



QUARTERLY STATEMENT

AS OF JUNE 30, 2009
OF THE CONDITION AND AFFAIRS OF THE

PACO Assurance Company, Inc.

NAIC Group Code 2698 (Current Period), 3504 (Prior Period) NAIC Company Code 10222 Employer's ID Number 36-3998471

Organized under the Laws of Illinois, State of Domicile or Port of Entry Illinois

Country of Domicile United States

Incorporated/Organized 12/21/1994 Commenced Business 04/01/1995

Statutory Home Office 601 West Monroe Street, Springfield, IL 62704
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 3000 Meridian Boulevard, Suite 400 Franklin, TN 37067 615-371-8776
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 3000 Meridian Boulevard, Suite 400 Franklin, TN 37067
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 3000 Meridian Boulevard, Suite 400 Franklin, TN 37067 615-371-8776
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.PICAGroup.com

Statutory Statement Contact Dana Shannon Hendricks 615-984-2069
(Name) (Area Code) (Telephone Number) (Extension)

financialfilings@picagroup.com 615-324-9168
(E-Mail Address) (Fax Number)

OFFICERS

| Name | Title | Name | Title |
|---------------------------------|------------------|-------------------------------|------------------|
| <u>Gary Richard Dittman</u> | <u>President</u> | <u>Kathryn Anne Neville #</u> | <u>Secretary</u> |
| <u>Dana Shannon Hendricks #</u> | <u>Treasurer</u> | | |

OTHER OFFICERS

| | | | |
|----------------------------|------------|--------------------------------------|-----------------|
| <u>Jerry Dee Brant DPM</u> | <u>CEO</u> | <u>William Stancil Starnes ESQ #</u> | <u>Chairman</u> |
|----------------------------|------------|--------------------------------------|-----------------|

DIRECTORS OR TRUSTEES

| | | | |
|--------------------------------------|----------------------------------|---------------------------------|--------------------------------|
| <u>Jerry Dee Brant DPM</u> | <u>Kirk Howard Petersen ESQ</u> | <u>Zachary Layne Stamp ESQ</u> | <u>Adam Peter Wilczek</u> |
| <u>William Stancil Starnes ESQ #</u> | <u>Victor Thomas Adamo ESQ #</u> | <u>Howard Harley Friedman #</u> | <u>Edward Lewis Rand Jr. #</u> |
| <u>Darryl Keith Thomas ESQ #</u> | | | |

State ofTennessee.....

ss

County ofWilliamson.....

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.

Gary Richard Dittman
President

Kathryn Anne Neville
Secretary

Dana Shannon Hendricks
Treasurer

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

Subscribed and sworn to before me this _____ day of _____,

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

Betty N. Neal, Notary Public
02/20/2012

STATEMENT AS OF JUNE 30, 2009 OF THE PACO Assurance Company, Inc.

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 | 31,129,131 | | 31,129,131 | 36,493,297 |
| 2. Stocks: | | | | |
| 2.1 Preferred stocks | | | 0 | 404,140 |
| 2.2 Common stocks | | | 0 | 0 |
| 3. Mortgage loans on real estate: | | | | |
| 3.1 First liens | | | 0 | 0 |
| 3.2 Other than first liens | | | 0 | 0 |
| 4. Real estate: | | | | |
| 4.1 Properties occupied by the company (less \$ encumbrances) | | | 0 | 0 |
| 4.2 Properties held for the production of income (less \$ encumbrances) | | | 0 | 0 |
| 4.3 Properties held for sale (less \$ encumbrances) | | | 0 | 0 |
| 5. Cash (\$(251,661)), cash equivalents (\$0) and short-term investments (\$11,113,172) | 10,861,511 | | 10,861,511 | 3,280,859 |
| 6. Contract loans (including \$premium notes) | | | 0 | 0 |
| 7. Other invested assets | 0 | | 0 | 0 |
| 8. Receivables for securities | | | 0 | 0 |
| 9. Aggregate write-ins for invested assets | 0 | 0 | 0 | 0 |
| 10. Subtotals, cash and invested assets (Lines 1 to 9) | 41,990,642 | 0 | 41,990,642 | 40,178,296 |
| 11. Title plants less \$ charged off (for Title insurers only) | | | 0 | 0 |
| 12. Investment income due and accrued | 335,706 | | 335,706 | 344,210 |
| 13. Premiums and considerations: | | | | |
| 13.1 Uncollected premiums and agents' balances in the course of collection | 568,245 | 14,559 | 553,686 | 512,084 |
| 13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums) | 2,293,292 | | 2,293,292 | 2,459,176 |
| 13.3 Accrued retrospective premiums | | | 0 | 0 |
| 14. Reinsurance: | | | | |
| 14.1 Amounts recoverable from reinsurers | 447,345 | | 447,345 | 490,237 |
| 14.2 Funds held by or deposited with reinsured companies | | | 0 | 0 |
| 14.3 Other amounts receivable under reinsurance contracts | | | 0 | 0 |
| 15. Amounts receivable relating to uninsured plans | | | 0 | 0 |
| 16.1 Current federal and foreign income tax recoverable and interest thereon | | | 0 | 0 |
| 16.2 Net deferred tax asset | 1,318,045 | 547,289 | 770,756 | 759,993 |
| 17. Guaranty funds receivable or on deposit | | | 0 | 0 |
| 18. Electronic data processing equipment and software | | | 0 | 0 |
| 19. Furniture and equipment, including health care delivery assets (\$) | | | 0 | 0 |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates | | | 0 | 0 |
| 21. Receivables from parent, subsidiaries and affiliates | | | 0 | 578,837 |
| 22. Health care (\$) and other amounts receivable | | | 0 | 0 |
| 23. Aggregate write-ins for other than invested assets | 1,270,623 | 409 | 1,270,214 | 424,814 |
| 24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) | 48,223,898 | 562,257 | 47,661,641 | 45,747,647 |
| 25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | 0 | 0 |
| 26. Total (Lines 24 and 25) | 48,223,898 | 562,257 | 47,661,641 | 45,747,647 |
| DETAILS OF WRITE-INS | | | | |
| 0901. | | | 0 | 0 |
| 0902. | | | 0 | 0 |
| 0903. | | | 0 | 0 |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 | 0 | 0 |
| 0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above) | 0 | 0 | 0 | 0 |
| 2301. Receivable of MMIP | 396,872 | 409 | 396,463 | 403,417 |
| 2302. Deposit on Ceded Reinsurance that does not transfer risk | 867,097 | | 867,097 | 0 |
| 2303. State Income Tax Recoverable | 6,654 | | 6,654 | 14,780 |
| 2398. Summary of remaining write-ins for Line 23 from overflow page | 0 | 0 | 0 | 6,617 |
| 2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above) | 1,270,623 | 409 | 1,270,214 | 424,814 |

STATEMENT AS OF JUNE 30, 2009 OF THE PACO Assurance Company, Inc.

LIABILITIES, SURPLUS AND OTHER FUNDS

| | 1 Current Statement Date | 2 December 31, Prior Year |
|---|--------------------------------|---------------------------------|
| 1. Losses (current accident year \$ 3,967,333) | 11,238,989 | 11,310,413 |
| 2. Reinsurance payable on paid losses and loss adjustment expenses | 7,804 | 30,653 |
| 3. Loss adjustment expenses | 5,048,271 | 5,659,475 |
| 4. Commissions payable, contingent commissions and other similar charges | 0 | 0 |
| 5. Other expenses (excluding taxes, licenses and fees) | 726,550 | 254,957 |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes) | 64,213 | 68,154 |
| 7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses)) | 0 | 0 |
| 7.2 Net deferred tax liability | 0 | 0 |
| 8. Borrowed money \$ and interest thereon \$ | 0 | 0 |
| 9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 1,587,087 and including warranty reserves of \$) | 7,033,682 | 6,988,073 |
| 10. Advance premium | 327,898 | 350,013 |
| 11. Dividends declared and unpaid: | | |
| 11.1 Stockholders | 0 | 0 |
| 11.2 Policyholders | 0 | 0 |
| 12. Ceded reinsurance premiums payable (net of ceding commissions) | 125,660 | 392,444 |
| 13. Funds held by company under reinsurance treaties | 0 | 0 |
| 14. Amounts withheld or retained by company for account of others | 1,971 | 10,278 |
| 15. Remittances and items not allocated | 0 | 0 |
| 16. Provision for reinsurance | 0 | 0 |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates | 0 | 0 |
| 18. Drafts outstanding | 0 | 0 |
| 19. Payable to parent, subsidiaries and affiliates | 694,029 | 27,237 |
| 20. Payable for securities | 763,539 | 0 |
| 21. Liability for amounts held under uninsured plans | 0 | 0 |
| 22. Capital notes \$ and interest thereon \$ | 0 | 0 |
| 23. Aggregate write-ins for liabilities | 1,154 | 7,166 |
| 24. Total liabilities excluding protected cell liabilities (Lines 1 through 23) | 26,033,760 | 25,098,863 |
| 25. Protected cell liabilities | 0 | 0 |
| 26. Total liabilities (Lines 24 and 25) | 26,033,760 | 25,098,863 |
| 27. Aggregate write-ins for special surplus funds | 0 | 0 |
| 28. Common capital stock | 2,950,000 | 2,950,000 |
| 29. Preferred capital stock | 0 | 0 |
| 30. Aggregate write-ins for other than special surplus funds | 0 | 0 |
| 31. Surplus notes | 0 | 0 |
| 32. Gross paid in and contributed surplus | 14,150,533 | 14,150,533 |
| 33. Unassigned funds (surplus) | 4,527,348 | 3,548,250 |
| 34. Less treasury stock, at cost: | | |
| 34.1 shares common (value included in Line 28 \$) | 0 | 0 |
| 34.2 shares preferred (value included in Line 29 \$) | 0 | 0 |
| 35. Surplus as regards policyholders (Lines 27 to 33, less 34) | 21,627,881 | 20,648,783 |
| 36. TOTALS | 47,661,641 | 45,747,646 |
| DETAILS OF WRITE-INS | | |
| 2301. MMIP of NY Deficiency Reserve | 1,154 | 7,166 |
| 2302. | 0 | 0 |
| 2303. | 0 | 0 |
| 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) | 1,154 | 7,166 |
| 2701. | 0 | 0 |
| 2702. | 0 | 0 |
| 2703. | 0 | 0 |
| 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. | 0 | 0 |
| 3002. | 0 | 0 |
| 3003. | 0 | 0 |
| 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 \$ 8,147,161) | 8,097,765 | 7,159,592 | 15,876,489 |
| 1.2 Assumed (written \$) | | 0 | |
| 1.3 Ceded (written \$ 1,884,683) | 1,880,895 | 2,936,960 | 5,214,313 |
| 1.4 Net (written \$ 6,262,478) | 6,216,870 | 4,222,632 | 10,662,176 |
| DEDUCTIONS: | | | |
| 2. Losses incurred (current accident year \$ 3,919,406): | | | |
| 2.1 Direct | 5,693,054 | 4,087,127 | 11,760,254 |
| 2.2 Assumed | 35,000 | (118,063) | (690,063) |
| 2.3 Ceded | 3,144,768 | 2,215,403 | 5,082,020 |
| 2.4 Net | 2,583,286 | 1,753,661 | 5,988,171 |
| 3. Loss adjustment expenses incurred | 1,659,749 | 1,200,838 | 3,363,325 |
| 4. Other underwriting expenses incurred | 1,909,998 | 2,129,105 | 4,401,321 |
| 5. Aggregate write-ins for underwriting deductions | (6,032) | (24,024) | (44,420) |
| 6. Total underwriting deductions (Lines 2 through 5) | 6,147,001 | 5,059,580 | 13,708,397 |
| 7. Net income of protected cells | | 0 | 0 |
| 8. Net underwriting gain or (loss) (Line 1.4 minus Line 6 + Line 7) | 69,869 | (836,948) | (3,046,221) |
| INVESTMENT INCOME | | | |
| 9. Net investment income earned | 991,067 | 972,266 | 1,841,739 |
| 10. Net realized capital gains (losses) less capital gains tax of \$ | (139,379) | 80,586 | 50,606 |
| 11. Net investment gain (loss) (Lines 9 + 10) | 851,688 | 1,052,852 | 1,892,345 |
| OTHER INCOME | | | |
| 12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 18,915 amount charged off \$ 17,911) | 1,005 | 19,225 | 9,733 |
| 13. Finance and service charges not included in premiums | 77,615 | 75,034 | 146,364 |
| 14. Aggregate write-ins for miscellaneous income | (10,256) | (3,038) | 6,807 |
| 15. Total other income (Lines 12 through 14) | 68,364 | 91,221 | 162,904 |
| 16. Net income before dividends to policyholders after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) | 989,921 | 307,125 | (990,972) |
| 17. Dividends to policyholders | | 0 | 0 |
| 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) | 989,921 | 307,125 | (990,972) |
| 19. Federal and foreign income taxes incurred | 197,949 | 55,616 | (96,560) |
| 20. Net income (Line 18 minus Line 19)(to Line 22) | 791,972 | 251,509 | (894,412) |
| CAPITAL AND SURPLUS ACCOUNT | | | |
| 21. Surplus as regards policyholders, December 31 prior year | 20,648,783 | 21,572,379 | 21,572,379 |
| 22. Net income (from Line 20) | 791,972 | 251,509 | (894,412) |
| 23. Net transfers (to) from Protected Cell accounts | | 0 | 0 |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 45,641 | 163,987 | (10,532) | (171,325) |
| 25. Change in net unrealized foreign exchange capital gain (loss) | | 0 | 0 |
| 26. Change in net deferred income tax | 84,011 | 24,836 | 273,480 |
| 27. Change in nonadmitted assets | (30,168) | 48,615 | (131,339) |
| 28. Change in provision for reinsurance | | 0 | 0 |
| 29. Change in surplus notes | | 0 | 0 |
| 30. Surplus (contributed to) withdrawn from protected cells | | 0 | 0 |
| 31. Cumulative effect of changes in accounting principles | | 0 | 0 |
| 32. Capital changes: | | | |
| 32.1 Paid in | | 0 | 0 |
| 32.2 Transferred from surplus (Stock Dividend) | | 0 | 0 |
| 32.3 Transferred to surplus | | 0 | 0 |
| 33. Surplus adjustments: | | | |
| 33.1 Paid in | | 0 | 0 |
| 33.2 Transferred to capital (Stock Dividend) | | 0 | 0 |
| 33.3 Transferred from capital | | 0 | 0 |
| 34. Net remittances from or (to) Home Office | | 0 | 0 |
| 35. Dividends to stockholders | | 0 | 0 |
| 36. Change in treasury stock | | 0 | 0 |
| 37. Aggregate write-ins for gains and losses in surplus | (30,704) | 0 | 0 |
| 38. Change in surplus as regards policyholders (Lines 22 through 37) | 979,098 | 314,428 | (923,596) |
| 39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38) | 21,627,881 | 21,886,807 | 20,648,783 |
| DETAILS OF WRITE-INS | | | |
| 0501. MMIP of NY Expenses | (21) | 8,860 | 12,796 |
| 0502. MMIP of NY Deficiency Reserve | (6,011) | (32,884) | (57,216) |
| 0503. | | 0 | 0 |
| 0598. Summary of remaining write-ins for Line 5 from overflow page | 0 | 0 | 0 |
| 0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) | (6,032) | (24,024) | (44,420) |
| 1401. Miscellaneous Income | 490 | 524 | 646 |
| 1402. State Income Tax Expense | (10,746) | (3,562) | 6,161 |
| 1403. | | 0 | 0 |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | 0 | 0 | 0 |
| 1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) | (10,256) | (3,038) | 6,807 |
| 3701. Prior period error correction | (30,704) | 0 | 0 |
| 3702. | | 0 | 0 |
| 3703. | | 0 | 0 |
| 3798. Summary of remaining write-ins for Line 37 from overflow page | 0 | 0 | 0 |
| 3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above) | (30,704) | 0 | 0 |

