\$.....0).....	92,852	92,852	0	
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
21. Receivables from parent, subsidiaries and affiliates.....	190,635		190,635	1,037,440
22. Health care (\$.....0) and other amounts receivable.....			0	
23. Aggregate write-ins for other than invested assets.....	119,133	45,845	73,288	96,975
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	271,909,123	4,650,092	267,259,031	252,581,573
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
26. TOTALS (Lines 24 and 25).....	271,909,123	4,650,092	267,259,031	252,581,573

DETAILS OF WRITE-INS

0901.....			0	
0902.....			0	
0903.....			0	
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	0
2301. Prepaid expenses.....	39,451	39,451	0	
2302. Other assets.....	6,394	6,394	0	
2303. State Premium Tax Recoverable.....	73,288		73,288	96,975
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	119,133	45,845	73,288	96,975

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$... 4,566,015).....	97,108,898	95,062,100
2. Reinsurance payable on paid losses and loss adjustment expenses.....		
3. Loss adjustment expenses.....	46,001,613	46,833,537
4. Commissions payable, contingent commissions and other similar charges.....	110,143	12,207
5. Other expenses (excluding taxes, licenses and fees).....	431,045	494,205
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	129,549	127,746
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		1,954,905
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$.... 426,697 and including warranty reserves of \$.....0).....	13,596,928	10,498,248
10. Advance premium.....	240,643	1,743,714
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	2,571,113	2,128,800
13. Funds held by company under reinsurance treaties.....		
14. Amounts withheld or retained by company for account of others.....	7,023	8,863
15. Remittances and items not allocated.....		
16. Provision for reinsurance.....	4,768,600	4,768,600
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	214,368	240,159
20. Payable for securities.....		
21. Liability for amounts held under uninsured plans.....		
22. Capital notes \$.....0 and interest thereon \$.....0.....		
23. Aggregate write-ins for liabilities.....	19,500,000	19,500,000
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	184,679,923	183,373,084
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	184,679,923	183,373,084
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	1,000,000	1,000,000
29. Preferred capital stock.....		
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....		
32. Gross paid in and contributed surplus.....	50,434,666	50,434,666
33. Unassigned funds (surplus).....	31,144,442	17,773,823
34. Less treasury stock, at cost:		
34.1 .....0.000 shares common (value included in Line 28 \$.....0).....		
34.2 .....0.000 shares preferred (value included in Line 29 \$.....0).....		
35. Surplus as regards policyholders (Lines 27 to 33, less 34).....	82,579,108	69,208,489
36. TOTALS.....	267,259,031	252,581,573

DETAILS OF WRITE-INS

2301. Litigation liability.....	19,500,000	19,500,000
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	19,500,000	19,500,000
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct..... (written \$.....17,157,721).....	13,867,257	18,528,795	27,303,141
1.2 Assumed..... (written \$.....0).....			
1.3 Ceded..... (written \$.....1,282,033).....	1,090,250	1,956,905	1,912,946
1.4 Net..... (written \$.....15,875,688).....	12,777,007	16,571,890	25,390,195
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....4,566,015):			
2.1 Direct.....	5,582,025	3,827,351	22,520,190
2.2 Assumed.....			
2.3 Ceded.....	4,429,486	984,879	20,550,198
2.4 Net.....	1,152,539	2,842,472	1,969,992
3. Loss adjustment expenses incurred.....	5,921,895	12,484,349	13,055,814
4. Other underwriting expenses incurred.....	2,682,584	3,264,465	4,708,151
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	9,757,018	18,591,286	19,733,957
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	3,019,989	(2,019,396)	5,656,238
INVESTMENT INCOME			
9. Net investment income earned.....	7,444,233	8,221,355	10,861,566
10. Net realized capital gains (losses) less capital gains tax of \$.....(335,805).....	(1,018,965)	(211,568)	(210,776)
11. Net investment gain (loss) (Lines 9 + 10).....	6,425,268	8,009,787	10,650,790
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....4,482).....	(4,482)	(35,821)	(75,405)
13. Finance and service charges not included in premiums.....	3,967	19,221	21,097
14. Aggregate write-ins for miscellaneous income.....	83,632	81,582	101,488
15. Total other income (Lines 12 through 14).....	83,117	64,982	47,180
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	9,528,374	6,055,373	16,354,208
17. Dividends to policyholders.....			
18. Net income after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	9,528,374	6,055,373	16,354,208
19. Federal and foreign income taxes incurred.....	(4,024,742)	(2,477,729)	1,023,605
20. Net income (Line 18 minus Line 19) (to Line 22).....	13,553,116	8,533,102	15,330,603
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year.....	69,208,489	59,457,819	59,457,819
22. Net income (from Line 20).....	13,553,116	8,533,102	15,330,603
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or losses less capital gains tax of \$.....0.....	(336,175)	(6,678)	(82,482)
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....	(6,680,190)	(4,306,564)	(4,445,756)
27. Change in nonadmitted assets.....	6,833,868	4,003,990	3,633,505
28. Change in provision for reinsurance.....			(4,685,200)
29. Change in surplus notes.....			
30. Surplus (contributed to) withdrawn from protected cells.....			
31. Cumulative effect of changes in accounting principles.....			
32. Capital changes:			
32.1 Paid in.....			
32.2 Transferred from surplus (Stock Dividend).....			
32.3 Transferred to surplus.....			
33. Surplus adjustments:			
33.1 Paid in.....			
33.2 Transferred to capital (Stock Dividend).....			
33.3 Transferred from capital.....			
34. Net remittances from or (to) Home Office.....			
35. Dividends to stockholders.....			
36. Change in treasury stock.....			
37. Aggregate write-ins for gains and losses in surplus.....	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37).....	13,370,619	8,223,850	9,750,670
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	82,579,108	67,681,669	69,208,489
DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0	0
1401. Miscellaneous income.....	83,632	82,150	102,056
1402. Gain/Loss on Sale of Equipment.....		(568)	(568)
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	83,632	81,582	101,488
3701.			
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0	0

CASH FLOW

	1 Current Year to Date	2 Prior Year Ended December 31
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	13,696,809	19,027,180
2. Net investment income.....	8,760,006	12,385,124
3. Miscellaneous income.....	83,117	47,180
4. Total (Lines 1 through 3).....	22,539,932	31,459,483
5. Benefit and loss related payments.....	(9,984,660)	47,841,351
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	2,646,005	4,639,587
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	6,596,119	(1,468,568)
10. Total (Lines 5 through 9).....	(742,536)	51,012,370
11. Net cash from operations (Line 4 minus Line 10).....	23,282,468	(19,552,887)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	26,876,432	49,963,083
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....	4,300	
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(102,000)	(166)
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	26,778,732	49,962,917
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	36,324,366	36,767,573
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....	500	479,700
13.6 Miscellaneous applications.....	4,905,036	
13.7 Total investments acquired (Lines 13.1 to 13.6).....	41,229,902	37,247,273
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(14,451,170)	12,715,644
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	864,242	463,001
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	864,242	463,001
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	9,695,540	(6,374,242)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	11,088,050	17,462,291
19.2 End of period (Line 18 plus Line 19.1).....	20,783,589	11,088,050

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
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NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

No significant change.