CASH FLOW

| | 1 Current Year To Date | 2 Prior Year Ended December 31 |
|--|------------------------------|--------------------------------------|
| Cash from Operations | | |
| 1. Premiums collected net of reinsurance..... | 6,092,461 | 11,306,148 |
| 2. Net investment income | 1,035,669 | 1,821,789 |
| 3. Miscellaneous income | 68,364 | 162,904 |
| 4. Total (Lines 1 to 3) | 7,196,494 | 13,290,841 |
| 5. Benefit and loss related payments | 2,634,667 | 985,140 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | 0 | 0 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 3,713,278 | 7,713,321 |
| 8. Dividends paid to policyholders | 0 | 0 |
| 9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses) | 197,949 | (55,502) |
| 10. Total (Lines 5 through 9) | 6,545,894 | 8,642,959 |
| 11. Net cash from operations (Line 4 minus Line 10) | 650,600 | 4,647,882 |
| Cash from Investments | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds | 17,983,486 | 19,088,814 |
| 12.2 Stocks | 338,893 | 0 |
| 12.3 Mortgage loans | 0 | 0 |
| 12.4 Real estate | 0 | 0 |
| 12.5 Other invested assets | 0 | 0 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | 0 | 0 |
| 12.7 Miscellaneous proceeds | 0 | 0 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 18,322,379 | 19,088,814 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds | 12,537,408 | 20,031,747 |
| 13.2 Stocks | 0 | 550,000 |
| 13.3 Mortgage loans | 0 | 0 |
| 13.4 Real estate | 0 | 0 |
| 13.5 Other invested assets | 0 | 0 |
| 13.6 Miscellaneous applications | (773,329) | 51,295 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 11,764,079 | 20,633,042 |
| 14. Net increase (or decrease) in contract loans and premium notes | 0 | 0 |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) | 6,558,300 | (1,544,228) |
| Cash from Financing and Miscellaneous Sources | | |
| 16. Cash provided (applied): | | |
| 16.1 Surplus notes, capital notes | 0 | 0 |
| 16.2 Capital and paid in surplus, less treasury stock | 0 | 0 |
| 16.3 Borrowed funds | 0 | 0 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | 0 | 0 |
| 16.5 Dividends to stockholders | 0 | 0 |
| 16.6 Other cash provided (applied)..... | 371,750 | (1,044,222) |
| 17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) | 371,750 | (1,044,222) |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) | 7,580,650 | 2,059,432 |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year..... | 3,280,860 | 1,221,428 |
| 19.2 End of period (Line 18 plus Line 19.1) | 10,861,510 | 3,280,860 |

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of PACO Assurance Company have been prepared in conformity with accounting practices prescribed or permitted by the Illinois Department of Insurance. The Illinois Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Illinois for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Illinois Insurance Law. The National Association of Insurance Commissioners' Accounting Practices and Procedures Manual has been adopted as a component of prescribed or permitted practices by the state of Illinois.

B. Use of Estimates in the Preparation of the Financial Statements

No Significant Change

C. Accounting Policy

No Significant Change

Note 2 – Accounting Changes and Corrections of Errors

The policyholder surplus reflects a decrease of \$30,704 classified as a prior year error correction. The correction is a result of incorrect amortization of bonds found during the conversion of internal to external investment processing.

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

On April 1, 2009, the Company's parent, PICA, became part of ProAssurance Corporation through an all cash, sponsored demutualization, which was approved by the Illinois Division of Insurance and PICA policyholders. Total proceeds from the sale are \$135 million.

Effective April 2, 2009, the Company entered into a separate Tax Allocation agreement with ProAssurance Corporation and its affiliates. Management Services and Expense Allocation Agreements with ProAssurance Corporation and its affiliates became effective May 1, 2009. The Tax Allocation Agreement will replace the Company's current Tax Allocation Agreement; however, the Management Services and Expense Allocation Agreements are in addition to the current agreements.

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

NOTES TO FINANCIAL STATEMENTS

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

No Significant Change

Note 14 – Contingencies

No Significant Change

Note 15 – Leases

No Significant Change

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

No Significant Change

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

A. Transfers of Receivable reported as Sales

No Significant Change

B. Transfer and Servicing of Financial Assets

No Significant Change

C. Wash Sales

The Company has not sold any securities and reacquired them within 30 days during 2009.

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

No Significant Change

Note 21 – Events Subsequent

Effective August 1, 2009, the Company and its affiliates amended its Tax Allocation Agreement, Expense Allocation and Management Services Agreement primarily to include its new affiliate, PRA Group Holdings, Inc., and delete former participants.

Note 22 – Reinsurance

A. Unsecured Reinsurance Recoverables

No Significant Change

B. Reinsurance Recoverable in Dispute

No Significant Change

C. Reinsurance Assumed and Ceded

No Significant Change

D. Uncollectible Reinsurance

No Significant Change

NOTES TO FINANCIAL STATEMENTS

E. Commutation of Ceded Reinsurance

The Company commuted its ceded reinsurance treaty for block years 2006-2007 as of January 1, 2009 with the reinsurers listed below. The Company recognized the amounts received from the reinsurers as a reduction of losses and loss adjustment expenses paid (thereby reducing losses and loss adjustment expenses incurred) in the current year. The Company also increased its loss and loss adjustment expense reserves (thereby increasing losses and loss adjustment expenses incurred) to recognize the effect of releasing the reinsurers from its obligations under the treaties. The net effect of the commutation was an increase in pre-tax income of \$567,014. This amount is shown below by Statement of Income classification and by reinsurer.

| <u>Statement of Income Account</u> | <u>Amount</u> |
|------------------------------------|---------------|
| 1. Losses incurred | \$ 567,014 |
| Total | \$ 567,014 |

| <u>Reinsurer</u> | <u>Amount</u> |
|-----------------------------------|---------------|
| Axa Re | \$ 19,846 |
| Aspen Re | 19,846 |
| ACE European Group | 85,052 |
| Berkley Insurance Company | 35,380 |
| Transatlantic Reinsurance Company | 113,403 |
| Odyssey America Reinsurance Corp | 141,754 |
| MAP | 82,217 |
| Chaucer Syndicates | 17,010 |
| S.A. Meacock | 14,175 |
| QBE (HAR Syndicate) | 17,010 |
| Catlin Insurance Company, Ltd | 21,321 |
| Total | \$ 567,014 |

F. Retroactive Reinsurance

No Significant Change

G. Reinsurance Accounted for as a Deposit

No Significant Change

Note 23 – Retrospectively Rated Contracts

No Significant Change

Note 24 – Changes in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2008 were \$17 million. As of June 30, 2009, \$4.2 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$11.1 million as a result of re-estimation of unpaid claims and claim adjustment expenses principally on the E&O line of business. Therefore, there has been a \$1.5 million favorable prior year development since December 31, 2008 to June 30, 2009. The decrease is primarily the result of commuting reinsurance contracts for treaty years 2006-2007 in January 2009.

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 Accident and Health Policies

No Significant Change

Note 29 – Premium Deficiency Reserves

No Significant Change

NOTES TO FINANCIAL STATEMENTS

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 and Environmental Reserves

No Significant Change

Note 33 – Subscriber Savings Accounts

No Significant Change

Note 34 – Multiple Peril Crop Insurance

No Significant Change

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the 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? Yes No
If yes, complete the Schedule Y - Part 1 - organizational chart.

- 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 the 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? Yes No NA
If yes, attach an explanation.

- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2005
- 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. 12/31/2005
- 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). 06/04/2007
- 6.4 By what department or departments?
Illinois Department of Insurance.....
- 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 NA
- 6.6 Have all of the recommendations within the latest financial examination report been complied with?..... Yes No NA
- 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 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 |
|---------------------|--------------------------------|----------|----------|----------|-----------|----------|
| | | | | | | |

GENERAL INTERROGATORIES

- 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?..... Yes No
- (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.
- 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
- 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: \$

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: \$
13. Amount of real estate and mortgages held in short-term investments: \$
- 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 | | 2 | |
|---|---|--|--|--|
| | Prior Year-End Book/Adjusted Carrying Value | | Current Quarter Book/Adjusted Carrying Value | |
| 14.21 Bonds | \$ | | \$ | |
| 14.22 Preferred Stock | \$ | | \$ | |
| 14.23 Common Stock | \$ | | \$ | |
| 14.24 Short-Term Investments | \$ | | \$ | |
| 14.25 Mortgage Loans on Real Estate | \$ | | \$ | |
| 14.26 All Other | \$ | | \$ | |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)..... | \$0 | | \$0 | |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above | \$ | | \$ | |
- 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.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E - Part 3 - Special Deposits, 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, F - 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 Institutional Custody Services..... | 136 S. Washington Street, Naperville, IL 60540..... |

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, brokers/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 |
|--------------------------------------|-----------------------------------|--------------------------|
| 105098..... | Weaver, C. Barksdale & Assoc..... | Brentwood, TN 37027..... |
| 8208..... | Morgan Stanley & Co., Inc..... | New York, NY 10274..... |
| 113972..... | Standish Mellon Asset Mgmt..... | Boston, MA 02108..... |
| 107423..... | Conning Asset Management..... | Hartford, CT 06103..... |

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:

.....

GENINTPT1 - Attachment

5. Expense allocation, management services, and tax allocation agreements were amended to reflect new parent company, ProAssurance in April 2009.

GENERAL INTERROGATORIES

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

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 [] NA [X]

If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other 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 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:

| | | | TOTAL DISCOUNT | | | | DISCOUNT TAKEN DURING PERIOD | | | |
|------------------|------------------|---------------|----------------|------------|------|-------|------------------------------|------------|------|-------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Line of Business | Maximum Interest | Discount Rate | Unpaid Losses | Unpaid LAE | IBNR | TOTAL | Unpaid Losses | Unpaid LAE | IBNR | TOTAL |
| | | | | | | | | | | |
| | | | | | | | | | | |
| TOTAL | | | 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) |
|---------------------------|---------------------------|------------------------|---------------|---|
| | | AFFILIATES | | |
| | | US INSURERS | | |
| | | POOLS AND ASSOCIATIONS | | |
| | | ALL OTHER INSURERS | | |
| NONE | | | | |

STATEMENT AS OF JUNE 30, 2009 OF THE PACO Assurance Company, Inc.

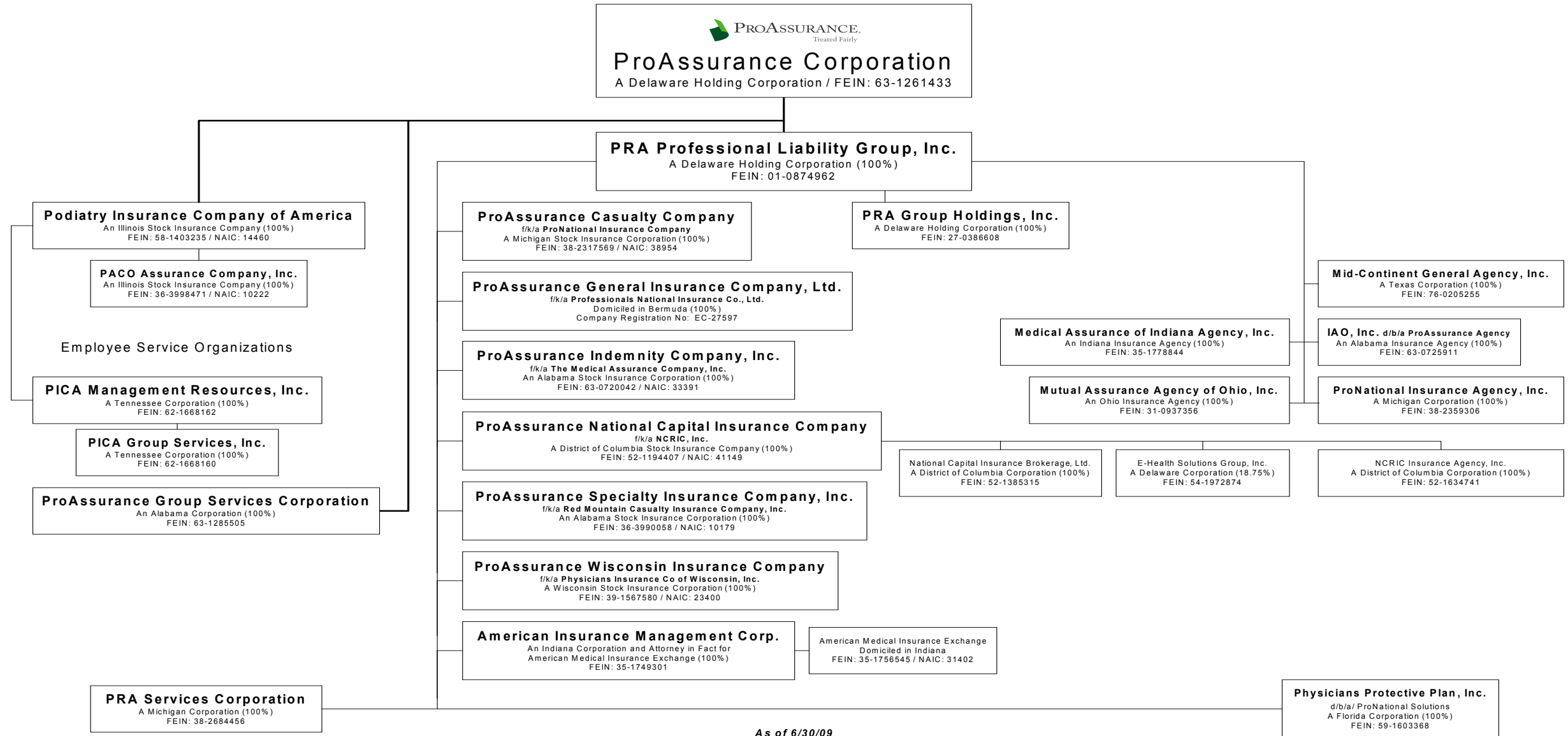
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

| | 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 |
| States, etc. | | | | | | | | |
| 1. Alabama | AL | L | 174,867 | 189,793 | 316,657 | 106,161 | 667,385 | 732,579 |
| 2. Alaska | AK | L | | 0 | | 0 | | 0 |
| 3. Arizona | AZ | L | 125,776 | 134,955 | 7,278 | 6,931 | 189,531 | 269,079 |
| 4. Arkansas | AR | L | 46,517 | 39,372 | | 105 | 79,634 | 52,912 |
| 5. California | CA | L | 2,052,842 | 2,203,235 | 1,341,232 | 164,971 | 3,875,606 | 2,510,945 |
| 6. Colorado | CO | L | 2,699 | 0 | | 0 | 4,464 | 0 |
| 7. Connecticut | CT | N | | 0 | | 0 | | 0 |
| 8. Delaware | DE | L | 1,792 | 0 | | 0 | 2,964 | 0 |
| 9. District of Columbia | DC | N | | 0 | | 0 | | 0 |
| 10. Florida | FL | L | 1,214,644 | 1,109,710 | 131,700 | 24,745 | 3,291,514 | 2,217,071 |
| 11. Georgia | GA | L | 222,149 | 239,559 | 29,277 | 121,795 | 253,134 | 200,250 |
| 12. Hawaii | HI | N | | 0 | | 0 | | 0 |
| 13. Idaho | ID | L | 2,246 | 0 | | 0 | 1,918 | 0 |
| 14. Illinois | IL | L | 427,798 | 444,228 | (4,855) | 191,478 | 1,839,048 | 986,144 |
| 15. Indiana | IN | L | 30,699 | 15,589 | | 0 | 423,968 | 415,950 |
| 16. Iowa | IA | L | 794 | 0 | | 0 | 1,313 | 0 |
| 17. Kansas | KS | L | 26,292 | 21,800 | | 0 | 43,482 | 159,296 |
| 18. Kentucky | KY | L | 18,571 | 11,069 | | 0 | 25,454 | 14,876 |
| 19. Louisiana | LA | L | 253,292 | 222,769 | 100,000 | 0 | 1,133,897 | 1,224,372 |
| 20. Maine | ME | N | | 0 | | 0 | | 0 |
| 21. Maryland | MD | L | | 0 | | 0 | | 0 |
| 22. Massachusetts | MA | L | | 0 | | 0 | | 0 |
| 23. Michigan | MI | L | 322,303 | 327,713 | 470,000 | 0 | 767,251 | 650,975 |
| 24. Minnesota | MN | L | 1,988 | 0 | | 0 | 3,288 | 0 |
| 25. Mississippi | MS | N | | 0 | | 0 | | 0 |
| 26. Missouri | MO | L | 38,025 | 28,803 | | 0 | 56,505 | 73,707 |
| 27. Montana | MT | N | | 0 | | 0 | | 0 |
| 28. Nebraska | NE | L | | 0 | | 0 | | 0 |
| 29. Nevada | NV | L | 113,146 | 122,777 | 8,082 | 0 | 102,833 | 43,570 |
| 30. New Hampshire | NH | N | | 0 | | 0 | | 0 |
| 31. New Jersey | NJ | L | 222,277 | 150,124 | | 0 | 378,943 | 143,990 |
| 32. New Mexico | NM | N | | 0 | | 0 | | 0 |
| 33. New York | NY | L | 428,039 | 208,705 | 27,728 | 257,087 | 3,940,739 | 4,023,692 |
| 34. North Carolina | NC | L | 2,270 | 0 | | 0 | 1,958 | 0 |
| 35. North Dakota | ND | L | | 0 | | 0 | | 0 |
| 36. Ohio | OH | L | 85,409 | 89,584 | 3,435 | 70,000 | 220,524 | 84,992 |
| 37. Oklahoma | OK | L | 47,596 | 25,947 | 137,500 | 0 | 148,823 | 426,870 |
| 38. Oregon | OR | L | 109,718 | 106,976 | | 1,977 | 179,121 | 143,764 |
| 39. Pennsylvania | PA | L | 520,490 | 510,060 | 3,865 | 30,000 | 990,583 | 697,967 |
| 40. Rhode Island | RI | L | | 0 | | 0 | | 0 |
| 41. South Carolina | SC | L | 26,386 | 25,894 | 60,000 | 8,000 | 48,137 | 134,799 |
| 42. South Dakota | SD | L | 210 | 0 | | 0 | 347 | 0 |
| 43. Tennessee | TN | L | 76,760 | 61,258 | | 0 | 430,500 | 178,836 |
| 44. Texas | TX | L | 1,040,610 | 1,085,705 | 2,268,644 | 9,206 | 2,244,086 | 1,592,720 |
| 45. Utah | UT | L | 70,350 | 75,925 | | 11,661 | 147,450 | 102,460 |
| 46. Vermont | VT | L | 546 | 0 | | 0 | 903 | 0 |
| 47. Virginia | VA | L | 48,108 | 33,235 | | 0 | 902,132 | 101,196 |
| 48. Washington | WA | L | 392,459 | 386,318 | 17,557 | 1,377,365 | 931,853 | 969,563 |
| 49. West Virginia | WV | L | (507) | 0 | | 0 | (838) | 0 |
| 50. Wisconsin | WI | L | | 0 | | 0 | | 0 |
| 51. Wyoming | WY | L | | 0 | | 0 | | 0 |
| 52. American Samoa | AS | N | | 0 | | 0 | | 0 |
| 53. Guam | GU | N | | 0 | | 0 | | 0 |
| 54. Puerto Rico | PR | N | | 0 | | 0 | | 0 |
| 55. U.S. Virgin Islands | VI | N | | 0 | | 0 | | 0 |
| 56. Northern Mariana Islands | MP | N | | 0 | | 0 | | 0 |
| 57. Canada | CN | N | | 0 | | 0 | | 0 |
| 58. Aggregate Other Alien | OT | XXX | 0 | 0 | 0 | 0 | 0 | 0 |
| 59. Totals | (a) | 43 | 8,147,161 | 7,871,103 | 4,918,100 | 2,381,482 | 23,328,450 | 18,152,575 |
| 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 through 5803 plus 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**



As of 6/30/09

PART 1 - LOSS EXPERIENCE

| Line 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 | 0.0 |
| 2. Allied Lines | | | 0.0 | 0.0 |
| 3. Farmowners multiple peril | | | 0.0 | 0.0 |
| 4. Homeowners multiple peril | | | 0.0 | 0.0 |
| 5. Commercial multiple peril | | | 0.0 | 0.0 |
| 6. Mortgage guaranty | | | 0.0 | 0.0 |
| 8. Ocean marine | | | 0.0 | 0.0 |
| 9. Inland marine | | | 0.0 | 0.0 |
| 10. Financial guaranty | | | 0.0 | 0.0 |
| 11.1 Medical professional liability - occurrence | 1,339,066 | 88,352 | 6.6 | 22.4 |
| 11.2 Medical professional liability - claims-made | 3,565,889 | 2,521,509 | 70.7 | 82.5 |
| 12. Earthquake | | | 0.0 | 0.0 |
| 13. Group accident and health | | | 0.0 | 0.0 |
| 14. Credit accident and health | | | 0.0 | 0.0 |
| 15. Other accident and health | | | 0.0 | 0.0 |
| 16. Workers' compensation | | | 0.0 | 0.0 |
| 17.1 Other liability - occurrence | | 30,256 | 0.0 | 0.0 |
| 17.2 Other liability - claims-made | 3,192,810 | 3,052,937 | 95.6 | 41.3 |
| 18.1 Products liability - occurrence | | | 0.0 | 0.0 |
| 18.2 Products liability - claims-made | | | 0.0 | 0.0 |
| 19.1,19.2 Private passenger auto liability | | | 0.0 | 0.0 |
| 19.3,19.4 Commercial auto liability | | | 0.0 | 0.0 |
| 21. Auto physical damage | | | 0.0 | 0.0 |
| 22. Aircraft (all perils) | | | 0.0 | 0.0 |
| 23. Fidelity | | | 0.0 | 0.0 |
| 24. Surety | | | 0.0 | 0.0 |
| 26. Burglary and theft | | | 0.0 | 0.0 |
| 27. Boiler and machinery | | | 0.0 | 0.0 |
| 28. Credit | | | 0.0 | 0.0 |
| 29. International | | | 0.0 | 0.0 |
| 30. Warranty | | | 0.0 | 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 | 0.0 |
| 35. TOTALS | 8,097,765 | 5,693,054 | 70.3 | 57.1 |
| DETAILS OF WRITE-INS | | | | |
| 3401. | | | | |
| 3402. | | | | |
| 3403. | | | | |
| 3498. Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0.0 | 0.0 |
| 3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 0 | 0.0 | 0.0 |

PART 2 - DIRECT PREMIUMS WRITTEN

| Line of Business | 1 | 2 | 3 |
|---|-----------------|----------------------|-------------------------|
| | Current Quarter | Current Year to Date | Prior Year Year to Date |
| 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 professional liability - occurrence | 655,581 | 1,323,054 | 1,235,857 |
| 11.2 Medical professional liability - claims-made | 1,702,073 | 3,622,295 | 3,543,851 |
| 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 | 1,407,364 | 3,201,812 | 3,091,395 |
| 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 |
| 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 | 3,765,018 | 8,147,161 | 7,871,103 |
| DETAILS OF WRITE-INS | | | |
| 3401. | | | |
| 3402. | | | |
| 3403. | | | |
| 3498. Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 |
| 3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 0 | 0 |

STATEMENT AS OF JUNE 30, 2009 OF THE PACO Assurance Company, Inc.

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) | 2009 Loss and LAE Payments on Claims Reported as of Prior Year-End | 2009 Loss and LAE Payments on Claims Unreported as of Prior Year-End | Total 2009 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. 2006 + Prior | .828 | 3,214 | 4,042 | 1,461 | .0 | 1,461 | 1,144 | .0 | 3,095 | 4,239 | 1,777 | (119) | 1,658 |
| 2. 2007 | 2,818 | 796 | 3,614 | 1,759 | 7 | 1,766 | 1,537 | 18 | 427 | 1,982 | 478 | (344) | 134 |
| 3. Subtotals 2007 + Prior | 3,646 | 4,010 | 7,656 | 3,220 | 7 | 3,227 | 2,681 | 18 | 3,522 | 6,221 | 2,255 | (463) | 1,792 |
| 4. 2008..... | 2,386 | 6,928 | 9,314 | 930 | 168 | 1,098 | 2,240 | 25 | 2,679 | 4,944 | 784 | (4,056) | (3,272) |
| 5. Subtotals 2008 + Prior | 6,032 | 10,938 | 16,970 | 4,150 | 175 | 4,325 | 4,921 | 43 | 6,201 | 11,165 | 3,039 | (4,519) | (1,480) |
| 6. 2009 | XXX | XXX | XXX | XXX | 601 | 601 | XXX | 1,357 | 3,765 | 5,122 | XXX | XXX | XXX |
| 7. Totals | 6,032 | 10,938 | 16,970 | 4,150 | 776 | 4,926 | 4,921 | 1,400 | 9,966 | 16,287 | 3,039 | (4,519) | (1,480) |
| 8. Prior Year-End's Surplus As Regards Policyholders | 20,649 | | | | | | | | | | 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. 50.4 | 2. (41.3) | 3. (8.7) |
| | | | | | | | | | | | | | Col. 13, Line 7 As a % of Col. 1 Line 8 |
| | | | | | | | | | | | | | 4. (7.2) |

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 on "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 question.