Note 2 - Accounting Changes and Corrections of Errors

No significant change.

Note 3 - Business Combinations and Goodwill

No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

No significant change.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

Note 7 - Investment Income

No significant change.

Note 8 - Derivative Instruments

No significant change.

Note 9 - Income Taxes

No significant change.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

No significant change.

Note 11 - Debt

No significant change.

Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No significant change.

Note 13 - Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

No significant change.

Note 14 - Contingencies

NCRIC, Inc. recognized realized losses of \$102,000 related to its disposition of a \$5,000,000 interest in the Reserve Primary Fund, a Money Market Mutual Fund. As of October 31, 2008, \$2,539,662 of the total has been received. It remains reasonably possible that the ultimate settlement may result in additional losses. The Reserve Fund has provided information about the expected timing of additional distributions, but no information is available which allows us to estimate or weigh the probability of settlement amounts.

A judgment was entered against the Company on February 20, 2004 by a District of Columbia Superior Court in favor of Columbia Hospital for Women Medical Center, Inc. in the amount of \$18.2 million (the judgment), which was appealed. In October 2008 the judgment was affirmed by the District of Columbia Court of Appeals. The Company

NOTES TO FINANCIAL STATEMENTS

has filed a petition for rehearing with the Court of Appeals. The Company carries a liability for this judgment in Aggregate write-ins for liabilities.

Note 15 - Leases

No significant change.

Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No significant change.

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

No significant change.

C. The Company has recognized no wash sales in 2008.

Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

No significant change.

Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No significant change.

Note 20 - Other Items

A: through H:

None

I. Subprime Exposure

(1) The Company defines subprime by the description of the underlying assets as provided by Bloomberg data, using a combination of: higher than average interest rates on underlying loans, credit (FICO) scores, and high Loan-To-Value ratio.

(2) Direct exposure through subprime mortgage Loans:

None

(3) Direct Exposure through other Investments:

Type	Book Adjusted Actual Cost	(000's)		
		Carrying Value	Fair Value	Other than Temporary Impairments
RMBS	\$2,010	\$2,010	\$1,946	\$0

(4) Underwriting Exposure to subprime mortgage risk through Mortgage Guaranty and Financial Guaranty insurance coverage:

None

Note 21 - Events Subsequent

On November 10, 2008, the Company's Board of Directors authorized the Company to change its name to ProAssurance National Capital Insurance Company, Inc. The Company is in the process of completing all necessary regulatory filings associated with this name change.

Note 22 - Reinsurance

E. Commutation of Ceded Reinsurance

The Company has reported in its operations in the current year, as a result of commutation of a number of reinsurance agreements, amounts which are reflected as:

NOTES TO FINANCIAL STATEMENTS

(1)	Losses incurred	\$	(3,247,625)
(2)	Loss adjustment expenses incurred		(488,735)
(3)	Premiums earned		118,000
(4)	Other	N/A	
(5)	Companies	Various	
(1)	Losses incurred	\$	(195,213)
(2)	Loss adjustment expenses incurred		(62,822)
(3)	Premiums earned		1,720
(4)	Other	N/A	
(5)	Companies	Transatlantic Reinsurance Company	

Note 23 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

Note 24 - Change in Incurred Losses and Loss Adjustment Expenses

Combined reserves for incurred losses and loss adjustment expenses attributable to insured events as of December 31, 2007 were \$141,896,000. The following chart shows the activity in those reserves during the nine month period ended September 30, 2008:

Losses and Loss Adjustment Expenses December 31, 2007	\$	141,896,000
Re-estimation of reserves (favorable)		<u>(3,736,000)</u>
Re-estimated December 31, 2007 Losses and Loss Adjustment Expenses	\$	<u>138,160,000</u>

The re-estimation amount above relates principally to the medical malpractice line of insurance, principally for the 2004 and 2005 accident years, and is the result of the commutation described in Item 22(E) above. Original estimates are increased or decreased as additional information becomes available.

Note 25 - Intercompany Pooling Arrangements

No significant change.

Note 26 - Structured Settlements

No significant change.

Note 27 - Health Care Receivables

No significant change.

Note 28 - Participating Policies

No significant change.

Note 29 - Premium Deficiency Reserves

No significant change.

Note 30 - High Deductibles

No significant change.

Note 31 - Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

No significant change.

Note 32 - Asbestos/Environmental Reserves

No significant change.

Note 33 - Subscriber Savings Accounts

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 34 - Multiple Peril Crop Insurance

No significant change.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes No
- 1.2 If yes, has the report been filed with the domiciliary state? Yes No
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 2.2 If yes, date of change:
- 3. Have there been any substantial changes in the organizational chart since the prior quarter end?
If yes, complete the Schedule Y-Part 1 - Organizational chart. Yes No
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 4.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?
If yes, attach an explanation. Yes No N/A

- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2006.....
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2006.....
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 02/14/2008.....
- 6.4 By what department or departments?

DISTRICT OF COLUMBIA DEPARTMENT OF INSURANCE, SECURITIES AND BANKING

- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes No N/A
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes No
- 7.2 If yes, give full information:
.....

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes No
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes No

- 8.4 If the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator].

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code. Yes No

- 9.11 If the response to 9.1 is No, please explain:
.....

- 9.2 Has the code of ethics for senior managers been amended? Yes No

- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
.....

- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes No

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....0

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes No

11.2 If yes, give full and complete information relating thereto:

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$.....0

13. Amount of real estate and mortgages held in short-term investments: \$.....0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes No

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds.....	\$.....0	\$.....0
14.22 Preferred Stock.....	\$.....0	\$.....0
14.23 Common Stock.....	\$.....396,901	\$.....128,776
14.24 Short-Term Investments.....	\$.....0	\$.....0
14.25 Mortgage Loans on Real Estate.....	\$.....0	\$.....0
14.26 All Other.....	\$.....0	\$.....0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$.....396,901	\$.....128,776
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above.....	\$.....0	\$.....0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes No

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No
If no, attach a description with this statement.

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III. Conducting Examinations, G-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes No

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
US BANK	BIRMINGHAM, ALABAMA

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation.

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes No

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
113972	Standish Mellon Asset Management	BNY Mellon Center 210 Washington Street Boston, MA 02108-440

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes No

17.2 If no, list exceptions:

GENERAL INTERROGATORIES (continued)

PART 2

PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [] No [] N/A [X]
 If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [] No [X]
 If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [] No [X]

3.2 If yes, give full and complete information thereto:

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation liabilities tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? Yes [] No [X]

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Disc. Rate	Total Discount				Discount Taken During Period				
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 Total	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 Total	
	.....XXX.....	.....XXX.....	.....0.....	.....0.....	.....0.....	.....0.....	.....0.....	.....0.....	.....0.....	.....0.....	.....0.....
Total.....	.....XXX.....	.....XXX.....	.....0.....	.....0.....	.....0.....	.....0.....	.....0.....	.....0.....	.....0.....	.....0.....	.....0.....