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

Explanation:

- 1.
- 3.

Bar Code:



OVERFLOW PAGE FOR WRITE-INS

PQ002 Additional Aggregate Lines for Page 02 Line 23.

*ASSETS

| | 1 | 2 | 3 | 4 |
|---|--------|--------------------|--------------------------------------|--|
| | Assets | Nonadmitted Assets | Net Admitted Assets (Cols. 1 - 2) | December 31 Prior Year Net Admitted Assets |
| 2304. Guaranty Assessment..... | | | 0 | 6,617 |
| 2305. | | | 0 | 0 |
| 2306. | | | 0 | 0 |
| 2307. | | | 0 | 0 |
| 2308. | | | 0 | 0 |
| 2309. | | | 0 | 0 |
| 2310. | | | 0 | 0 |
| 2397. Summary of remaining write-ins for Line 23 from Page 02 | 0 | 0 | 0 | 6,617 |

SCHEDULE A - VERIFICATION**Real Estate**

| | 1 Year to Date | 2 Prior Year Ended December 31 |
|--|-------------------|--------------------------------------|
| NONE | | |
| 1. Book/adjusted carrying value, December 31 of prior year | 0 | 0 |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | 0 | 0 |
| 2.2 Additional investment made after acquisition | 0 | 0 |
| 3. Current year change in encumbrances | 0 | 0 |
| 4. Total gain (loss) on disposals | 0 | 0 |
| 5. Deduct amounts received on disposals | 0 | 0 |
| 6. Total foreign exchange change in book/adjusted carrying value | 0 | 0 |
| 7. Deduct current year's other than temporary impairment recognized | 0 | 0 |
| 8. Deduct current year's depreciation | 0 | 0 |
| 9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) | 0 | 0 |
| 10. Deduct total nonadmitted amounts | 0 | 0 |
| 11. Statement value at end of current period (Line 9 minus Line 10) | 0 | 0 |

SCHEDULE B – VERIFICATION**Mortgage Loans**

| | 1 Year to Date | 2 Prior Year Ended December 31 |
|---|-------------------|--------------------------------------|
| NONE | | |
| 1. Book value/recorded investment excluding accrued interest, December 31 of prior year | 0 | 0 |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | 0 | 0 |
| 2.2 Additional investment made after acquisition | 0 | 0 |
| 3. Capitalized deferred interest and other | 0 | 0 |
| 4. Accrual of discount | 0 | 0 |
| 5. Unrealized valuation increase (decrease) | 0 | 0 |
| 6. Total gain (loss) on disposals | 0 | 0 |
| 7. Deduct amounts received on disposals | 0 | 0 |
| 8. Deduct amortization of premium and mortgage interest points and commitment fees | 0 | 0 |
| 9. Total foreign exchange change in book value/recorded investment excluding accrued interest | 0 | 0 |
| 10. Deduct current year's other than temporary impairment recognized | 0 | 0 |
| 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. Total valuation allowance | 0 | 0 |
| 13. Subtotal (Line 11 plus Line 12) | 0 | 0 |
| 14. Deduct total nonadmitted amounts | 0 | 0 |
| 15. Statement value at end of current period (Line 13 minus Line 14) | 0 | 0 |

SCHEDULE BA – VERIFICATION**Other Long-Term Invested Assets**

| | 1 Year To Date | 2 Prior Year Ended December 31 |
|--|-------------------|--------------------------------------|
| NONE | | |
| 1. Book/adjusted carrying value, December 31 of prior year | 0 | 0 |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | 0 | 0 |
| 2.2 Additional investment made after acquisition | 0 | 0 |
| 3. Capitalized deferred interest and other | 0 | 0 |
| 4. Accrual of discount | 0 | 0 |
| 5. Unrealized valuation increase (decrease) | 0 | 0 |
| 6. Total gain (loss) on disposals | 0 | 0 |
| 7. Deduct amounts received on disposals | 0 | 0 |
| 8. Deduct amortization of premium and depreciation | 0 | 0 |
| 9. Total foreign exchange change in book/adjusted carrying value | 0 | 0 |
| 10. Deduct current year's other than temporary impairment recognized | 0 | 0 |
| 11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) | 0 | 0 |
| 12. Deduct total nonadmitted amounts | 0 | 0 |
| 13. Statement value at end of current period (Line 11 minus Line 12) | 0 | 0 |

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 | 36,897,437 | 35,587,324 |
| 2. Cost of bonds and stocks acquired | 12,537,408 | 20,581,747 |
| 3. Accrual of discount | 5,511 | 24,139 |
| 4. Unrealized valuation increase (decrease) | 221,932 | (220,917) |
| 5. Total gain (loss) on disposals | (208,886) | 120,133 |
| 6. Deduct consideration for bonds and stocks disposed of | 18,272,379 | 19,088,813 |
| 7. Deduct amortization of premium | 51,896 | 77,550 |
| 8. Total foreign exchange change in book/adjusted carrying value | 0 | 0 |
| 9. Deduct current year's other than temporary impairment recognized | 0 | 28,626 |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) | 31,129,127 | 36,897,437 |
| 11. Deduct total nonadmitted amounts | 0 | 0 |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 31,129,127 | 36,897,437 |

STATEMENT AS OF JUNE 30, 2009 OF THE PACO Assurance Company, Inc.

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 Book/Adjusted Carrying Value Beginning of Current Quarter | 2 Acquisitions During Current Quarter | 3 Dispositions During Current Quarter | 4 Non-Trading Activity During Current Quarter | 5 Book/Adjusted Carrying Value End of First Quarter | 6 Book/Adjusted Carrying Value End of Second Quarter | 7 Book/Adjusted Carrying Value End of Third Quarter | 8 Book/Adjusted Carrying Value December 31 Prior Year |
|-----------------------------------|---|--|--|---|---|--|---|---|
| BONDS | | | | | | | | |
| 1. Class 1 (a)..... | 38,150,262 | 24,075,105 | 20,228,020 | (985,422) | 38,150,262 | 41,011,925 | .0 | 34,841,964 |
| 2. Class 2 (a)..... | 2,302,441 | .0 | 1,679,535 | 603,726 | 2,302,441 | 1,226,632 | .0 | 2,303,367 |
| 3. Class 3 (a)..... | 215,374 | .0 | 512,540 | 297,166 | 215,374 | .0 | .0 | 185,000 |
| 4. Class 4 (a)..... | 4,515 | .0 | .0 | (4,515) | 4,515 | .0 | .0 | 13,723 |
| 5. Class 5 (a)..... | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 6. Class 6 (a)..... | 0 | 0 | 305 | 4,051 | 0 | 3,746 | 0 | 0 |
| 7. Total Bonds | 40,672,592 | 24,075,105 | 22,420,400 | (84,994) | 40,672,592 | 42,242,303 | 0 | 37,344,054 |
| PREFERRED STOCK | | | | | | | | |
| 8. Class 1..... | 200,560 | .0 | 350,000 | 149,440 | 200,560 | .0 | .0 | 404,140 |
| 9. Class 2..... | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 10. Class 3..... | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 11. Class 4..... | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 12. Class 5..... | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 13. Class 6..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. Total Preferred Stock | 200,560 | 0 | 350,000 | 149,440 | 200,560 | 0 | 0 | 404,140 |
| 15. Total Bonds & Preferred Stock | 40,873,152 | 24,075,105 | 22,770,400 | 64,446 | 40,873,152 | 42,242,303 | 0 | 37,748,194 |

(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 \$ 11,113,172 ; NAIC 2 \$ 0 ; NAIC 3 \$ 0 ; NAIC 4 \$ 0 ; NAIC 5 \$ 0 ; NAIC 6 \$ 0

S102

SCHEDULE DA - PART 1

Short-Term Investments

| | 1 | 2 | 3 | 4 | 5 |
|---------|---------------------------------|-----------|-------------|------------------------------------|--|
| | Book/Adjusted Carrying Value | Par Value | Actual Cost | Interest Collected Year To Date | Paid for Accrued Interest Year To Date |
| 9199999 | 11,113,172 | XXX | 11,101,391 | 13,125 | 0 |

SCHEDULE DA - VERIFICATION

Short-Term Investments

| | 1 | 2 |
|--|--------------|---------------------------------|
| | Year To Date | Prior Year Ended December 31 |
| 1. Book/adjusted carrying value, December 31 of prior year..... | 94,256 | 484,856 |
| 2. Cost of short-term investments acquired | 19,857,155 | 2,547,369 |
| 3. Accrual of discount..... | 10,299 | 826 |
| 4. Unrealized valuation increase (decrease)..... | 0 | 0 |
| 5. Total gain (loss) on disposals..... | 0 | 0 |
| 6. Deduct consideration received on disposals..... | 8,848,538 | 2,938,795 |
| 7. Deduct amortization of premium..... | 0 | 0 |
| 8. Total foreign exchange change in book/adjusted carrying value..... | 0 | 0 |
| 9. Deduct current year's other than temporary impairment recognized..... | 0 | 0 |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)..... | 11,113,172 | 94,256 |
| 11. Deduct total nonadmitted amounts..... | 0 | 0 |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 11,113,172 | 94,256 |

Schedule DB - Part F - Section 1

NONE

Schedule 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..... | 756,500 | 170,000 |
| 2. Cost of cash equivalents acquired..... | 0 | 856,422 |
| 3. Accrual of discount..... | 0 | 0 |
| 4. Unrealized valuation increase (decrease)..... | 0 | 0 |
| 5. Total gain (loss) on disposals..... | 0 | 61 |
| 6. Deduct consideration received on disposals..... | 756,500 | 269,983 |
| 7. Deduct amortization of premium..... | 0 | 0 |
| 8. Total foreign exchange change in book/adjusted carrying value..... | 0 | 0 |
| 9. Deduct current year's other than temporary impairment recognized..... | 0 | 0 |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)..... | 0 | 756,500 |
| 11. Deduct total nonadmitted amounts..... | 0 | 0 |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 0 | 756,500 |

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

STATEMENT AS OF JUNE 30, 2009 OF THE PACO Assurance Company, Inc.

SCHEDULE D - PART 3

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

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|----------------------|--|---------|---------------|--------------------------|---------------------------|-------------|-----------|---|---|
| CUSIP Identification | Description | Foreign | Date Acquired | Name of Vendor | Number of Shares of Stock | Actual Cost | Par Value | Paid for Accrued Interest and Dividends | NAIC Designation or Market Indicator ^(a) |
| 0399999 - Total | - Bonds - U.S. Government | | | | | 0 | 0 | 0 | XXX |
| 1099999 - Total | - Bonds - All Other Government | | | | | 0 | 0 | 0 | XXX |
| 1799999 - Total | - Bonds - States, Territories and Possessions | | | | | 0 | 0 | 0 | XXX |
| 382604-TG-1 | GOOSE CREEK TEX CONS INDPNT SCH | | 06/03/2009 | SOUTHWEST SECURITIES INC | | 862,800 | 750,000 | 11,771 | 1FE |
| 513174-LH-3 | LAMAR TEX CONS INDPNT SCH DIST | | 06/25/2009 | DIRECT | | 456,020 | 400,000 | 7,875 | 1FE |
| 574192-C3-2 | MARYLAND ST | | 06/03/2009 | PIPER JAFFRAY | | 487,802 | 425,000 | 4,722 | 1FE |
| 708840-HQ-9 | PENNSYLVANIA INTERGOVERNMENTAL | | 06/10/2009 | GOLDMAN SACHS | | 450,004 | 410,000 | 0 | 1FE |
| 708840-HU-0 | PENNSYLVANIA INTERGOVERNMENTAL | | 06/10/2009 | GOLDMAN SACHS | | 818,760 | 750,000 | 0 | 1FE |
| 2499999 - Total | - Bonds - U.S. Political Subdivisions of States, Territories and Possessions | | | | | 3,075,386 | 2,735,000 | 24,368 | XXX |
| 29270C-Q2-1 | ENERGY NORTHWEST WASH ELEC REV | | 06/03/2009 | METROW FINANCIAL INC | | 471,142 | 425,000 | 9,090 | 1FE |
| 650028-QX-4 | NEW YORK ST TWY AUTH ST PERS | | 06/10/2009 | RBC CAPITAL MARKETS | | 892,792 | 800,000 | 0 | 1FE |
| 75902J-AD-1 | REGIONAL PUB TRANSN AUTH ARIZ | | 06/24/2009 | DIRECT | | 828,000 | 750,000 | 0 | 1FE |
| 793323-KD-7 | ST PETERSBURG FLA PUB UTILS RE | | 06/23/2009 | CITIGROUP | | 763,539 | 700,000 | 0 | 1FE |
| 3199999 - Total | - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of... | | | | | 2,955,473 | 2,675,000 | 9,090 | XXX |
| 369626-2Z-6 | GENERAL ELEC CAP CORP | | 04/15/2009 | CONVERSION | | 246,798 | 250,000 | 5,194 | 1FE |
| 90327X-AC-8 | USAOT 2009-1 A3 | | 04/15/2009 | CONVERSION | | 749,858 | 750,000 | 0 | 1FE |
| 3899999 - Total | - Bonds - Industrial, Misc. | | | | | 996,656 | 1,000,000 | 5,194 | XXX |
| 4199999 - Total | - Bonds - Credit Tenant Loans | | | | | 0 | 0 | 0 | XXX |
| 4899999 - Total | - Bonds - Hybrid Securities | | | | | 0 | 0 | 0 | XXX |
| 5599999 - Total | - Bonds - Parent, Subsidiaries, Affiliates | | | | | 0 | 0 | 0 | XXX |
| 8399997 - Total | - Bonds - Part 3 | | | | | 7,027,515 | 6,410,000 | 38,653 | XXX |
| 8399999 - Total | - Bonds | | | | | 7,027,515 | 6,410,000 | 38,653 | XXX |
| 8499999 - Total | - Preferred Stocks - Industrial, Misc. | | | | | 0 | XXX | 0 | XXX |
| 8599999 - Total | - Preferred Stocks - Parent, Subsidiaries, Affiliates | | | | | 0 | XXX | 0 | XXX |
| 8999997 - Total | - Preferred Stocks - Part 3 | | | | | 0 | XXX | 0 | XXX |
| 8999999 - Total | - Preferred Stocks | | | | | 0 | XXX | 0 | XXX |
| 9099999 - Total | - Common Stocks - Industrial, Misc. | | | | | 0 | XXX | 0 | XXX |
| 9199999 - Total | - Common Stocks - Parent, Subsidiaries, Affiliates | | | | | 0 | XXX | 0 | XXX |
| 9299999 - Total | - Common Stocks - Mutual Funds | | | | | 0 | XXX | 0 | XXX |
| 9399999 - Total | - Common Stocks - Money Market Mutual Funds | | | | | 0 | XXX | 0 | XXX |
| 9799997 - Total | - Common Stocks - Part 3 | | | | | 0 | XXX | 0 | XXX |
| 9799999 - Total | - Common Stocks | | | | | 0 | XXX | 0 | XXX |
| 9899999 - Total | - Preferred and Common Stocks | | | | | 0 | XXX | 0 | XXX |
| 9999999 - Totals | | | | | | 7,027,515 | XXX | 38,653 | XXX |

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0

E04

STATEMENT AS OF JUNE 30, 2009 OF THE PACO Assurance Company, Inc.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company 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 | Foreign | 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) | |
| 31331V-AJ-5. | FEDERAL FARM CREDIT BANK | | 05/27/2009 | STIFEL NICOLAUS | | 1,066,800 | 1,000,000 | 1,001,880 | 1,001,573 | 0 | (44) | 0 | (44) | 0 | 1,001,529 | 0 | 65,271 | 65,271 | 26,337 | 11/03/2014 | 1FE | |
| 36200F-RR-1. | GN 599996 | | 06/01/2009 | MBS PAYMENT | | 418 | 418 | 410 | 418 | 0 | 0 | 0 | 0 | 0 | 418 | 0 | 0 | 0 | 8 | 05/01/2018 | 1 | |
| 36201F-RA-7. | GN 581981 | | 06/01/2009 | MBS PAYMENT | | 2,285 | 2,285 | 2,369 | 2,289 | 0 | (5) | 0 | (5) | 0 | 2,285 | 0 | 0 | 0 | 57 | 05/01/2017 | 1 | |
| 36201G-TL-9. | GN 582955 | | 06/01/2009 | MBS PAYMENT | | 3,520 | 3,520 | 3,670 | 3,601 | 0 | (81) | 0 | (81) | 0 | 3,520 | 0 | 0 | 0 | 109 | 02/01/2032 | 1 | |
| 36201J-EQ-8. | GN 584343 | | 06/01/2009 | MBS PAYMENT | | 591 | 591 | 618 | 606 | 0 | (15) | 0 | (15) | 0 | 591 | 0 | 0 | 0 | 17 | 04/01/2032 | 1 | |
| 36202D-7K-1. | G2 3598 | | 06/01/2009 | MBS PAYMENT | | 2,285 | 2,285 | 2,317 | 2,296 | 0 | (11) | 0 | (11) | 0 | 2,285 | 0 | 0 | 0 | 58 | 08/01/2034 | 1 | |
| 36202D-BH-3. | G2 2740 | | 06/01/2009 | MBS PAYMENT | | 483 | 483 | 470 | 475 | 0 | 8 | 0 | 8 | 0 | 483 | 0 | 0 | 0 | 12 | 04/01/2029 | 1 | |
| 36202D-J8-5. | G2 2987 | | 06/01/2009 | MBS PAYMENT | | 44 | 44 | 43 | 44 | 0 | 0 | 0 | 0 | 0 | 44 | 0 | 0 | 0 | 1 | 10/01/2030 | 1 | |
| 36202D-VM-0. | G2 3320 | | 06/01/2009 | MBS PAYMENT | | 4,549 | 4,549 | 4,609 | 4,574 | 0 | (25) | 0 | (25) | 0 | 4,549 | 0 | 0 | 0 | 106 | 12/01/2032 | 1 | |
| 36212E-GR-2. | GN 531308 | | 06/01/2009 | MBS PAYMENT | | 7 | 7 | 7 | 7 | 0 | 0 | 0 | 0 | 0 | 7 | 0 | 0 | 0 | 0 | 08/01/2030 | 1 | |
| 36213D-G4-4. | GN 551119 | | 06/01/2009 | MBS PAYMENT | | 1,063 | 1,063 | 1,125 | 1,103 | 0 | (40) | 0 | (40) | 0 | 1,063 | 0 | 0 | 0 | 35 | 08/01/2031 | 1 | |
| 36213P-ES-6. | GN 560045 | | 06/01/2009 | MBS PAYMENT | | 26,150 | 26,150 | 26,763 | 26,157 | 0 | (7) | 0 | (7) | 0 | 26,150 | 0 | 0 | 0 | 709 | 05/01/2031 | 1 | |
| 36213U-OL-7. | GN 564859 | | 06/01/2009 | MBS PAYMENT | | 27 | 27 | 27 | 28 | 0 | (1) | 0 | (1) | 0 | 27 | 0 | 0 | 0 | 1 | 09/01/2031 | 1 | |
| 36216P-3K-2. | GN 171002 | | 06/01/2009 | MBS PAYMENT | | 32 | 32 | 30 | 31 | 0 | 0 | 0 | 0 | 0 | 32 | 0 | 0 | 0 | 1 | 09/01/2028 | 1 | |
| 36225C-JZ-0. | G2 80279 | | 06/01/2009 | MBS PAYMENT | | 149 | 149 | 150 | 153 | 0 | (4) | 0 | (4) | 0 | 149 | 0 | 0 | 0 | 3 | 04/01/2029 | 1 | |
| 36225C-V6-0. | G2 80636 | | 06/01/2009 | MBS PAYMENT | | 1,392 | 1,392 | 1,399 | 1,407 | 0 | (15) | 0 | (15) | 0 | 1,392 | 0 | 0 | 0 | 28 | 09/01/2032 | 1 | |
| 36225D-MF-8. | G2 81257 | | 06/01/2009 | MBS PAYMENT | | 7,560 | 7,560 | 7,578 | 7,568 | 0 | (8) | 0 | (8) | 0 | 7,560 | 0 | 0 | 0 | 122 | 09/01/2035 | 1 | |
| 36229H-CX-0. | G2 628386 | | 06/01/2009 | MBS PAYMENT | | 9,102 | 9,102 | 9,051 | 9,097 | 0 | 5 | 0 | 5 | 0 | 9,102 | 0 | 0 | 0 | 207 | 04/01/2034 | 1 | |
| 912828-EW-6. | US TREASURY N/B | | 05/22/2009 | CITIGROUP | | 574,903 | 520,000 | 515,288 | 516,408 | 0 | 194 | 0 | 194 | 0 | 516,602 | 0 | 0 | 0 | 18,164 | 02/15/2016 | 1 | |
| 912828-GT-1. | US TREASURY N/B | | 06/11/2009 | VARIOUS | | 760,000 | 760,000 | 760,920 | 760,213 | 0 | (213) | 0 | (213) | 0 | 760,000 | 0 | 58,300 | 58,300 | 18,525 | 05/31/2009 | 1 | |
| 0399999 - Bonds - U.S. Governments | | | | | | 2,461,358 | 2,339,656 | 2,338,724 | 2,338,046 | 0 | (260) | 0 | (260) | 0 | 2,337,788 | 0 | 123,571 | 123,571 | 64,502 | XXX | XXX | |
| 1099999 - Bonds - All Other Governments | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 1799999 - Bonds - U.S. States, Territories and Possessions | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 31283J-WR-8. | FG 610656 | | 06/01/2009 | MBS PAYMENT | | 322 | 322 | 325 | 322 | 0 | (1) | 0 | (1) | 0 | 322 | 0 | 0 | 0 | 10 | 01/01/2012 | 1 | |
| 31286H-5J-6. | FG E81749 | | 06/01/2009 | MBS PAYMENT | | 12 | 12 | 13 | 12 | 0 | 12 | 0 | 12 | 0 | 12 | 0 | 0 | 0 | 0 | 11/01/2015 | 1 | |
| 31286J-OR-1. | FG E82264 | | 06/01/2009 | MBS PAYMENT | | 75 | 75 | 76 | 76 | 0 | (1) | 0 | (1) | 0 | 75 | 0 | 0 | 0 | 2 | 01/01/2016 | 1 | |
| 31286S-7C-5. | FG E89891 | | 06/01/2009 | MBS PAYMENT | | 3,799 | 3,799 | 3,923 | 3,822 | 0 | (23) | 0 | (23) | 0 | 3,799 | 0 | 0 | 0 | 96 | 05/01/2017 | 1 | |
| 31286F-P7-9. | FG A53146 | | 06/01/2009 | MBS PAYMENT | | 151,679 | 151,679 | 149,807 | 151,266 | 0 | 413 | 0 | 413 | 0 | 151,679 | 0 | 0 | 0 | 3,846 | 10/01/2036 | 1 | |
| 3128LX-H6-8. | FG 602031 | | 06/01/2009 | MBS PAYMENT | | 56,943 | 56,943 | 56,324 | 56,810 | 0 | 133 | 0 | 133 | 0 | 56,943 | 0 | 0 | 0 | 1,305 | 02/01/2036 | 1 | |
| 3128MJ-E5-5. | FG 608155 | | 06/01/2009 | MBS PAYMENT | | 35,828 | 35,828 | 35,386 | 35,743 | 0 | 85 | 0 | 85 | 0 | 35,828 | 0 | 0 | 0 | 824 | 10/01/2036 | 1 | |
| 3128MJ-EY-2. | FG 608150 | | 06/01/2009 | MBS PAYMENT | | 56,971 | 56,971 | 56,267 | 56,784 | 0 | 187 | 0 | 187 | 0 | 56,971 | 0 | 0 | 0 | 1,326 | 09/01/2036 | 1 | |
| 3128MJ-HT-0. | FG 608241 | | 06/01/2009 | MBS PAYMENT | | 188,209 | 188,209 | 188,479 | 188,479 | 0 | (270) | 0 | (270) | 0 | 188,209 | 0 | 0 | 0 | 4,327 | 01/01/2038 | 1 | |
| 312926-ZF-6. | FG C00742 | | 06/01/2009 | MBS PAYMENT | | 3,252 | 3,252 | 3,302 | 3,263 | 0 | (11) | 0 | (11) | 0 | 3,252 | 0 | 0 | 0 | 88 | 04/01/2029 | 1 | |
| 31292H-5P-5. | FG C01754 | | 06/01/2009 | MBS PAYMENT | | 12,945 | 12,945 | 13,173 | 13,014 | 0 | (69) | 0 | (69) | 0 | 12,945 | 0 | 0 | 0 | 300 | 01/01/2034 | 1 | |
| 31292H-D2-7. | FG C01021 | | 06/01/2009 | MBS PAYMENT | | 19 | 19 | 18 | 18 | 0 | 1 | 0 | 1 | 0 | 19 | 0 | 0 | 0 | 1 | 05/01/2030 | 1 | |
| 31292H-GC-2. | FG C01095 | | 06/01/2009 | MBS PAYMENT | | 81 | 81 | 80 | 75 | 0 | 6 | 0 | 6 | 0 | 81 | 0 | 0 | 0 | 2 | 11/01/2030 | 1 | |
| 31292H-N9-1. | FG C01316 | | 06/01/2009 | MBS PAYMENT | | 1,827 | 1,827 | 1,812 | 1,819 | 0 | 8 | 0 | 8 | 0 | 1,827 | 0 | 0 | 0 | 46 | 03/01/2032 | 1 | |
| 31292H-RR-7. | FG C01396 | | 06/01/2009 | MBS PAYMENT | | 11,926 | 11,926 | 12,344 | 12,094 | 0 | (168) | 0 | (168) | 0 | 11,926 | 0 | 0 | 0 | 334 | 09/01/2032 | 1 | |
| 31292H-UP-7. | FG C01490 | | 06/01/2009 | MBS PAYMENT | | 2,842 | 2,842 | 2,885 | 2,865 | 0 | (23) | 0 | (23) | 0 | 2,842 | 0 | 0 | 0 | 66 | 01/01/2032 | 1 | |
| 31293S-DX-4. | FG C28218 | | 06/01/2009 | MBS PAYMENT | | 16 | 16 | 16 | 16 | 0 | 0 | 0 | 0 | 0 | 16 | 0 | 0 | 0 | 0 | 06/01/2029 | 1 | |
| 31293T-GD-3. | FG C29196 | | 06/01/2009 | MBS PAYMENT | | 16 | 16 | 15 | 16 | 0 | 0 | 0 | 0 | 0 | 16 | 0 | 0 | 0 | 0 | 07/01/2029 | 1 | |
| 31293Y-N7-7. | FG C33114 | | 06/01/2009 | MBS PAYMENT | | 725 | 725 | 773 | 736 | 0 | (11) | 0 | (11) | 0 | 725 | 0 | 0 | 0 | 27 | 12/01/2029 | 1 | |
| 31294B-6N-0. | FG C35377 | | 06/01/2009 | MBS PAYMENT | | 99 | 99 | 101 | 99 | 0 | (1) | 0 | (1) | 0 | 99 | 0 | 0 | 0 | 3 | 01/01/2030 | 1 | |
| 31294G-K9-4. | FG C39320 | | 06/01/2009 | MBS PAYMENT | | 6 | 6 | 6 | 6 | 0 | 0 | 0 | 0 | 0 | 6 | 0 | 0 | 0 | 0 | 06/01/2030 | 1 | |
| 312964-LC-1. | FG 812123 | | 06/01/2009 | MBS PAYMENT | | 3,520 | 3,520 | 3,596 | 3,528 | 0 | (9) | 0 | (9) | 0 | 3,520 | 0 | 0 | 0 | 72 | 02/01/2019 | 1 | |
| 31297T-NC-3. | FG A37587 | | 04/01/2009 | MBS PAYMENT | | 21,777 | 21,777 | 22,239 | 23,072 | 0 | (1,295) | 0 | (1,295) | 0 | 21,777 | 0 | 0 | 0 | 472 | 04/01/2009 | 1 | |
| 31298D-OY-6. | FG C44971 | | 06/01/2009 | MBS PAYMENT | | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 11/01/2030 | 1 | |
| 31298G-WF-3. | FG C47846 | | 06/01/2009 | MBS PAYMENT | | 62 | 62 | 64 | 62 | 0 | 0 | 0 | 0 | 0 | 62 | 0 | 0 | 0 | 2 | 02/01/2031 | 1 | |
| 31298U-FA-2. | FG C57361 | | 06/01/2009 | MBS PAYMENT | | 4,436 | 4,436 | 4,505 | 4,448 | 0 | (13) | 0 | (13) | 0 | 4,436 | 0 | 0 | 0 | 120 | 09/01/2031 | 1 | |
| 31315M-AV-8. | FARMER MAC | | 05/22/2009 | STIFEL NICOLAUS | | 837,518 | 735,000 | 802,495 | 787,353 | 0 | (3,336) | 0 | (3,336) | 0 | 784,017 | 0 | 53,500 | 53,500 | 22,640 | 06/10/2014 | 1 | |
| 31371G-2P-4. | FN 251982 | | 06/01/2009 | MBS PAYMENT | | 1,662 | 1,662 | 1,729 | 1,669 | 0 | (8) | 0 | (8) | 0 | 1,662 | 0 | 0 | 0 | 45 | 09/01/2013 | 1 | |
| 31371J-UL-6. | FN 253587 | | 06/01/2009 | MBS PAYMENT | | 487 | 487 | 491 | 491 | 0 | (4) | 0 | (4) | 0 | 487 | 0 | 0 | 0 | 14 | 12/01/2015 | 1 | |
| 31371K-XU-0. | FN 254591 | | 06/01/2009 | MBS PAYMENT | | 1,000 | 1,000 | 1,029 | 1,003 | 0 | (3) | 0 | (3) | 0 | 1,000 | 0 | 0 | 0 | 23 | 01/01/2018 | 1 | |
| 31371L-CT-4. | FN 254882 | | 06/01/2009 | MBS PAYMENT | | 2,302 | 2,302 | 2,351 | 2,309 | 0 | (6) | 0 | (6) | 0 | 2,302 | 0 | 0 | 0 | 48 | 08/01/2013 | 1 | |
| 31371L-KW-8. | FN 255109 | | 06/01/2009 | MBS PAYMENT | | 1 | | | | | | | | | | | | | | | | |