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Location	5 Is Insurer Authorized? (YES or NO)
------------------------------	------------------------------	------------------------	---------------	---

NONE

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, Etc.	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		Active Status	2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date
1. Alabama.....AL	N						
2. Alaska.....AK	N						
3. Arizona.....AZ	N						
4. Arkansas.....AR	N						
5. California.....CA	N						
6. Colorado.....CO	N						
7. Connecticut.....CT	N						
8. Delaware.....DE	L		(148,486)	3,283,070	1,370,000	7,646,082	11,026,971
9. District of Columbia.....DC	L	17,250,765	18,718,670	8,932,161	7,117,869	53,848,636	56,600,598
10. Florida.....FL	N						
11. Georgia.....GA	N						
12. Hawaii.....HI	N						
13. Idaho.....ID	N						
14. Illinois.....IL	N						
15. Indiana.....IN	N						
16. Iowa.....IA	N						
17. Kansas.....KS	N						
18. Kentucky.....KY	N						
19. Louisiana.....LA	N						
20. Maine.....ME	N						
21. Maryland.....MD	L	(62,945)	1,067,515	3,264,551	4,524,156	14,381,938	14,333,712
22. Massachusetts.....MA	N						
23. Michigan.....MI	N						
24. Minnesota.....MN	N						
25. Mississippi.....MS	N						
26. Missouri.....MO	N						
27. Montana.....MT	N						
28. Nebraska.....NE	N						
29. Nevada.....NV	N						
30. New Hampshire.....NH	N						
31. New Jersey.....NJ	N						
32. New Mexico.....NM	N						
33. New York.....NY	N						
34. North Carolina.....NC	N						
35. North Dakota.....ND	N						
36. Ohio.....OH	N						
37. Oklahoma.....OK	N						
38. Oregon.....OR	N						
39. Pennsylvania.....PA	N						
40. Rhode Island.....RI	N						
41. South Carolina.....SC	N						
42. South Dakota.....SD	N						
43. Tennessee.....TN	N						
44. Texas.....TX	N						
45. Utah.....UT	N						
46. Vermont.....VT	N						
47. Virginia.....VA	L		47,740	4,278,828	6,583,363	23,421,051	30,802,217
48. Washington.....WA	N						
49. West Virginia.....WV	L	(30,099)	(116,792)	1,299,733	120,000	3,213,284	6,507,902
50. Wisconsin.....WI	N						
51. Wyoming.....WY	N						
52. American Samoa.....AS	N						
53. Guam.....GU	N						
54. Puerto Rico.....PR	N						
55. US Virgin Islands.....VI	N						
56. Northern Mariana Islands.....MP	N						
57. Canada.....CN	N						
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0
59. Totals.....	(a) 5	17,157,721	19,568,647	21,058,343	19,715,388	102,510,991	119,271,400

DETAILS OF WRITE-INS

5801.	XXX						
5802.	XXX						
5803.	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page.....	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803 + Line 5898) (Line 58 above).....	XXX	0	0	0	0	0	0

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

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NONE

PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire.....			0.0	
2. Allied lines.....			0.0	
3. Farmowners multiple peril.....			0.0	
4. Homeowners multiple peril.....			0.0	
5. Commercial multiple peril.....			0.0	
6. Mortgage guaranty.....			0.0	
8. Ocean marine.....			0.0	
9. Inland marine.....			0.0	
10. Financial guaranty.....			0.0	
11.1. Medical malpractice-occurrence.....	385,616	258,341	67.0	34.0
11.2. Medical malpractice-claims made.....	13,481,641	5,323,684	39.5	20.2
12. Earthquake.....			0.0	
13. Group accident and health.....			0.0	
14. Credit accident and health.....			0.0	
15. Other accident and health.....			0.0	
16. Workers' compensation.....			0.0	
17.1. Other liability-occurrence.....			0.0	
17.2. Other liability-claims made.....			0.0	17.5
18.1. Products liability-occurrence.....			0.0	
18.2. Products liability-claims made.....			0.0	
19.1, 19.2. Private passenger auto liability.....			0.0	
19.3, 19.4. Commercial auto liability.....			0.0	
21. Auto physical damage.....			0.0	
22. Aircraft (all perils).....			0.0	
23. Fidelity.....			0.0	
24. Surety.....			0.0	
26. Burglary and theft.....			0.0	
27. Boiler and machinery.....			0.0	
28. Credit.....			0.0	
29. International.....			0.0	
30. Warranty.....			0.0	
31. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business.....	0	0	0.0	
35. Totals.....	13,867,257	5,582,025	40.3	20.7

DETAILS OF WRITE-INS

3401.....			0.0	
3402.....			0.0	
3403.....			0.0	
3498. Sum. of remaining write-ins for Line 34 from overflow page.....	0	0	0.0	XXX
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34).....	0	0	0.0	

PART 2 - DIRECT PREMIUMS WRITTEN

	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire.....			
2. Allied lines.....			
3. Farmowners multiple peril.....			
4. Homeowners multiple peril.....			
5. Commercial multiple peril.....			
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....			
10. Financial guaranty.....			
11.1. Medical malpractice-occurrence.....	323,185	385,616	587,275
11.2. Medical malpractice-claims made.....	4,149,780	16,772,105	18,981,372
12. Earthquake.....			
13. Group accident and health.....			
14. Credit accident and health.....			
15. Other accident and health.....			
16. Workers' compensation.....			
17.1. Other liability-occurrence.....			
17.2. Other liability-claims made.....			
18.1. Products liability-occurrence.....			
18.2. Products liability-claims made.....			
19.1, 19.2. Private passenger auto liability.....			
19.3, 19.4. Commercial auto liability.....			
21. Auto physical damage.....			
22. Aircraft (all perils).....			
23. Fidelity.....			
24. Surety.....			
26. Burglary and theft.....			
27. Boiler and machinery.....			
28. Credit.....			
29. International.....			
30. Warranty.....			
31. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business.....	0	0	0
35. Totals.....	4,472,965	17,157,721	19,568,647

DETAILS OF WRITE-INS

3401.....			
3402.....			
3403.....			
3498. Sum. of remaining write-ins for Line 34 from overflow page.....	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34).....	0	0	0