STATEMENT AS OF JUNE 30, 2009 OF THE PACO Assurance Company, Inc.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company 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 | Foreign | 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) |
| 31384W-T8-5 | FN 535275 | | 06/01/2009 | MBS PAYMENT | | 309 | 309 | 307 | 307 | .0 | .2 | .0 | .2 | .0 | 309 | .0 | .0 | .0 | .8 | 05/01/2030 | 1 |
| 31384W-LN-8 | FN 535933 | | 06/01/2009 | MBS PAYMENT | | 573 | 573 | 582 | 576 | .0 | (3) | .0 | (3) | .0 | 573 | .0 | .0 | .0 | .15 | 05/01/2031 | 1 |
| 31385H-PJ-5 | FN 545025 | | 06/01/2009 | MBS PAYMENT | | 809 | 809 | 823 | 810 | .0 | (1) | .0 | (1) | .0 | 809 | .0 | .0 | .0 | .23 | 06/01/2016 | 1 |
| 31385J-K3-1 | FN 545814 | | 06/01/2009 | MBS PAYMENT | | 3,223 | 3,223 | 3,272 | 3,236 | .0 | (13) | .0 | (13) | .0 | 3,223 | .0 | .0 | .0 | .88 | 08/01/2032 | 1 |
| 31385X-NR-4 | FN 555800 | | 06/01/2009 | MBS PAYMENT | | 27,101 | 27,101 | 27,263 | 27,115 | .0 | (14) | .0 | (14) | .0 | 27,101 | .0 | .0 | .0 | 626 | 03/01/2032 | 1 |
| 31386C-SU-2 | FN 559859 | | 06/01/2009 | MBS PAYMENT | | 518 | 518 | 540 | 531 | .0 | (13) | .0 | (13) | .0 | 518 | .0 | .0 | .0 | .14 | 01/01/2016 | 1 |
| 31386P-MX-8 | FN 569274 | | 06/01/2009 | MBS PAYMENT | | 1,312 | 1,312 | 1,340 | 1,313 | .0 | (2) | .0 | (2) | .0 | 1,312 | .0 | .0 | .0 | .38 | 02/01/2016 | 1 |
| 31386X-JX-5 | FN 576378 | | 06/01/2009 | MBS PAYMENT | | 7,031 | 7,031 | 7,152 | 7,041 | .0 | (10) | .0 | (10) | .0 | 7,031 | .0 | .0 | .0 | 174 | 04/01/2016 | 1 |
| 31387C-M2-4 | FN 580077 | | 06/01/2009 | MBS PAYMENT | | 124 | 124 | 125 | 124 | .0 | .0 | .0 | .0 | .0 | 124 | .0 | .0 | .0 | .3 | 09/01/2031 | 1 |
| 31387F-JG-0 | FN 582663 | | 06/01/2009 | MBS PAYMENT | | 1,694 | 1,694 | 1,720 | 1,707 | .0 | (12) | .0 | (12) | .0 | 1,694 | .0 | .0 | .0 | .55 | 06/01/2031 | 1 |
| 31387S-GY-6 | FN 592515 | | 06/01/2009 | MBS PAYMENT | | 332 | 332 | 345 | 334 | .0 | (2) | .0 | (2) | .0 | 332 | .0 | .0 | .0 | .9 | 10/01/2016 | 1 |
| 31389F-EJ-7 | FN 623937 | | 06/01/2009 | MBS PAYMENT | | 14,872 | 14,872 | 15,100 | 14,942 | .0 | (70) | .0 | (70) | .0 | 14,872 | .0 | .0 | .0 | 325 | 01/01/2032 | 1 |
| 31389P-LJ-7 | FN 631329 | | 06/01/2009 | MBS PAYMENT | | 2,867 | 2,867 | 2,963 | 2,874 | .0 | (7) | .0 | (7) | .0 | 2,867 | .0 | .0 | .0 | .74 | 03/01/2017 | 1 |
| 31391K-SX-1 | FN 669662 | | 06/01/2009 | MBS PAYMENT | | 6,283 | 6,283 | 6,379 | 6,305 | .0 | (22) | .0 | (22) | .0 | 6,283 | .0 | .0 | .0 | 163 | 05/01/2032 | 1 |
| 31393B-JY-2 | FNR 2003-33 LD | | 06/12/2009 | VARIABLE | | 102,218 | 102,229 | 103,756 | 103,238 | .0 | (131) | .0 | (131) | .0 | 103,108 | .0 | (890) | (890) | 2,325 | 05/01/2013 | 1 |
| 31396X-LL-6 | FNR 2007-84 KL | | 06/12/2009 | VARIABLE | | 428,802 | 430,788 | 434,019 | 434,463 | .0 | (2,009) | .0 | (2,009) | .0 | 432,453 | .0 | (3,651) | (3,651) | 12,661 | 06/01/2010 | 1 |
| 31397G-TM-6 | FHRR R011 AB | | 06/30/2009 | VARIABLE | | 1,214,399 | 1,185,257 | 1,187,513 | 1,187,226 | .0 | (263) | .0 | (263) | .0 | 1,186,963 | .0 | 27,436 | 27,436 | 33,640 | 04/01/2012 | 1 |
| 31400B-WY-8 | FN 682963 | | 06/01/2009 | MBS PAYMENT | | 2,153 | 2,153 | 2,124 | 2,148 | .0 | .5 | .0 | .5 | .0 | 2,153 | .0 | .0 | .0 | .55 | 02/01/2033 | 1 |
| 31400F-PB-7 | FN 686318 | | 06/01/2009 | MBS PAYMENT | | 1,915 | 1,915 | 1,974 | 1,921 | .0 | (6) | .0 | (6) | .0 | 1,915 | .0 | .0 | .0 | .40 | 08/01/2017 | 1 |
| 31402F-DL-6 | FN 727407 | | 06/01/2009 | MBS PAYMENT | | 2,074 | 2,074 | 2,047 | 2,072 | .0 | .2 | .0 | .2 | .0 | 2,074 | .0 | .0 | .0 | .40 | 02/01/2018 | 1 |
| 31402Q-YC-9 | FN 735207 | | 06/01/2009 | MBS PAYMENT | | 13,785 | 13,785 | 14,143 | 13,952 | .0 | (166) | .0 | (166) | .0 | 13,785 | .0 | .0 | .0 | 348 | 04/01/2034 | 1 |
| 31403D-GY-9 | FN 745515 | | 05/21/2009 | VARIABLE | | 1,745,821 | 1,691,606 | 1,627,204 | 1,628,282 | .0 | 7,618 | .0 | 7,618 | .0 | 1,635,960 | .0 | 103,856 | 103,856 | 32,789 | 05/01/2036 | 1 |
| 31403J-EU-6 | FN 749947 | | 06/01/2009 | MBS PAYMENT | | 325 | 325 | 328 | 326 | .0 | (2) | .0 | (2) | .0 | 325 | .0 | .0 | .0 | .7 | 10/01/2033 | 1 |
| 31409F-LZ-9 | FN 869844 | | 06/01/2009 | MBS PAYMENT | | 14,035 | 14,035 | 13,996 | 14,035 | .0 | .3 | .0 | .3 | .0 | 14,035 | .0 | .0 | .0 | 347 | 04/01/2036 | 1 |
| 31409X-RD-3 | FN 881684 | | 06/01/2009 | MBS PAYMENT | | 2,645 | 2,645 | 2,638 | 2,645 | .0 | .0 | .0 | .0 | .0 | 2,645 | .0 | .0 | .0 | .66 | 05/01/2036 | 1 |
| 31410F-S5-5 | FN 888029 | | 06/01/2009 | MBS PAYMENT | | 5,280 | 5,280 | 5,289 | 5,282 | .0 | (2) | .0 | (2) | .0 | 5,280 | .0 | .0 | .0 | 132 | 12/01/2036 | 1 |
| 31410G-FG-3 | FN 888567 | | 06/01/2009 | MBS PAYMENT | | 22,723 | 22,723 | 22,859 | 22,743 | .0 | (20) | .0 | (20) | .0 | 22,723 | .0 | .0 | .0 | 515 | 12/01/2036 | 1 |
| 31410U-NH-1 | FN 897792 | | 06/01/2009 | MBS PAYMENT | | 56,552 | 56,552 | 56,654 | 56,595 | .0 | (43) | .0 | (43) | .0 | 56,552 | .0 | .0 | .0 | 1,420 | 09/01/2036 | 1 |
| 31410V-AH-3 | FN 898308 | | 06/12/2009 | VARIABLE | | 914,963 | 882,298 | 890,001 | 890,185 | .0 | (869) | .0 | (869) | .0 | 889,316 | .0 | 25,648 | 25,648 | 28,613 | 11/01/2036 | 1 |
| 31410X-HH-2 | FN 900332 | | 06/01/2009 | MBS PAYMENT | | 137,042 | 137,042 | 137,977 | 137,114 | .0 | (72) | .0 | (72) | .0 | 137,042 | .0 | .0 | .0 | 2,958 | 09/01/2036 | 1 |
| 31411C-PS-4 | FN 904133 | | 06/01/2009 | MBS PAYMENT | | 4,631 | 4,631 | 4,639 | 4,632 | .0 | (1) | .0 | (1) | .0 | 4,631 | .0 | .0 | .0 | 111 | 11/01/2036 | 1 |
| 31411L-SF-9 | FN 911418 | | 06/01/2009 | MBS PAYMENT | | 29,291 | 29,291 | 29,466 | 29,319 | .0 | (27) | .0 | (27) | .0 | 29,291 | .0 | .0 | .0 | 639 | 05/01/2037 | 1 |
| 31411U-H5-3 | FN 914752 | | 06/01/2009 | MBS PAYMENT | | 24,737 | 24,737 | 24,885 | 24,761 | .0 | (24) | .0 | (24) | .0 | 24,737 | .0 | .0 | .0 | 574 | 04/01/2037 | 1 |
| 31412V-TG-3 | FN 936251 | | 06/01/2009 | MBS PAYMENT | | 2,045 | 2,045 | 2,049 | 2,045 | .0 | (1) | .0 | (1) | .0 | 2,045 | .0 | .0 | .0 | .56 | 05/01/2037 | 1 |
| 31413B-PH-8 | FN 940624 | | 06/12/2009 | VARIABLE | | 823,631 | 793,946 | 795,373 | 795,561 | .0 | (637) | .0 | (637) | .0 | 794,924 | .0 | 28,707 | 28,707 | 25,600 | 08/01/2037 | 1 |
| 31413C-EA-3 | FN 941229 | | 06/01/2009 | MBS PAYMENT | | 12,304 | 12,304 | 12,378 | 12,304 | .0 | (16) | .0 | (16) | .0 | 12,304 | .0 | .0 | .0 | 290 | 06/01/2037 | 1 |
| 31414P-BE-8 | FN 971737 | | 06/01/2009 | MBS PAYMENT | | 6,845 | 6,845 | 6,885 | 6,853 | .0 | (9) | .0 | (9) | .0 | 6,845 | .0 | .0 | .0 | 170 | 07/01/2037 | 1 |
| 38374J-GY-6 | GNR 2004-80 GC | | 06/12/2009 | BANK OF NEW YORK | | 179,594 | 175,000 | 177,734 | 177,351 | .0 | (779) | .0 | (779) | .0 | 176,572 | .0 | 3,022 | 3,022 | 4,764 | 10/01/2010 | 1 |
| 3199999 | Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of ... | | | | | 7,220,953 | 6,970,631 | 6,994,039 | 6,979,287 | 0 | (2,027) | 0 | (2,027) | 0 | 6,977,321 | 0 | 237,627 | 237,627 | 185,943 | XXX | XXX |
| 093862-AD-6 | BLOCK FINANCIAL LLC | | 05/21/2009 | CREDIT SUISSE FIRST BOSTON | | 104,289 | 100,000 | 93,000 | 93,052 | .0 | 574 | .0 | 574 | .0 | 93,626 | .0 | 10,673 | 10,673 | 6,825 | 01/15/2013 | 2FE |
| 121891-AY-0 | BURLINGTN NORTH SANTA FE | | 06/12/2009 | RBC CAPITAL MARKETS | | 498,895 | 500,000 | 499,503 | 499,554 | .0 | 19 | .0 | 19 | .0 | 499,573 | .0 | (678) | (678) | 17,735 | 05/01/2017 | 1 |
| 29078E-AB-1 | EMBARO CORP | | 05/21/2009 | CHASE SECURITIES | | 535,535 | 550,000 | 557,899 | 558,079 | .0 | (1,295) | .0 | (1,295) | .0 | 556,785 | .0 | (21,250) | (21,250) | 19,043 | 06/01/2016 | 2FE |
| 472319-AE-2 | JEFFERIES GROUP INC | | 05/26/2009 | CANTOR FITZGERALD | | 46,219 | 75,000 | 74,666 | 74,680 | .0 | .4 | .0 | .4 | .0 | 74,684 | .0 | (28,465) | (28,465) | 2,298 | 06/08/2027 | 2FE |
| 485134-BL-3 | KANSAS CITY POWER & LT | | 06/12/2009 | FIRST TENNESSEE | | 350,223 | 325,000 | 324,649 | 324,649 | .0 | .9 | .0 | .9 | .0 | 324,658 | .0 | 25,565 | 25,565 | 5,358 | 04/01/2019 | 1 |
| 49228R-AE-3 | KERN RIVER FUNDING CORP | | 06/30/2009 | VARIABLE | | 166,370 | 179,563 | 178,496 | 178,068 | .0 | 755 | .0 | 755 | .0 | 178,824 | .0 | (12,454) | (12,454) | 4,737 | 04/30/2018 | 1FE |
| 55259P-AC-0 | M&I MARSHALL & ILSLEY BK | | 05/21/2009 | STIFEL NICOLAUS | | 53,899 | 75,000 | 78,137 | 76,400 | .0 | (141) | .0 | (141) | .0 | 76,259 | .0 | (22,360) | (22,360) | 2,877 | 09/04/2012 | 2FE |
| 577778-BF-9 | MACYS RETAIL HLDGS INC | | 06/10/2009 | MORGAN STANLEY DEAN | | 128,360 | 161,000 | 182,873 | 177,114 | .0 | (733) | .0 | (733) | .0 | 176,381 | .0 | (48,021) | (48,021) | 7,996 | 10/15/2016 | 2FE |
| 58013W-DR-2 | MCDONALDS CORP | | 06/12/2009 | CHASE SECURITIES | | 162,224 | 150,000 | 158,246 | 154,122 | .0 | (548) | .0 | (548) | .0 | 153,574 | .0 | 8,650 | 8,650 | 6,852 | 03/01/2012 | 1FE |
| 61166W-AG-6 | MONSANTO CO | | 06/12/2009 | CHASE SECURITIES | | 249,908 | 250,000 | 246,325 | 246,358 | .0 | 21 | .0 | 21 | .0 | 246,379 | .0 | 3,528 | 3,528 | 9,873 | 04/15/2038 | 1FE |
| 626717-AA-0 | MURPHY OIL CORPORATION | | 05/26/2009 | MESIROW FINANCIAL INC | | 40,085 | 50,000 | 53,250 | 53,063 | .0 | (24) | .0 | (24) | .0 | 53,039 | .0 | (12,954) | (12,954) | 2,037 | 05/01/2029 | 2 |
| 695114-BU-1 | PACIFICORP | | 06/18/2009 | JEFFERIES & CO | | 54,574 | 50,000 | 49,827 | 49,938 | .0 | .9 | .0 | .9 | .0 | 49,947 | .0 | 4,627 | 4,627 | 2,089 | 11/15/2011 | 1FE |
| 706451-BS-9 | PEMEX PROJ FDG MASTER TR | | 06/15/2009 | UBS SECURITIES | | 364,400 | 500,000 | 397,525 | 397,582 | .0 | 58 | .0 | 58 | .0 | 397, | | | | | | |

STATEMENT AS OF JUNE 30, 2009 OF THE PACO Assurance Company, Inc.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company 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 eig n | 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) | |
| 4199999 | - Bonds - Credit Tenant Loans | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 4899999 | - Total - Bonds - Hybrid Securities | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 5599999 | - Bonds - Parent, Subsidiaries and Affiliates | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 8399997 | - Bonds - Part 4 | | | | | 15,057,471 | 14,890,091 | 15,019,205 | 13,674,770 | 75,066 | (19,284) | 0 | 55,782 | 0 | 14,950,137 | 0 | 101,329 | 101,329 | 448,588 | XXX | XXX | |
| 8399999 | - Total - Bonds | | | | | 15,057,471 | 14,890,091 | 15,019,205 | 13,674,770 | 75,066 | (19,284) | 0 | 55,782 | 0 | 14,950,137 | 0 | 101,329 | 101,329 | 448,588 | XXX | XXX | |
| 060505-76-5 | BANK OF AMERICA CORP | F | 05/21/2009 | BANK AMERICA | 6,000,000 | 103,497 | 25.00 | 150,000 | 121,500 | 28,500 | 0 | 0 | 28,500 | 0 | 150,000 | 0 | (46,503) | (46,503) | 6,150 | | P1A | |
| 018805-20-0 | ALLIANZ SE | F | 05/21/2009 | BANK AMERICA | 8,000,000 | 169,996 | 25.00 | 200,000 | 156,000 | 44,000 | 0 | 0 | 44,000 | 0 | 200,000 | 0 | (30,004) | (30,004) | 4,188 | | P1LFE | |
| 8499999 | - Preferred Stocks - Industrial and Miscellaneous | | | | | 273,493 | XXX | 350,000 | 277,500 | 72,500 | 0 | 0 | 72,500 | 0 | 350,000 | 0 | (76,507) | (76,507) | 10,338 | XXX | XXX | |
| 8599999 | - Preferred Stocks - Parent, Subsidiaries and Affiliates | | | | | 0 | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 8999997 | - Preferred Stocks - Part 4 | | | | | 273,493 | XXX | 350,000 | 277,500 | 72,500 | 0 | 0 | 72,500 | 0 | 350,000 | 0 | (76,507) | (76,507) | 10,338 | XXX | XXX | |
| 8999999 | - Total - Preferred Stocks | | | | | 273,493 | XXX | 350,000 | 277,500 | 72,500 | 0 | 0 | 72,500 | 0 | 350,000 | 0 | (76,507) | (76,507) | 10,338 | XXX | XXX | |
| 9099999 | - Common Stocks - Industrial and Miscellaneous | | | | | 0 | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 9199999 | - Common Stocks - Parent, Subsidiaries and Affiliates | | | | | 0 | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 9299999 | - Common Stocks - Mutual Funds | | | | | 0 | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 9399999 | - Common Stocks - Money Market Mutual Funds | | | | | 0 | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 9799997 | - Common Stocks - Part 4 | | | | | 0 | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 9799999 | - Total - Common Stocks | | | | | 0 | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX |
| 9899999 | - Total - Preferred and Common Stocks | | | | | 273,493 | XXX | 350,000 | 277,500 | 72,500 | 0 | 0 | 72,500 | 0 | 350,000 | 0 | (76,507) | (76,507) | 10,338 | XXX | XXX | |
| 9999999 | Totals | | | | | 15,330,964 | XXX | 15,369,205 | 13,952,270 | 147,566 | (19,284) | 0 | 128,282 | 0 | 15,300,137 | 0 | 24,822 | 24,822 | 458,926 | XXX | XXX | |

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

E05.2

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

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 Date | 6 Book/Adjusted Carrying Value | 7 Amount of Interest Due & Accrued | 8 Amount Received During Year |
|------------------|-----------|-----------------------|--------------------------|-----------------------|--------------------------------------|--|-------------------------------------|
| NONE | | | | | | | |
| 8699999 Totals | | | | | 0 | 0 | 0 |

E09



SUPPLEMENT FOR JUNE 30, 2009 OF THE PACO Assurance Company, Inc.

Designate the type of health care providers reported on this page
Physicians

**SUPPLEMENT "A" TO SCHEDULE T
EXHIBIT OF MEDICAL PROFESSIONAL LIABILITY PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES**

| States, Etc. | 1 Direct Premiums Written | 2 Direct Premiums Earned | Direct Losses Paid | | 5 Direct Losses Incurred | Direct Losses Unpaid | | 8 Direct Losses Incurred But Not Reported |
|---|------------------------------------|-----------------------------------|--------------------|--------------------------|-----------------------------------|-------------------------|--------------------------|--|
| | | | 3 Amount | 4 Number of Claims | | 6 Amount Reported | 7 Number of Claims | |
| 1. Alabama AL | | | | | | | | |
| 2. Alaska AK | | | | | | | | |
| 3. Arizona AZ | | | | | | | | |
| 4. Arkansas AR | | | | | | | | |
| 5. California CA | | | | | | | | |
| 6. Colorado CO | | | | | | | | |
| 7. Connecticut CT | | | | | | | | |
| 8. Delaware DE | | | | | | | | |
| 9. District of Columbia DC | | | | | | | | |
| 10. Florida FL | | | | | | | | |
| 11. Georgia GA | | | | | | | | |
| 12. Hawaii HI | | | | | | | | |
| 13. Idaho ID | | | | | | | | |
| 14. Illinois IL | | | | | | | | |
| 15. Indiana IN | | | | | | | | |
| 16. Iowa IA | | | | | | | | |
| 17. Kansas KS | | | | | | | | |
| 18. Kentucky KY | | | | | | | | |
| 19. Louisiana LA | | | | | | | | |
| 20. Maine ME | | | | | | | | |
| 21. Maryland MD | | | | | | | | |
| 22. Massachusetts MA | | | | | | | | |
| 23. Michigan MI | | | | | | | | |
| 24. Minnesota MN | | | | | | | | |
| 25. Mississippi MS | | | | | | | | |
| 26. Missouri MO | | | | | | | | |
| 27. Montana MT | | | | | | | | |
| 28. Nebraska NE | | | | | | | | |
| 29. Nevada NV | | | | | | | | |
| 30. New Hampshire NH | | | | | | | | |
| 31. New Jersey NJ | | | | | | | | |
| 32. New Mexico NM | | | | | | | | |
| 33. New York NY | | | | | | | | |
| 34. North Carolina NC | | | | | | | | |
| 35. North Dakota ND | | | | | | | | |
| 36. Ohio OH | | | | | | | | |
| 37. Oklahoma OK | | | | | | | | |
| 38. Oregon OR | | | | | | | | |
| 39. Pennsylvania PA | | | | | | | | |
| 40. Rhode Island RI | | | | | | | | |
| 41. South Carolina SC | | | | | | | | |
| 42. South Dakota SD | | | | | | | | |
| 43. Tennessee TN | | | | | | | | |
| 44. Texas TX | | | | | | | | |
| 45. Utah UT | | | | | | | | |
| 46. Vermont VT | | | | | | | | |
| 47. Virginia VA | | | | | | | | |
| 48. Washington WA | | | | | | | | |
| 49. West Virginia WV | | | | | | | | |
| 50. Wisconsin WI | | | | | | | | |
| 51. Wyoming WY | | | | | | | | |
| 52. American Samoa AS | | | | | | | | |
| 53. Guam GU | | | | | | | | |
| 54. Puerto Rico PR | | | | | | | | |
| 55. U.S. Virgin Islands VI | | | | | | | | |
| 56. Northern Mariana Islands MP | | | | | | | | |
| 57. Canada CN | | | | | | | | |
| 58. Aggregate other alien OT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 59. Totals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DETAILS OF WRITE-INS | | | | | | | | |
| 5801. | | | | | | | | |
| 5802. | | | | | | | | |
| 5803. | | | | | | | | |
| 5898. Summary of remaining write-ins for Line 58 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5899. Totals (Lines 5801 thru 5803 plus 5898) (Line 58 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



SUPPLEMENT FOR JUNE 30, 2009 OF THE PACO Assurance Company, Inc.