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2008 Loss and LAE Payments on Claims Reported as of Prior Year-End	2008 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2008 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2005 + Prior.....	59,993	29,086	89,079	207	415	622	57,658	415	26,634	84,707	(2,128)	(1,622)	(3,750)
2. 2006.....	13,202	20,998	34,200	3,532	280	3,812	12,046	27	18,315	30,388	2,376	(2,376)	0
3. Subtotals 2006 + Prior.....	73,195	50,084	123,279	3,739	695	4,434	69,704	442	44,949	115,095	248	(3,998)	(3,750)
4. 2007.....	5,821	12,796	18,617	897	241	1,138	12,798	26	4,655	17,479	7,874	(7,874)	0
5. Subtotals 2007 + Prior.....	79,016	62,880	141,896	4,636	936	5,572	82,502	468	49,604	132,574	8,122	(11,872)	(3,750)
6. 2008.....	XXX	XXX	XXX	XXX	288	288	XXX	1,230	9,306	10,536	XXX	XXX	XXX
7. Totals.....	79,016	62,880	141,896	4,636	1,224	5,860	82,502	1,698	58,910	143,110	8,122	(11,872)	(3,750)
8. Prior Year-End's Surplus As Regards Policyholders	69,208										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1.10.3 %	2.(18.9)%	3.(2.6)%
													Col. 13, Line 7 Line 8
													4.(5.4)%

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SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	<u>NO</u>
2. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed with this statement?	<u>YES</u>
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	<u>NO</u>

Explanation:

Bar Code:



Overflow Page for Write-Ins

NONE

SCHEDULE A - VERIFICATION

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions.....		
2.2 Additional investment made after acquisitions.....		
3. Current year change in encumbrances.....		
4. Total gain (loss) on disposals.....		
5. Deduct amounts received on disposals.....		
6. Total foreign exchange change in book/adjusted carrying value.....		
7. Deduct current year's other than temporary impairment recognized.....		
8. Deduct current year's depreciation.....		
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8).....	0	0
10. Deduct total nonadmitted amounts.....		
11. Statement value at end of current period (Line 9 minus Line 10).....	0	0

NONE

SCHEDULE B - VERIFICATION

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions.....		
2.2 Additional investment made after acquisitions.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....		
8. Deduct amortization of premium and mortgage interest points and commitment fees.....		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest.....		
10. Deduct current year's other than temporary impairment recognized.....		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0	0
12. Deduct total nonadmitted amounts.....		
13. Statement value at end of current period (Line 11 minus Line 12).....	0	0

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	479,700	
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions.....		479,700
2.2 Additional investment made after acquisitions.....	500	
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....	4,300	
8. Deduct amortization of premium and depreciation.....		
9. Total foreign exchange change in book/adjusted carrying value.....		
10. Deduct current year's other than temporary impairment recognized.....		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	475,900	479,700
12. Deduct total nonadmitted amounts.....		
13. Statement value at end of current period (Line 11 minus Line 12).....	475,900	479,700

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	217,833,872	232,740,304
2. Cost of bonds and stocks acquired.....	36,324,366	36,767,573
3. Accrual of discount.....	93,562	147,492
4. Unrealized valuation increase (decrease).....	(336,175)	(82,482)
5. Total gain (loss) on disposals.....	(857,443)	(324,105)
6. Deduct consideration for bonds and stocks disposed of.....	26,876,432	49,963,083
7. Deduct amortization of premium.....	1,067,605	1,451,828
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....	395,327	
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	224,718,818	217,833,872
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	224,718,818	217,833,872

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	252,347,304	134,918,416	161,007,607	(352,109)	208,331,895	252,347,304	225,906,004	207,993,829
2. Class 2 (a).....	20,733,598			(1,463,954)	20,849,098	20,733,598	19,269,644	19,704,809
3. Class 3 (a).....	424,713			(34,363)	106,000	424,713	390,350	199,804
4. Class 4 (a).....								
5. Class 5 (a).....								
6. Class 6 (a).....			1,193,427	1,193,427				
7. Total Bonds.....	273,505,615	134,918,416	162,201,034	(656,999)	229,286,993	273,505,615	245,565,998	227,898,442
PREFERRED STOCK								
8. Class 1.....								
9. Class 2.....								
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock.....	273,505,615	134,918,416	162,201,034	(656,999)	229,286,993	273,505,615	245,565,998	227,898,442

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(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 \$.....20,975,957; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
8299999. Totals.....	4,642,419	XXX	4,642,419		

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	10,385,667	9,664,429
2. Cost of short-term investments acquired.....	121,650,849	111,936,440
3. Accrual of discount.....		247,984
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....	(102,000)	(166)
6. Deduct consideration received on disposals.....	127,292,097	111,463,020
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	4,642,419	10,385,667
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	4,642,419	10,385,667

Sch. DB-Part F-Section 1
NONE

Sch. DB-Part F-Section 2
NONE

SCHEDULE E- VERIFICATION

Cash Equivalents

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	8,771,594
2. Cost of cash equivalents acquired.....	272,352,883	480,510,541
3. Accrual of discount.....	187,466	384,701
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration received on disposals.....	256,206,812	489,666,836
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/ adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	16,333,537	0
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	16,333,537	0

**Sch. A-Part 2
NONE**

**Sch. A-Part 3
NONE**

**Sch. B-Part 2
NONE**

**Sch. B-Part 3
NONE**

**Sch. BA-Part 2
NONE**

**Sch. BA-Part 3
NONE**

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Government									
912810 EP 9	US TREASURY N/B.....		08/14/2008.....	VARIOUS.....		7,994,761	6,250,000	90,580	1.....
912828 BH 2	US TREASURY N/B.....		08/14/2008.....	BARCLAYS CAPITAL.....		1,576,177	1,500,000		1.....
912828 EQ 9	US TREASURY N/B.....		08/04/2008.....	MERRILL LYNCH.....		671,203	645,000	3,932	1.....
912828 FQ 8	US TREASURY N/B.....		08/20/2008.....	UBS SECURITIES.....		1,748,194	1,600,000	1,272	1.....
0399999.	Total - Bonds - U.S. Government.....					11,990,335	9,995,000	95,784	XXX.....
Bonds - Political Subdivisions of States									
13062P D8 2	CALIFORNIA ST.....		09/15/2008.....	MORGAN STANLEY DEAN WITTER.....		1,000,000	1,000,000	586	1FE.....
2499999.	Total - Bonds - Political Subdivision.....					1,000,000	1,000,000	586	XXX.....
Bonds - Public Utilities									
92857W AP 5	VODAFONE GROUP PLC.....	F.....	07/02/2008.....	DEUTSCHE BANK.....		710,497	737,000	15,085	1FE.....
3899999.	Total - Bonds - Public Utilities.....					710,497	737,000	15,085	XXX.....
Bonds - Industrial and Miscellaneous									
263534 BT 5	E.I. DU PONT DE NEMOURS.....		07/23/2008.....	GOLDMAN SACHS.....		1,384,418	1,385,000		1FE.....
665859 AJ 3	NORTHERN TRUST CORP.....		08/06/2008.....	MERRILL LYNCH.....		278,911	280,000		1FE.....
931142 CJ 0	WAL-MART STORES INC.....		08/07/2008.....	VARIOUS.....		517,127	500,000	14,185	1FE.....
931422 AD 1	WALGREEN CO.....		07/15/2008.....	VARIOUS.....		817,634	820,000	19	1FE.....
4599999.	Total - Bonds - Industrial & Miscellaneous.....					2,998,090	2,985,000	14,204	XXX.....
6099997.	Total - Bonds - Part 3.....					16,698,922	14,717,000	125,659	XXX.....
6099999.	Total - Bonds.....					16,698,922	14,717,000	125,659	XXX.....
7499999.	Total - Bonds, Preferred and Common Stocks.....					16,698,922	XXX.....	125,659	XXX.....

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

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SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value At Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Design- ation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
Bonds - U.S. Government																					
3134A4 UD 4	FREDDIE MAC.....		09/15/2008	MATURITY.....		4,550,000	4,550,000	4,585,035	4,553,028		(3,028)		(3,028)		4,550,000			0	164,938	09/15/2008	1.....
36202K 2A 2	G2 8869.....		09/01/2008	MBS PAYDOWN.....		601	601	614	601		(1)		(1)		601			0	20	09/01/2021	1.....
36203G QN 6	GN 348861.....		09/01/2008	MBS PAYDOWN.....		207	207	209	207				0		207			0	9	07/01/2020	1.....
36203K A4 6	GN 351127.....		09/01/2008	MBS PAYDOWN.....		1,428	1,428	1,443	1,428				0		1,428			0	60	10/01/2021	1.....
36203L LQ 3	GN 352335.....		09/01/2008	MBS PAYDOWN.....		4	4	4	4				0		4			0		04/01/2023	1.....
36203T BY 0	GN 358355.....		09/01/2008	MBS PAYDOWN.....		743	743	751	745		(1)		(1)		743			0	37	10/01/2021	1.....
36204F FG 4	GN 368367.....		09/01/2008	MBS PAYDOWN.....		243	243	257	244				0		243			0	13	12/01/2023	1.....
36208D M5 1	GN 447780.....		09/01/2008	MBS PAYDOWN.....		11	11	12	11				0		11			0	1	05/01/2017	1.....
36209A R8 5	GN 465911.....		09/01/2008	MBS PAYDOWN.....		58	58	56	58				0		58			0	3	02/01/2026	1.....
36209P SP 3	GN 477626.....		09/01/2008	MBS PAYDOWN.....		1,124	1,124	1,143	1,125		(1)		(1)		1,124			0	52	03/01/2027	1.....
36210C NT 6	GN 488302.....		09/01/2008	MBS PAYDOWN.....		13	13	13	13				0		13			0	1	09/01/2028	1.....
362207 YU 0	GN 299623.....		09/01/2008	MBS PAYDOWN.....		184	184	186	184				0		184			0	9	11/01/2021	1.....
912828 BG 4	US TREASURY N/B.....		08/15/2008	MATURITY.....		6,133,000	6,133,000	6,203,224	6,142,972		(9,972)		(9,972)		6,133,000			0	199,328	08/15/2008	1.....
912828 DL 1	US TREASURY N/B.....		08/22/2008	CITIGROUP.....		713,232	700,000	678,945	688,652		3,346		3,346		691,997		21,235	21,235	24,966	02/15/2010	1.....
0399999	Total - Bonds - U.S. Government.....					11,400,848	11,387,616	11,471,892	11,389,272		0	(9,657)	0	(9,657)	11,379,613	0	21,235	21,235	389,437	XXX	XXX
Bonds - Political Subdivisions of States																					
13062P D8 2	CALIFORNIA ST.....		09/23/2008	MORGAN STANLEY DEAN WIT.....		1,000,000	1,000,000	1,000,000					0		1,000,000			0	2,164	05/01/2034	1FE.....
2499999	Total - Bonds - Political Subdivisions.....					1,000,000	1,000,000	1,000,000	0	0	0	0	0	0	1,000,000	0	0	0	2,164	XXX	XXX
Bonds - Special Revenue and Special Assessment																					
31288G 3S 9	FG C78009.....		09/01/2008	MBS PAYDOWN.....		176	176	177	176				0		176			0	6	01/01/2032	1.....
31288J RK 4	FG C79490.....		09/01/2008	MBS PAYDOWN.....		1,484	1,484	1,556	1,488		(4)		(4)		1,484			0	51	07/01/2032	1.....
3128H3 ZP 9	FG E96150.....		09/01/2008	MBS PAYDOWN.....		49,101	49,101	51,480	49,310		(209)		(209)		49,101			0	1,667	10/01/2017	1.....
3128H4 WA 3	FG E96941.....		09/01/2008	MBS PAYDOWN.....		18,049	18,049	18,500	18,089		(40)		(40)		18,049			0	546	11/01/2017	1.....
3128K8 TQ 9	FG A47759.....		09/01/2008	MBS PAYDOWN.....		17,173	17,173	16,688	17,143		30		30		17,173			0	574	06/01/2035	1.....
3128M1 LA 5	FG G12221.....		09/01/2008	MBS PAYDOWN.....		40,320	40,320	40,090	40,291		29		29		40,320			0	1,470	09/01/2020	1.....
3128M1 PE 3	FG G12321.....		09/01/2008	MBS PAYDOWN.....		41,506	41,506	41,270	41,466		41		41		41,506			0	1,491	12/01/2020	1.....
31296K LQ 4	FG A11235.....		09/01/2008	MBS PAYDOWN.....		329	329	336	329				0		329			0	13	07/01/2032	1.....
31296N ZY 6	FG A14359.....		09/01/2008	MBS PAYDOWN.....		2,250	2,250	2,300	2,251		(1)		(1)		2,250			0	82	02/01/2033	1.....
31297B JC 7	FG A23859.....		09/01/2008	MBS PAYDOWN.....		18,648	18,648	18,156	18,614		34		34		18,648			0	634	09/01/2033	1.....
31353G PG 1	FH 884023.....		09/15/2008	VARIOUS.....		2,480	2,480	2,690	2,488		(7)		(7)		2,480			0	196	08/01/2018	1.....
313615 TW 6	FN 50965.....		09/01/2008	MBS PAYDOWN.....		97	97	95	97				0		97			0	4	06/01/2022	1.....
31371L 4L 0	FN 255627.....		09/01/2008	MBS PAYDOWN.....		12,696	12,696	12,807	12,704		(9)		(9)		12,696			0	422	08/01/2024	1.....
31371L 4M 8	FN 255628.....		09/01/2008	MBS PAYDOWN.....		13,052	13,052	13,378	13,079		(27)		(27)		13,052			0	471	08/01/2024	1.....
31371L 6C 8	FN 255667.....		09/01/2008	MBS PAYDOWN.....		33,099	33,099	33,181	33,108		(9)		(9)		33,099			0	1,084	10/01/2024	1.....
31371L 6D 6	FN 255668.....		09/01/2008	MBS PAYDOWN.....		18,645	18,645	19,067	18,686		(41)		(41)		18,645			0	676	09/01/2024	1.....
31371S QU 1	FN 260667.....		09/01/2008	MBS PAYDOWN.....		37	37	36	37				0		37			0	2	05/01/2022	1.....
31372C AX 6	FN 268322.....		09/01/2008	MBS PAYDOWN.....		327	327	318	327				0		327			0	14	01/01/2022	1.....
31372C MN 5	FN 268665.....		09/01/2008	MBS PAYDOWN.....		395	395	384	394				0		395			0	17	05/01/2022	1.....
31372D TM 8	FN 269756.....		09/01/2008	MBS PAYDOWN.....		30	30	30	30				0		30			0	1	12/01/2022	1.....
31372H RM 1	FN 273292.....		09/01/2008	MBS PAYDOWN.....		179	179	174	179				0		179			0	8	10/01/2023	1.....
31372J GZ 1	FN 274588.....		09/01/2008	MBS PAYDOWN.....		366	366	355	365				0		366			0	16	12/01/2020	1.....
31372J KM 4	FN 274000.....		09/01/2008	MBS PAYDOWN.....		589	589	573	589				0		589			0	26	11/01/2021	1.....
31372P JR 1	FN 278472.....		09/01/2008	MBS PAYDOWN.....		7	7	7	7				0		7			0		02/01/2024	1.....
31372P ZD 4	FN 278940.....		09/01/2008	MBS PAYDOWN.....		18	18	17	18				0		18			0	1	09/01/2021	1.....
31372X ZK 1	FN 286146.....		09/01/2008	MBS PAYDOWN.....		8	8	8	8				0		8			0		01/01/2024	1.....
31378T PZ 5	FN 408241.....		09/01/2008	MBS PAYDOWN.....		511	511	500	510		1		1		511			0	20	06/01/2017	1.....
31383S J2 4	FN 511580.....		09/01/2008	MBS PAYDOWN.....		8,474	8,474	8,336	8,459		16		16		8,474			0	334	06/01/2013	1.....
31390L GN 0	FN 649205.....		09/01/2008	MBS PAYDOWN.....		4,554	4,554	4,788	4,578		(24)		(24)		4,554			0	197	09/01/2030	1.....
31390R E7 4	FN 653658.....		09/01/2008	MBS PAYDOWN.....		15,525	15,525	16,322	15,585		(61)		(61)		15,525			0	672	05/01/2031	1.....

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SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	For eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator
31391S TF 7	FN 675650		09/01/2008	MBS PAYDOWN		44,460	44,460	46,461	44,599		(139)		(139)		44,460			.0	1,814	01/01/2032	1
31391S U7 3	FN 675706		09/01/2008	MBS PAYDOWN		46,311	46,311	48,235	46,393		(82)		(82)		46,311			.0	1,695	12/01/2031	1
31391U W6 8	FN 677569		09/01/2008	MBS PAYDOWN		3,273	3,273	3,345	3,285		(12)		(12)		3,273			.0	125	10/01/2031	1
31391U YM 1	FN 677616		09/01/2008	MBS PAYDOWN		.90	.90	.92	.90				.0		.90			.0	.4	01/01/2032	1
313970 SC 0	FG D32315		09/01/2008	MBS PAYDOWN		145	145	157	147		(1)		(1)		145			.0	.9	07/01/2016	1
31400C AL 8	FN 683211		09/01/2008	MBS PAYDOWN		18,932	18,932	19,447	18,942		(9)		(9)		18,932			.0	.697	03/01/2031	1
31400D X4 9	FN 684799		09/01/2008	MBS PAYDOWN		2,475	2,475	2,577	2,485		(10)		(10)		2,475			.0	.99	04/01/2032	1
31400H HJ 5	FN 687933		09/01/2008	MBS PAYDOWN		2,419	2,419	2,512	2,420		(1)		(1)		2,419			.0	.97	06/01/2032	1
31400T GU 5	FN 696911		09/01/2008	MBS PAYDOWN		899	899	918	900		(1)		(1)		899			.0	.33	02/01/2032	1
31401C FB 4	FN 704062		09/01/2008	MBS PAYDOWN		344	344	352	345				.0		344			.0	.13	04/01/2032	1
31401H 3J 9	FN 709201		09/01/2008	MBS PAYDOWN		1,873	1,873	1,866	1,873				.0		1,873			.0	.63	07/01/2032	1
31401H L9 1	FN 708752		09/01/2008	MBS PAYDOWN		19,120	19,120	20,064	19,209		(90)		(90)		19,120			.0	.632	11/01/2017	1
31401J AC 2	FN 709303		09/01/2008	MBS PAYDOWN		21,664	21,664	22,351	21,702		(39)		(39)		21,664			.0	.723	11/01/2032	1
31401L NU 3	FN 711503		09/01/2008	MBS PAYDOWN		1,240	1,240	1,252	1,242		(1)		(1)		1,240			.0	.50	10/01/2032	1
31401L P8 0	FN 711547		09/01/2008	MBS PAYDOWN		4,103	4,103	4,277	4,127		(25)		(25)		4,103			.0	.150	06/01/2032	1
31401L V5 9	FN 711736		09/01/2008	MBS PAYDOWN		441	441	443	441				.0		441			.0	.16	04/01/2032	1
31401N GR 4	FN 713108		09/01/2008	MBS PAYDOWN		381	381	383	381				.0		381			.0	.14	06/01/2032	1
31401Y VD 4	FN 722512		09/01/2008	MBS PAYDOWN		5,818	5,818	5,797	5,817		.1		.1		5,818			.0	.209	09/01/2032	1
31402A RB 4	FN 723282		09/01/2008	MBS PAYDOWN		112,903	112,903	118,034	113,341		(438)		(438)		112,903			.0	3,596	05/01/2017	1
31402D 5A 4	FN 726341		09/01/2008	MBS PAYDOWN		2,036	2,036	2,042	2,037		(1)		(1)		2,036			.0	.68	12/01/2017	1
31402D XU 9	FN 726191		09/01/2008	MBS PAYDOWN		2,307	2,307	2,314	2,308		(1)		(1)		2,307			.0	.75	01/01/2018	1
31402G SW 4	FN 728733		09/01/2008	MBS PAYDOWN		842	842	857	843		(1)		(1)		842			.0	.27	10/01/2032	1
31402G WU 3	FN 728859		09/01/2008	MBS PAYDOWN		200	200	201	200				.0		200			.0	.7	04/01/2033	1
31402H N8 0	FN 729515		09/01/2008	MBS PAYDOWN		23,324	23,324	23,560	23,335		(11)		(11)		23,324			.0	.750	05/01/2032	1
31402H PX 3	FN 729538		09/01/2008	MBS PAYDOWN		576	576	589	577		(1)		(1)		576			.0	.23	11/01/2032	1
31402Q Y3 9	FN 735230		09/01/2008	MBS PAYDOWN		20,576	20,576	20,460	20,568		.8		.8		20,576			.0	.746	03/01/2034	1
31402Y T5 3	FN 742272		09/01/2008	MBS PAYDOWN		289	289	285	289				.0		289			.0	.9	05/01/2033	1
31403D DX 4	FN 745418		09/01/2008	MBS PAYDOWN		24,816	24,816	24,650	24,804		.11		.11		24,816			.0	.901	11/01/2035	1
31403F JX 3	FN 747378		09/01/2008	MBS PAYDOWN		8,475	8,475	8,413	8,474		.2		.2		8,475			.0	.277	09/01/2032	1
31403V ZZ 1	FN 759592		09/01/2008	MBS PAYDOWN		10,948	10,948	11,210	10,976		(27)		(27)		10,948			.0	.365	05/01/2033	1
31404B 3A 8	FN 764093		09/01/2008	MBS PAYDOWN		16,552	16,552	16,939	16,567		(15)		(15)		16,552			.0	.607	01/01/2033	1
31404S H3 2	FN 777050		09/01/2008	MBS PAYDOWN		2,866	2,866	2,831	2,865		.1		.1		2,866			.0	.88	05/01/2033	1
31404V TS 7	FN 780061		09/01/2008	MBS PAYDOWN		3,871	3,871	3,836	3,869		.2		.2		3,871			.0	.128	04/01/2033	1
31405R AQ 9	FN 796615		09/01/2008	MBS PAYDOWN		16,230	16,230	16,132	16,225		.5		.5		16,230			.0	.574	05/01/2034	1
31406B CY 4	FN 804787		09/01/2008	MBS PAYDOWN		1,308	1,308	1,338	1,311		(2)		(2)		1,308			.0	.48	06/01/2034	1
31406E DM 3	FN 807508		09/01/2008	MBS PAYDOWN		31,117	31,117	31,817	31,191		(75)		(75)		31,117			.0	1,165	06/01/2034	1
31406E LL 6	FN 807731		09/01/2008	MBS PAYDOWN		10,576	10,576	10,819	10,591		(15)		(15)		10,576			.0	.349	03/01/2034	1
31407C J6 5	FN 826585		09/01/2008	MBS PAYDOWN		18,630	18,630	18,018	18,597		.32		.32		18,630			.0	.606	02/01/2035	1
31407N 2C 6	FN 836071		09/01/2008	MBS PAYDOWN		20,324	20,324	19,627	20,288		.36		.36		20,324			.0	.683	04/01/2035	1
31408A J3 5	FN 845482		09/01/2008	MBS PAYDOWN		43,646	43,646	43,414	43,616		.30		.30		43,646			.0	1,700	11/01/2020	1
31408A TC 4	FN 845747		09/01/2008	MBS PAYDOWN		3,833	3,833	3,701	3,830		.3		.3		3,833			.0	.128	04/01/2034	1
31408E RU 8	FN 849299		09/01/2008	MBS PAYDOWN		28,623	28,623	28,435	28,604		.19		.19		28,623			.0	1,057	08/01/2035	1
31408J MU 2	FN 852771		09/01/2008	MBS PAYDOWN		3,260	3,260	3,151	3,258		.2		.2		3,260			.0	.109	12/01/2035	1
38373M PK 0	GNR 2005-32 B		09/01/2008	MBS PAYDOWN		2,901	2,901	2,838	2,896		.5		.5		2,901			.0	.85	07/01/2025	1
38373M PT 1	GNR 2005-29 A		09/01/2008	MBS PAYDOWN		2,208	2,208	2,140	2,205		.3		.3		2,208			.0	.59	03/01/2027	1
38373M RU 6	GNR 2005-87 A		09/01/2008	MBS PAYDOWN		3,115	3,115	3,053	3,113		.2		.2		3,115			.0	.92	09/01/2024	1
38373M SH 7	GNR 2005-90 A		09/01/2008	MBS PAYDOWN		3,923	3,923	3,786	3,904		.19		.19		3,923			.0	.98	04/01/2027	1
38373M SH 4	GNR 2006-3 A		09/01/2008	MBS PAYDOWN		8,116	8,116	7,954	8,103		.13		.13		8,116			.0	.243	06/01/2027	1
38373M SP 6	GNR 2006-6 A		09/01/2008	MBS PAYDOWN		20,342	20,342	19,935	20,271		.72		.72		20,342			.0	.491	03/01/2019	1

QE05.1

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	For eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
38373M SX 9	GNR 2006-5 A		09/01/2008	MBS PAYDOWN		3,738	3,738	3,663	3,734		4		4		3,738			0	106	11/01/2028	1
38373M TD 2	GNR 2006-9 A		09/01/2008	MBS PAYDOWN		7,079	7,079	6,867	7,068		11		11		7,079			0	198	02/01/2026	1
38373M TS 9	GNR 2006-18 A		09/01/2008	MBS PAYDOWN		94,520	94,520	93,575	94,439		81		81		94,520			0	3,225	04/01/2021	1
38373M TZ 3	GNR 2006-19 A		09/01/2008	MBS PAYDOWN		8,135	8,135	7,728	8,110		25		25		8,135			0	184	04/01/2025	1
38374B QM 8	GNR 2003-72 A		09/01/2008	MBS PAYDOWN		31,131	31,131	31,131	31,131				0		31,131			0	643	05/01/2013	1
38374J E9 3	GNR 2004-97 AB		09/01/2008	MBS PAYDOWN		4,628	4,628	4,430	4,619		9		9		4,628			0	95	09/01/2021	1
60415N EB 4	MINNESOTA ST HSG FIN AGY		07/01/2008	CALLED BY ISSUER at 100.00%		5,000	5,000	5,175	5,100		(100)		(100)		5,000			0	260	01/01/2017	1FE
725304 AS 8	PITTSBURGH PA WTR & SWR AUTH W.		09/02/2008	CALLED BY ISSUER at 100.00%		75,000	75,000	87,669	75,000				0		75,000			0	5,438	09/01/2014	1
3199999.	Total - Bonds - Special Revenue & Assessment					1,152,077	1,152,077	1,176,765	1,153,060	0	(982)	0	(982)	0	1,152,077	0	0	0	42,441	XXX	XXX
Bonds - Industrial and Miscellaneous																					
02639M AG 1	Amer Genl Mtge Ln Trst 2006-1 A1		09/01/2008	MBS PAYDOWN		33,874	33,874	33,879	33,886		(13)		(13)		33,874			0	1,273	03/01/2009	1FE
03061N JR 1	AmeriCredit Auto Rec Trst 2005-DA A3		09/06/2008	MBS PAYDOWN		44,180	44,180	44,174	44,156		24		24		44,180			0	1,428	04/06/2009	1FE
12476V AT 8	CAPCO America Sec Corp 1998-D7 A1B		09/11/2008	MBS PAYDOWN		63,878	63,878	69,759	64,955		(1,077)		(1,077)		63,878			0	2,615	09/11/2008	1FE
23322B EG 9	DLJ Comm Mtge 1999-CG1 A1B		09/01/2008	MBS PAYDOWN		75,927	75,927	84,092	77,035		(1,108)		(1,108)		75,927			0	3,525	01/01/2009	1FE
46625Y XL 2	JP Morgan Comm Mtge Sec 2005-LDP5 A		09/01/2008	MBS PAYDOWN		11,098	11,098	11,125	11,111		(14)		(14)		11,098			0	371	07/01/2010	1FE
52517P F6 3	LEHMAN BROTHERS HOLDINGS		09/15/2008	GREENWICH CAPITAL		292,875	825,000	814,811	815,832		653		653		816,485		(523,610)	(523,610)	22,688	04/04/2016	6FE
52517P SC 6	LEHMAN BROTHERS HOLDINGS		09/15/2008	MORGAN STANLEY DEAN WI		17,500	50,000	57,163	53,757		(615)		(615)		53,143		(35,643)	(35,643)	3,313	01/18/2012	6FE
59022H KZ 4	ML Mtge Trst 2005-CK11 A1		09/01/2008	MBS PAYDOWN		45,238	45,238	45,350	45,283		(45)		(45)		45,238			0	1,855	09/01/2010	1FE
61745M KY 8	Morgan Stanley Capital 1999-RM1 A2		09/01/2008	MBS PAYDOWN		258,620	258,620	291,852	262,640		(4,020)		(4,020)		258,620			0	11,527	09/01/2008	1FE
61746W ES 5	MSDW Capital 2001-PPM A2		09/01/2008	MBS PAYDOWN		1,673	1,673	1,851	1,707		(34)		(34)		1,673			0	111	10/01/2011	1FE
61746W ET 3	MSDW Capital 2001-PPM A3		09/01/2008	MBS PAYDOWN		5,857	5,857	6,618	5,980		(122)		(122)		5,857			0	401	08/01/2011	1FE
61746W PE 4	MSDW Capital 2002-TOP7 A1		09/01/2008	MBS PAYDOWN		5,421	5,421	5,890	5,499		(79)		(79)		5,421			0	194	11/01/2010	1FE
69121P CG 6	Ownit Mtge LN ABS Cf 2006-1 AF1		09/01/2008	MBS PAYDOWN		91,253	91,253	91,253	91,250		4		4		91,253			0	3,340	10/01/2008	1FE
759950 GU 6	Renaissance HE Ln Trst 2006-1 AF2		09/01/2008	MBS PAYDOWN		79,927	79,927	79,926	79,912		14		14		79,927			0	2,973	10/01/2008	1FE
84751P LM 9	Spec Unwrtg Res Fin 2006-BC2 A2B		09/01/2008	MBS PAYDOWN		72,645	72,645	72,645	72,645				0		72,645			0	2,681	11/01/2011	1FE
92927T AE 3	WFS Fin Trst 2004-4 B		09/17/2008	MBS PAYDOWN		17,422	17,422	17,419	17,402		20		20		17,422			0	362	10/17/2008	1FE
939322 AN 3	WASHINGTON MUTUAL INC		09/26/2008	CREDIT SUISSE FIRST BOSTC		4,875	325,000	323,014	323,656		143		143		323,799		(318,924)	(318,924)	7,516	04/01/2014	6FE
4599999.	Total - Bonds - Industrial & Miscellaneous					1,122,263	2,007,013	2,050,821	2,006,706	0	(6,269)	0	(6,269)	0	2,000,440	0	(878,177)	(878,177)	66,173	XXX	XXX
6099997.	Total - Bonds - Part 4					14,675,188	15,546,706	15,699,478	14,549,038	0	(16,908)	0	(16,908)	0	15,532,130	0	(856,942)	(856,942)	500,215	XXX	XXX
6099999.	Total - Bonds					14,675,188	15,546,706	15,699,478	14,549,038	0	(16,908)	0	(16,908)	0	15,532,130	0	(856,942)	(856,942)	500,215	XXX	XXX
7499999.	Total - Bonds, Preferred and Common Stocks					14,675,188	XXX	15,699,478	14,549,038	0	(16,908)	0	(16,908)	0	15,532,130	0	(856,942)	(856,942)	500,215	XXX	XXX

QE05.2

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

**Sch. DB-Part A-Section 1
NONE**

**Sch. DB-Part B-Section 1
NONE**

**Sch. DB-Part C-Section 1
NONE**

**Sch. DB-Part D-Section 1
NONE**

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
Open Depositories								
BANK OF AMERICA.....	ATLANTA, GA.....	.....	.....	.....	.....5,001	.....54,091	.....24,048	XXX
US BANK.....	BIRMINGHAM, AL.....	.....	.....	.....	.....(860,228)	.....(3,271,653)	.....(229,499)	XXX
FEDERAL HOME LOAN BANK.....	ATLANTA, GA.....	.....	.....	.....	.....13,064	.....13,073	.....13,085	XXX
0199999. Total Open Depositories.....	XXX.....	XXX.....	.....0	.....0	.....(842,164)	.....(3,204,489)	.....(192,366)	XXX
0399999. Total Cash on Deposit.....	XXX.....	XXX.....	.....0	.....0	.....(842,164)	.....(3,204,489)	.....(192,366)	XXX
0599999. Total Cash.....	XXX.....	XXX.....	.....0	.....0	.....(842,164)	.....(3,204,489)	.....(192,366)	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
U.S. Government Bonds - Issuer Obligations							
FED HOME LN DISCOUNT NT 10/17/2008.....		09/23/2008	2.253	10/17/2008	2,997,000		1,500
FED HOME LN DISCOUNT NT 10/22/2008.....		09/26/2008	2.003	10/22/2008	1,055,767		294
FED HOME LN DISCOUNT NT 10/27/2008.....		09/23/2008	2.255	10/27/2008	998,375		500
0199999. U.S. Government Bonds - Issuer Obligations.....					5,051,142	0	2,294
0399999. Total - U.S. Government Bonds.....					5,051,142	0	2,294
Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations							
AMER TRANS CO 10/01/2008.....		09/30/2008	4.251	10/01/2008	2,000,000		236
FED HOME LN DISCOUNT NT 10/23/2008.....		09/24/2008	2.405	10/23/2008	3,994,133		1,867
L'OREAL USA INC 10/23/2008.....		09/30/2008	2.103	10/23/2008	496,362		29
RUTHGR 10/07/2008.....		09/10/2008	1.700	10/07/2008	1,800,000	1,785	1,785
SAN JOSE ARPT 11/06/2008.....		09/11/2008	2.711	11/06/2008	2,991,900		4,500
3999999. Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations.....					11,282,395	1,785	8,417
4599999. Total - Industrial and Miscellaneous (Unaffiliated).....					11,282,395	1,785	8,417
Total Bonds							
5499999. Subtotals - Issuer Obligations.....					16,333,537	1,785	10,710
6099999. Subtotals - Bonds.....					16,333,537	1,785	10,710
8799999. Total - Cash Equivalents.....					16,333,537	1,785	10,710

QE09