Designate the type of health care providers reported on this page
Hospitals

**SUPPLEMENT "A" TO SCHEDULE T
EXHIBIT OF MEDICAL PROFESSIONAL LIABILITY PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES**

| States, Etc. | 1 Direct Premiums Written | 2 Direct Premiums Earned | Direct Losses Paid | | 5 Direct Losses Incurred | Direct Losses Unpaid | | 8 Direct Losses Incurred But Not Reported |
|--|------------------------------------|-----------------------------------|--------------------|--------------------------|-----------------------------------|-------------------------|--------------------------|--|
| | | | 3 Amount | 4 Number of Claims | | 6 Amount Reported | 7 Number of Claims | |
| 1. Alabama AL | | | | | | | | |
| 2. Alaska AK | | | | | | | | |
| 3. Arizona AZ | | | | | | | | |
| 4. Arkansas AR | | | | | | | | |
| 5. California CA | | | | | | | | |
| 6. Colorado CO | | | | | | | | |
| 7. Connecticut CT | | | | | | | | |
| 8. Delaware DE | | | | | | | | |
| 9. District of Columbia DC | | | | | | | | |
| 10. Florida FL | | | | | | | | |
| 11. Georgia GA | | | | | | | | |
| 12. Hawaii HI | | | | | | | | |
| 13. Idaho ID | | | | | | | | |
| 14. Illinois IL | | | | | | | | |
| 15. Indiana IN | | | | | | | | |
| 16. Iowa IA | | | | | | | | |
| 17. Kansas KS | | | | | | | | |
| 18. Kentucky KY | | | | | | | | |
| 19. Louisiana LA | | | | | | | | |
| 20. Maine ME | | | | | | | | |
| 21. Maryland MD | | | | | | | | |
| 22. Massachusetts MA | | | | | | | | |
| 23. Michigan MI | | | | | | | | |
| 24. Minnesota MN | | | | | | | | |
| 25. Mississippi MS | | | | | | | | |
| 26. Missouri MO | | | | | | | | |
| 27. Montana MT | | | | | | | | |
| 28. Nebraska NE | | | | | | | | |
| 29. Nevada NV | | | | | | | | |
| 30. New Hampshire NH | | | | | | | | |
| 31. New Jersey NJ | | | | | | | | |
| 32. New Mexico NM | | | | | | | | |
| 33. New York NY | | | | | | | | |
| 34. North Carolina NC | | | | | | | | |
| 35. North Dakota ND | | | | | | | | |
| 36. Ohio OH | | | | | | | | |
| 37. Oklahoma OK | | | | | | | | |
| 38. Oregon OR | | | | | | | | |
| 39. Pennsylvania PA | | | | | | | | |
| 40. Rhode Island RI | | | | | | | | |
| 41. South Carolina SC | | | | | | | | |
| 42. South Dakota SD | | | | | | | | |
| 43. Tennessee TN | | | | | | | | |
| 44. Texas TX | | | | | | | | |
| 45. Utah UT | | | | | | | | |
| 46. Vermont VT | | | | | | | | |
| 47. Virginia VA | | | | | | | | |
| 48. Washington WA | | | | | | | | |
| 49. West Virginia WV | | | | | | | | |
| 50. Wisconsin WI | | | | | | | | |
| 51. Wyoming WY | | | | | | | | |
| 52. American Samoa AS | | | | | | | | |
| 53. Guam GU | | | | | | | | |
| 54. Puerto Rico PR | | | | | | | | |
| 55. U.S. Virgin Islands VI | | | | | | | | |
| 56. Northern Mariana Islands MP | | | | | | | | |
| 57. Canada CN | | | | | | | | |
| 58. Aggregate other alien OT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 59. Totals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DETAILS OF WRITE-INS | | | | | | | | |
| 5801. | | | | | | | | |
| 5802. | | | | | | | | |
| 5803. | | | | | | | | |
| 5898. Summary of remaining write-ins for Line 58 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5899. Totals (Lines 5801 thru 5803 plus 5898) (Line 58 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



SUPPLEMENT FOR JUNE 30, 2009 OF THE PACO Assurance Company, Inc.

Designate the type of health care providers reported on this page
Other Health Care Professionals

**SUPPLEMENT "A" TO SCHEDULE T
EXHIBIT OF MEDICAL PROFESSIONAL LIABILITY PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES**

| States, Etc. | 1 Direct Premiums Written | 2 Direct Premiums Earned | Direct Losses Paid | | 5 Direct Losses Incurred | Direct Losses Unpaid | | 8 Direct Losses Incurred But Not Reported | |
|---|------------------------------------|-----------------------------------|--------------------|--------------------------|-----------------------------------|-------------------------|--------------------------|--|-----------|
| | | | 3 Amount | 4 Number of Claims | | 6 Amount Reported | 7 Number of Claims | | |
| 1. Alabama | AL | 6,603 | 10,744 | | | (6,458) | | 10,920 | |
| 2. Alaska | AK | | | | | | | | |
| 3. Arizona | AZ | 102,932 | 86,189 | | | 15,825 | | 170,230 | |
| 4. Arkansas | AR | 44,517 | 41,950 | | | 6,182 | | 73,623 | |
| 5. California | CA | 880,886 | 1,036,125 | 547,999 | 5 | 251,708 | 819,995 | 1,456,818 | |
| 6. Colorado | CO | 2,699 | 238 | | | 4,464 | | 4,464 | |
| 7. Connecticut | CT | | | | | | | | |
| 8. Delaware | DE | 1,792 | 147 | | | 2,964 | | 2,964 | |
| 9. District of Columbia | DC | | | | | | | | |
| 10. Florida | FL | 826,774 | 782,342 | 41,600 | 3 | 835,760 | 1,584,992 | 1,367,327 | |
| 11. Georgia | GA | 74,954 | 72,653 | 30,000 | 1 | (77,900) | | 123,960 | |
| 12. Hawaii | HI | | | | | | | | |
| 13. Idaho | ID | 246 | 72 | | | 407 | | 407 | |
| 14. Illinois | IL | 390,741 | 309,217 | (30,000) | 1 | 676,636 | 1,117,497 | 646,211 | |
| 15. Indiana | IN | 17,557 | 20,709 | | | 146,126 | 384,999 | 29,036 | |
| 16. Iowa | IA | 794 | 309 | | | 1,313 | | 1,313 | |
| 17. Kansas | KS | 26,292 | 26,293 | | | 1,988 | | 43,482 | |
| 18. Kentucky | KY | 12,715 | 15,214 | | | (4,999) | | 21,028 | |
| 19. Louisiana | LA | 253,292 | 229,395 | 100,000 | 1 | (206,801) | 715,000 | 418,897 | |
| 20. Maine | ME | | | | | | | | |
| 21. Maryland | MD | | | | | | | | |
| 22. Massachusetts | MA | | | | | | | | |
| 23. Michigan | MI | 319,213 | 342,260 | 470,000 | 2 | 199,295 | 229,999 | 527,917 | |
| 24. Minnesota | MN | 1,988 | 189 | | | 3,288 | | 3,288 | |
| 25. Mississippi | MS | | | | | | | | |
| 26. Missouri | MO | 30,919 | 28,602 | | | 4,409 | | 51,134 | |
| 27. Montana | MT | | | | | | | | |
| 28. Nebraska | NE | | | | | | | | |
| 29. Nevada | NV | 20,953 | 20,161 | | | (2,827) | | 34,652 | |
| 30. New Hampshire | NH | | | | | | | | |
| 31. New Jersey | NJ | 94,147 | 60,300 | | | 100,990 | 34,999 | 155,701 | |
| 32. New Mexico | NM | | | | | | | | |
| 33. New York | NY | 201,173 | 146,334 | 23,549 | 1 | 23,965 | 3,097,209 | 664,963 | |
| 34. North Carolina | NC | 270 | 67 | | | 447 | | 447 | |
| 35. North Dakota | ND | | | | | | | | |
| 36. Ohio | OH | 62,328 | 55,583 | 1,000 | 1 | 109,518 | 100,000 | 103,079 | |
| 37. Oklahoma | OK | 34,353 | 42,819 | 137,500 | 1 | (185,155) | 82,000 | 56,813 | |
| 38. Oregon | OR | 107,122 | 107,217 | | | (9,539) | | 177,159 | |
| 39. Pennsylvania | PA | 481,735 | 607,502 | 6,000 | 1 | (257,357) | 149,996 | 796,698 | |
| 40. Rhode Island | RI | | | | | | | | |
| 41. South Carolina | SC | 26,386 | 37,146 | 60,000 | 1 | (56,170) | | 43,637 | |
| 42. South Dakota | SD | 210 | 58 | | | 347 | | 347 | |
| 43. Tennessee | TN | 61,787 | 53,240 | | | 11,614 | 300,000 | 102,184 | |
| 44. Texas | TX | 389,772 | 339,135 | | | 124,955 | 144,998 | 644,609 | |
| 45. Utah | UT | 66,013 | 58,851 | | | (34,715) | 34,999 | 109,173 | |
| 46. Vermont | VT | 546 | 40 | | | 903 | | 903 | |
| 47. Virginia | VA | 17,563 | 15,162 | | | 813,429 | 850,000 | 29,046 | |
| 48. Washington | WA | 386,584 | 358,748 | | | 116,520 | 272,496 | 639,336 | |
| 49. West Virginia | WV | (507) | (56) | | | (1,271) | | (838) | |
| 50. Wisconsin | WI | | | | | | | | |
| 51. Wyoming | WY | | | | | | | | |
| 52. American Samoa | AS | | | | | | | | |
| 53. Guam | GU | | | | | | | | |
| 54. Puerto Rico | PR | | | | | | | | |
| 55. U.S. Virgin Islands | VI | | | | | | | | |
| 56. Northern Mariana Islands | MP | | | | | | | | |
| 57. Canada | CN | | | | | | | | |
| 58. Aggregate other alien | OT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 59. Totals | | 4,945,349 | 4,904,955 | 1,387,648 | 18 | 2,609,861 | 9,919,179 | 106 | 8,510,928 |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 5801. | | | | | | | | | |
| 5802. | | | | | | | | | |
| 5803. | | | | | | | | | |
| 5898. Summary of remaining write-ins for Line 58 from overflow page | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 5899. Totals (Lines 5801 thru 5803 plus 5898) (Line 58 above) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |



SUPPLEMENT FOR JUNE 30, 2009 OF THE PACO Assurance Company, Inc.

Designate the type of health care providers reported on this page
Other Health Care Facilities

**SUPPLEMENT "A" TO SCHEDULE T
EXHIBIT OF MEDICAL PROFESSIONAL LIABILITY PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES**

| States, Etc. | 1 Direct Premiums Written | 2 Direct Premiums Earned | Direct Losses Paid | | 5 Direct Losses Incurred | Direct Losses Unpaid | | 8 Direct Losses Incurred But Not Reported |
|---|------------------------------------|-----------------------------------|--------------------|--------------------------|-----------------------------------|-------------------------|--------------------------|--|
| | | | 3 Amount | 4 Number of Claims | | 6 Amount Reported | 7 Number of Claims | |
| 1. Alabama AL | | | | | | | | |
| 2. Alaska AK | | | | | | | | |
| 3. Arizona AZ | | | | | | | | |
| 4. Arkansas AR | | | | | | | | |
| 5. California CA | | | | | | | | |
| 6. Colorado CO | | | | | | | | |
| 7. Connecticut CT | | | | | | | | |
| 8. Delaware DE | | | | | | | | |
| 9. District of Columbia DC | | | | | | | | |
| 10. Florida FL | | | | | | | | |
| 11. Georgia GA | | | | | | | | |
| 12. Hawaii HI | | | | | | | | |
| 13. Idaho ID | | | | | | | | |
| 14. Illinois IL | | | | | | | | |
| 15. Indiana IN | | | | | | | | |
| 16. Iowa IA | | | | | | | | |
| 17. Kansas KS | | | | | | | | |
| 18. Kentucky KY | | | | | | | | |
| 19. Louisiana LA | | | | | | | | |
| 20. Maine ME | | | | | | | | |
| 21. Maryland MD | | | | | | | | |
| 22. Massachusetts MA | | | | | | | | |
| 23. Michigan MI | | | | | | | | |
| 24. Minnesota MN | | | | | | | | |
| 25. Mississippi MS | | | | | | | | |
| 26. Missouri MO | | | | | | | | |
| 27. Montana MT | | | | | | | | |
| 28. Nebraska NE | | | | | | | | |
| 29. Nevada NV | | | | | | | | |
| 30. New Hampshire NH | | | | | | | | |
| 31. New Jersey NJ | | | | | | | | |
| 32. New Mexico NM | | | | | | | | |
| 33. New York NY | | | | | | | | |
| 34. North Carolina NC | | | | | | | | |
| 35. North Dakota ND | | | | | | | | |
| 36. Ohio OH | | | | | | | | |
| 37. Oklahoma OK | | | | | | | | |
| 38. Oregon OR | | | | | | | | |
| 39. Pennsylvania PA | | | | | | | | |
| 40. Rhode Island RI | | | | | | | | |
| 41. South Carolina SC | | | | | | | | |
| 42. South Dakota SD | | | | | | | | |
| 43. Tennessee TN | | | | | | | | |
| 44. Texas TX | | | | | | | | |
| 45. Utah UT | | | | | | | | |
| 46. Vermont VT | | | | | | | | |
| 47. Virginia VA | | | | | | | | |
| 48. Washington WA | | | | | | | | |
| 49. West Virginia WV | | | | | | | | |
| 50. Wisconsin WI | | | | | | | | |
| 51. Wyoming WY | | | | | | | | |
| 52. American Samoa AS | | | | | | | | |
| 53. Guam GU | | | | | | | | |
| 54. Puerto Rico PR | | | | | | | | |
| 55. U.S. Virgin Islands VI | | | | | | | | |
| 56. Northern Mariana Islands MP | | | | | | | | |
| 57. Canada CN | | | | | | | | |
| 58. Aggregate other alien OT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 59. Totals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DETAILS OF WRITE-INS | | | | | | | | |
| 5801. | | | | | | | | |
| 5802. | | | | | | | | |
| 5803. | | | | | | | | |
| 5898. Summary of remaining write-ins for Line 58 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5899. Totals (Lines 5801 thru 5803 plus 5898) (Line 58 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |