



QUARTERLY STATEMENT

AS OF JUNE 30, 2010
OF THE CONDITION AND AFFAIRS OF THE

PACO Assurance Company, Inc.

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

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 615-324-9169
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
<u>Jerry Dee Brant DPM</u>	<u>President</u>	<u>Kathryn Anne Neville ESQ</u>	<u>Secretary</u>
<u>Dana Shannon Hendricks</u>	<u>Treasurer</u>		

OTHER OFFICERS

<u>William Stancil Starnes ESQ</u>	<u>Chairman</u>		
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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.

Jerry Dee Brant DPM
President

Kathryn Anne Neville ESQ
Secretary

Dana Shannon Hendricks
Treasurer

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

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

Subscribed and sworn to before me this _____ day of _____

Jennifer Usher, State of Tennessee Notary Public
January 29, 2013

STATEMENT AS OF JUNE 30, 2010 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	42,810,247	129,765	42,680,482	41,570,602
2. Stocks:				
2.1 Preferred stocks			0	0
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 (\$686,326), cash equivalents (\$0) and short-term investments (\$429,161)	1,115,487		1,115,487	1,516,036
6. Contract loans (including \$premium notes)			0	0
7. Derivatives			0	
8. Other invested assets	0		0	0
9. Receivables for securities			0	34,576
10. Aggregate write-ins for invested assets	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10)	43,925,734	129,765	43,795,969	43,121,214
12. Title plants less \$ charged off (for Title insurers only)			0	0
13. Investment income due and accrued	482,528		482,528	493,991
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	252,405	6,368	246,037	620,956
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	2,670,258		2,670,258	2,658,488
14.3 Accrued retrospective premiums			0	0
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers	2,027,294		2,027,294	41,360
15.2 Funds held by or deposited with reinsured companies			0	0
15.3 Other amounts receivable under reinsurance contracts			0	0
16. Amounts receivable relating to uninsured plans			0	0
17.1 Current federal and foreign income tax recoverable and interest thereon			0	0
17.2 Net deferred tax asset	1,986,191	1,986,191	0	3,849
18. Guaranty funds receivable or on deposit			0	0
19. Electronic data processing equipment and software			0	0
20. Furniture and equipment, including health care delivery assets (\$)			0	0
21. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
22. Receivables from parent, subsidiaries and affiliates	2,369,767		2,369,767	996,714
23. Health care (\$) and other amounts receivable			0	0
24. Aggregate write-ins for other than invested assets	403,665	48,116	355,549	433,776
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 to 24)	54,117,842	2,170,440	51,947,402	48,370,348
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
27. Total (Lines 25 and 26)	54,117,842	2,170,440	51,947,402	48,370,348
DETAILS OF WRITE-INS				
1001.			0	0
1002.			0	0
1003.			0	0
1098. Summary of remaining write-ins for Line 10 from overflow page	0	0	0	0
1099. Totals (Lines 1001 through 1003 plus 1098)(Line 10 above)	0	0	0	0
2401. Receivable of MMIP	331,087		331,087	374,208
2402. Deposit on Ceded Reinsurance that does not transfer risk	61,116	48,116	13,000	48,116
2403. State Income Tax Recoverable	11,462		11,462	11,452
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498)(Line 24 above)	403,665	48,116	355,549	433,776

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$4,273,337)	17,650,873	13,892,440
2. Reinsurance payable on paid losses and loss adjustment expenses	1,086	59,993
3. Loss adjustment expenses	8,874,328	8,070,215
4. Commissions payable, contingent commissions and other similar charges	0	0
5. Other expenses (excluding taxes, licenses and fees)	140,057	193,532
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	47,853	104,751
7.1 Current federal and foreign income taxes (including \$48,631 on realized capital gains (losses))	25,823	99,406
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 \$345,316 and including warranty reserves of \$)	10,345,883	10,175,643
10. Advance premium	447,506	378,537
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	290,000	(93,536)
13. Funds held by company under reinsurance treaties	0	0
14. Amounts withheld or retained by company for account of others	1,082	3,282
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	0	406,571
20. Derivatives	0	0
21. Payable for securities	0	0
22. Liability for amounts held under uninsured plans	0	0
23. Capital notes \$ and interest thereon \$	0	0
24. Aggregate write-ins for liabilities	(131)	239
25. Total liabilities excluding protected cell liabilities (Lines 1 through 24)	37,824,360	33,291,073
26. Protected cell liabilities	0	0
27. Total liabilities (Lines 25 and 26)	37,824,360	33,291,073
28. Aggregate write-ins for special surplus funds	0	0
29. Common capital stock	2,950,000	2,950,000
30. Preferred capital stock	0	0
31. Aggregate write-ins for other than special surplus funds	0	0
32. Surplus notes	0	0
33. Gross paid in and contributed surplus	14,150,533	14,150,533
34. Unassigned funds (surplus)	(2,977,491)	(2,021,258)
35. Less treasury stock, at cost:		
35.1 shares common (value included in Line 29 \$)	0	0
35.2 shares preferred (value included in Line 30 \$)	0	0
36. Surplus as regards policyholders (Lines 28 to 34, less 35)	14,123,042	15,079,275
37. Totals	51,947,402	48,370,348
DETAILS OF WRITE-INS		
2401. MMIP of NY Deficiency Reserve.....	(131)	239
2402.	0	0
2403.	0	0
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	(131)	239
2801.	0	0
2802.	0	0
2803.	0	0
2898. Summary of remaining write-ins for Line 28 from overflow page	0	0
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	0	0
3101.	0	0
3102.	0	0
3103.	0	0
3198. Summary of remaining write-ins for Line 31 from overflow page	0	0
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 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 \$ 7,501,725)	8,410,885	8,097,765	16,379,335
1.2 Assumed (written \$ 0)		0	
1.3 Ceded (written \$ 254,778)	1,334,178	1,880,895	3,759,429
1.4 Net (written \$ 7,246,947)	7,076,707	6,216,870	12,619,906
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 4,331,650):			
2.1 Direct	6,035,683	5,693,054	7,862,467
2.2 Assumed		35,000	(315,799)
2.3 Ceded	1,551,688	3,144,768	1,683,511
2.4 Net	4,483,995	2,583,286	5,863,157
3. Loss adjustment expenses incurred	2,273,590	1,659,749	6,736,650
4. Other underwriting expenses incurred	2,276,642	1,909,998	3,990,860
5. Aggregate write-ins for underwriting deductions	(370)	(6,032)	(6,902)
6. Total underwriting deductions (Lines 2 through 5)	9,033,857	6,147,001	16,583,765
7. Net income of protected cells		0	0
8. Net underwriting gain or (loss) (Line 1.4 minus Line 6 + Line 7)	(1,957,150)	69,869	(3,963,859)
INVESTMENT INCOME			
9. Net investment income earned	780,789	991,067	1,710,643
10. Net realized capital gains (losses) less capital gains tax of \$ 48,631	91,012	(139,379)	(24,763)
11. Net investment gain (loss) (Lines 9 + 10)	871,801	851,688	1,685,880
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 16,013 amount charged off \$ 9,217)	6,796	1,005	(35,911)
13. Finance and service charges not included in premiums	84,413	77,615	156,405
14. Aggregate write-ins for miscellaneous income	34,316	(10,256)	(5,092)
15. Total other income (Lines 12 through 14)	125,525	68,364	115,402
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(959,824)	989,921	(2,162,577)
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)	(959,824)	989,921	(2,162,577)
19. Federal and foreign income taxes incurred	(258,431)	197,949	(477,838)
20. Net income (Line 18 minus Line 19)(to Line 22)	(701,393)	791,972	(1,684,739)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	15,079,275	20,648,783	20,648,783
22. Net income (from Line 20)	(701,393)	791,972	(1,684,739)
23. Net transfers (to) from Protected Cell accounts		0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	(76,502)	163,987	169,874
25. Change in net unrealized foreign exchange capital gain (loss)		0	0
26. Change in net deferred income tax	313,140	84,011	225,362
27. Change in nonadmitted assets	(491,478)	(30,168)	(1,146,873)
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	0	(30,704)	(3,133,132)
38. Change in surplus as regards policyholders (Lines 22 through 37)	(956,233)	979,098	(5,569,508)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	14,123,042	21,627,881	15,079,275
DETAILS OF WRITE-INS			
0501. MMIP of NY Expenses	0	(21)	25
0502. MMIP of NY Deficiency Reserve	(370)	(6,011)	(6,927)
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)	(370)	(6,032)	(6,902)
1401. Miscellaneous Income	34,316	490	490
1402. State Income Tax (Benefit) Expense	0	(10,746)	(5,582)
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)	34,316	(10,256)	(5,092)
3701. Prior period error correction	0	(30,704)	(3,133,132)
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)	0	(30,704)	(3,133,132)

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	8,072,105	6,092,461	11,755,776
2. Net investment income	978,532	1,035,669	1,705,828
3. Miscellaneous income	125,524	68,364	115,402
4. Total (Lines 1 to 3)	9,176,161	7,196,494	13,577,006
5. Benefit and loss related payments	2,770,402	2,634,667	2,802,913
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	3,856,491	3,713,278	8,341,623
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses).....	(136,217)	197,949	(577,244)
10. Total (Lines 5 through 9)	6,490,676	6,545,894	10,567,292
11. Net cash from operations (Line 4 minus Line 10)	2,685,485	650,600	3,009,714
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	6,641,773	17,983,486	27,446,219
12.2 Stocks	0	338,893	338,893
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0	0
12.7 Miscellaneous proceeds	77,697	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	6,719,470	18,322,379	27,785,112
13. Cost of investments acquired (long-term only):			
13.1 Bonds	8,003,719	12,537,408	32,367,774
13.2 Stocks	0	0	0
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	0	(773,329)	2,118
13.7 Total investments acquired (Lines 13.1 to 13.6)	8,003,719	11,764,079	32,369,892
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(1,284,249)	6,558,300	(4,584,780)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0	0
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied).....	(1,801,785)	371,750	(189,757)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(1,801,785)	371,750	(189,757)
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)	(400,549)	7,580,650	(1,764,823)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	1,516,036	3,280,860	3,280,859
19.2 End of period (Line 18 plus Line 19.1)	1,115,487	10,861,510	1,516,036

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of PACO Assurance Company, Inc. have been prepared in accordance with the NAIC Accounting Practices and Procedures manual.

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

No significant change

Note 3 – Business Combinations and Goodwill

No significant change

Note 4 – Discontinued Operations

No significant change

Note 5 – Investments

D. Loan-Backed Securities

Prepayment assumptions for single-class and multi-class mortgage-backed / asset-backed securities were obtained from broker dealer survey values or internal estimates.

The Company did not record any other-than-temporary impairments for loan-backed securities during the year-to-date period ended June 30, 2010 due to either intent to sell or inability to retain the securities for a sufficient time to recover the amortized cost basis.

As of June 30, 2010, the Company holds no loan-backed securities that have other-than-temporary impairments recognized in earnings based on the fact that the present value of projected cash flows expected to be collected was less than the amortized cost of the securities.

For all loan-backed securities held at June 30, 2010 for which fair value is less than cost, but which have had no other-than-temporary impairment recognized in earnings, the following table displays balances, according to duration of the loss position:

	Fair Market Value	Amortized Cost	Unrealized Loss
Less than 12 month	\$ 0	\$ 0	\$ (0)
Over 12 month	<u>\$ 18,627</u>	<u>\$ 19,369</u>	<u>\$ (742)</u>
Total	\$ 18,627	\$ 19,369	\$ (742)

The Company used pricing services in determining the fair value of its loan-backed securities. In determining that a security is not other-than-temporarily impaired, securities are analyzed for future cash flows by using current and expected losses, historical and expected prepayment speeds (based on Bloomberg and broker dealer survey values), and assumptions about recoveries relative to the seniority or subordination in the capital structure. If the results indicate that we will be able to maintain the current book yield, no other-than-temporary impairment is warranted.

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

NOTES TO FINANCIAL STATEMENTS

Note 10 – Information Concerning Parent, Subsidiaries and Affiliates

No significant change

Note 11 – Debt

No significant change

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

No significant change

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

No significant change

Note 14 – Contingencies

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

C. Wash Sales

The Company has not sold any securities and reacquired them within 30 days during 2010.

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 July 8, 2010, ownership of Podiatry Insurance Company of America, Inc., PACO's parent company, was transferred from ProAssurance Corporation to PRA Professional Liability Group, Inc., an intermediary holding company which is a direct subsidiary of ProAssurance Corporation.

Effective July 9, 2010, the parent company of PACO Assurance Company, Inc. (PACO), issued an extraordinary dividend transferring its investment in PACO to PRA Professional Liability Group, Inc. The Illinois Department of Insurance approved the Form D-2 filing for this transaction. On this same day, the Company's new parent made a cash capital contribution of \$10,000,000.

Note 22 – Reinsurance

A. Unsecured Reinsurance Recoverables

No significant change

B. Reinsurance Recoverable in Dispute

No significant change

C. Reinsurance Assumed and Ceded

The E&O Quota Share contract was non-renewed effective January 1, 2010.

NOTES TO FINANCIAL STATEMENTS

D. Uncollectible Reinsurance

No significant change

E. Commutation of Ceded Reinsurance

No significant change

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, 2009 were \$22.963 million. As of June 30, 2010, \$ 1.865 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 \$20.144 million which results in minor unfavorable development of \$ 0.046 million from December 31, 2009 to June 30, 2010.

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

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

Note 35 – Financial Guaranty Insurance

No significant change

GENERAL INTERROGATORIES

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	2	3
Name of Entity	NAIC Company Code	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.....
- 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	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	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: \$1,892,393

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes No
- 11.2 If yes, give full and complete information relating thereto:
.....
12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$0
13. Amount of real estate and mortgages held in short-term investments: \$0
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes No
- 14.2 If yes, please complete the following:
- | | 1 | | 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 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, 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
113972.....	Standish Mellon Asset Management.....	210 Washington Street, Boston, MA 02108.....

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes No

17.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES

(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 [X] No []

3.2 If yes, give full and complete information thereto.

E&O Quota Share contract was non-renewed 1/1/2010.....

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 Line of Business	2 Maximum Interest	3 Discount Rate	4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
.....
.....
TOTAL			0	0	0	0	0	0	0	0

5. Operating Percentages:

5.1 A&H loss percent %
 5.2 A&H cost containment percent %
 5.3 A&H expense percent excluding cost containment expenses %

6.1 Do you act as a custodian for health savings accounts? Yes [] No [X]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$.....

6.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

6.4 If yes, please provide the balance of funds administered as of the reporting date. \$.....

Schedule F
NONE

STATEMENT AS OF JUNE 30, 2010 OF THE PACO Assurance Company, Inc.

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date	
1. Alabama	AL	L	87,666	174,867	81,392	316,657	602,378	667,385
2. Alaska	AK	L		0		0		0
3. Arizona	AZ	L	105,133	125,776	5,630	7,278	221,291	189,531
4. Arkansas	AR	L	46,896	46,517		0	86,982	79,634
5. California	CA	L	1,613,690	2,052,842	355,319	1,341,232	6,015,034	3,875,606
6. Colorado	CO	L	158,005	2,699		0	254,314	4,464
7. Connecticut	CT	N		0		0		0
8. Delaware	DE	L		1,792		0		2,964
9. District of Columbia	DC	N		0		0		0
10. Florida	FL	L	1,169,028	1,214,644	806,615	131,700	3,817,519	3,291,514
11. Georgia	GA	L	175,333	222,149	2,763	29,277	653,569	253,134
12. Hawaii	HI	N		0		0		0
13. Idaho	ID	L	37,074	2,246	2,674	0	65,998	1,918
14. Illinois	IL	L	384,165	427,798	217,624	(4,855)	1,136,186	1,839,048
15. Indiana	IN	L	19,489	30,699	383	0	460,442	423,968
16. Iowa	IA	L	25,446	794		0	75,955	1,313
17. Kansas	KS	L	26,031	26,292		0	76,897	43,482
18. Kentucky	KY	L	12,947	18,571		0	20,839	25,454
19. Louisiana	LA	L	244,254	253,292	92,249	100,000	853,132	1,133,897
20. Maine	ME	N		0		0		0
21. Maryland	MD	L		0		0		0
22. Massachusetts	MA	L	9,276			0	14,930	
23. Michigan	MI	L	305,124	322,303	81,205	470,000	752,898	767,251
24. Minnesota	MN	L	72,925	1,988	6,720	0	118,853	3,288
25. Mississippi	MS	N		0		0		0
26. Missouri	MO	L	30,516	38,025		0	84,115	56,505
27. Montana	MT	N		0		0		0
28. Nebraska	NE	L	2,485			0	4,000	
29. Nevada	NV	L	75,159	113,146	7,185	8,082	226,255	102,833
30. New Hampshire	NH	N		0		0		0
31. New Jersey	NJ	L	194,462	222,277	2,019	0	653,804	378,943
32. New Mexico	NM	L		0		0		0
33. New York	NY	L	392,410	428,039	324,989	27,728	3,072,614	3,940,739
34. North Carolina	NC	L	14,961	2,270		0	76,947	1,958
35. North Dakota	ND	L	1,833			0	2,950	
36. Ohio	OH	L	69,911	85,409	42,173	3,435	177,386	220,524
37. Oklahoma	OK	L	44,850	47,596		137,500	170,621	148,823
38. Oregon	OR	L	122,093	109,718	31,898	0	209,746	179,121
39. Pennsylvania	PA	L	516,146	520,490	141,833	3,865	1,290,097	990,583
40. Rhode Island	RI	L		0		0		0
41. South Carolina	SC	L	29,847	26,386		60,000	61,920	48,137
42. South Dakota	SD	L		210		0		347
43. Tennessee	TN	L	68,978	76,760	150,000	0	150,994	430,500
44. Texas	TX	L	841,063	1,040,610	100,423	2,268,644	3,491,838	2,244,086
45. Utah	UT	L	66,857	70,350		0	185,516	147,450
46. Vermont	VT	L	7,923	546		0	12,752	903
47. Virginia	VA	L	38,253	48,108	1,902	0	99,441	902,132
48. Washington	WA	L	423,068	392,459	24,613	17,557	1,132,287	931,853
49. West Virginia	WV	L	14,139	(507)		0	42,871	(838)
50. Wisconsin	WI	L	53,950			0	86,834	
51. Wyoming	WY	L	339			0	546	
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) 44		7,501,725	8,147,161	2,479,609	4,918,100	26,460,751	23,328,450
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

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(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**

NONE

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	1,495,557	410,484	27.4	6.6
11.2 Medical professional liability - claims made	4,146,031	2,367,130	57.1	70.7
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		(281,415)	0.0	0.0
17.2 Other liability - claims made	2,769,297	3,539,484	127.8	95.6
17.3 Excess Workers' Compensation			0.0	0.0
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	8,410,885	6,035,683	71.8	70.3
DETAILS OF WRITE-INS				
3401.				
3402.				
3403.				
3498. Sum. 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)	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	671,048	1,414,146	1,323,054
11.2 Medical professional liability - claims made	1,925,243	4,129,619	3,622,295
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	518,790	1,957,960	3,201,812
17.3 Excess Workers' Compensation	0		0
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	3,115,081	7,501,725	8,147,161
DETAILS OF WRITE-INS			
3401.			
3402.			
3403.			
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0

STATEMENT AS OF JUNE 30, 2010 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)	2010 Loss and LAE Payments on Claims Reported as of Prior Year-End	2010 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2010 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. 2007 + Prior	1,443	3,600	5,043	563	3	566	1,268	24	3,188	4,480	388	(385)	3
2. 2008	1,610	4,868	6,478	358	3	361	1,632	209	4,272	6,113	380	(384)	(4)
3. Subtotals 2008 + Prior	3,053	8,468	11,521	921	6	927	2,900	233	7,460	10,593	768	(769)	(1)
4. 2009	3,199	7,243	10,442	891	47	938	2,863	195	6,493	9,551	555	(508)	47
5. Subtotals 2009 + Prior	6,252	15,711	21,963	1,812	53	1,865	5,763	428	13,953	20,144	1,323	(1,277)	46
6. 2010	XXX	XXX	XXX	XXX	330	330	XXX	1,555	4,826	6,381	XXX	XXX	XXX
7. Totals	6,252	15,711	21,963	1,812	383	2,195	5,763	1,983	18,779	26,525	1,323	(1,277)	46
8. Prior Year-End's Surplus As Regards Policyholders	15,079										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. 21.2	2. (8.1)	3. 0.2
													Col. 13, Line 7 As a % of Col. 1 Line 8
													4. 0.3

13

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

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	41,570,602	36,897,437
2. Cost of bonds and stocks acquired	7,773,014	29,066,948
3. Accrual of discount	8,735	13,726
4. Unrealized valuation increase (decrease)	6	219,466
5. Total gain (loss) on disposals	138,945	(6,031)
6. Deduct consideration for bonds and stocks disposed of	6,486,068	24,419,445
7. Deduct amortization of premium	194,987	187,976
8. Total foreign exchange change in book/adjusted carrying value	0	0
9. Deduct current year's other than temporary impairment recognized	0	13,523
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	42,810,247	41,570,602
11. Deduct total nonadmitted amounts	129,765	0
12. Statement value at end of current period (Line 10 minus Line 11)	42,680,482	41,570,602

STATEMENT AS OF JUNE 30, 2010 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).....	38,371,621	7,721,561	7,438,307	(85,393)	38,371,621	38,569,482	.0	38,522,534
2. Class 2 (a).....	4,531,844	149,768		(11,686)	4,531,844	4,669,926	.0	3,770,562
3. Class 3 (a).....	.0				.0	.0	.0	.0
4. Class 4 (a).....	.0				.0	.0	.0	.0
5. Class 5 (a).....	.0				.0	.0	.0	.0
6. Class 6 (a).....	0			0	0	0	0	0
7. Total Bonds	42,903,465	7,871,329	7,438,307	(97,079)	42,903,465	43,239,408	0	42,293,096
PREFERRED STOCK								
8. Class 1.....	.0				.0	.0	.0	.0
9. Class 2.....	.0				.0	.0	.0	.0
10. Class 3.....	.0				.0	.0	.0	.0
11. Class 4.....	.0				.0	.0	.0	.0
12. Class 5.....	.0				.0	.0	.0	.0
13. Class 6.....	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	42,903,465	7,871,329	7,438,307	(97,079)	42,903,465	43,239,408	0	42,293,096

(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 \$.....429,161 ; NAIC 2 \$.....; NAIC 3 \$.....; NAIC 4 \$.....; NAIC 5 \$.....; NAIC 6 \$.....

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	429,161	XXX	429,161	52	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.....	722,494	94,256
2. Cost of short-term investments acquired	4,232,092	35,219,455
3. Accrual of discount.....		12,019
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals.....	4,525,425	34,603,236
7. Deduct amortization of premium.....		0
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	429,161	722,494
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	429,161	722,494

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B- Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

SCHEDULE E-VERIFICATION

(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	756,500
2. Cost of cash equivalents acquired.....		0
3. Accrual of discount.....		0
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals.....		756,500
7. Deduct amortization of premium.....		0
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	0	0
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	0	0

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, 2010 OF THE PACO Assurance Company, Inc.

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
3620AC-R7-1	GN 726010		05/20/2010	ROYAL BANK OF SCOTLAND US		382,275	360,000	1,200	1
912810-EL-8	US TREASURY N/B		06/02/2010	BARCLAYS AMERICAN		496,742	350,000	1,446	1
912828-AU-4	US TREASURY N/B		04/13/2010	DEUTSCHE BANK		479,498	450,000	2,890	1
0399999 - Total	Bonds - U.S. Government					1,358,515	1,160,000	5,536	XXX
074527-NL-2	BEAUMONT TEX INDPT SCH DIST		04/30/2010	WACHOVIA/FIRST UNION - ACO BY WELLS 2009		281,073	250,000	833	1FE
346843-F0-3	FORT BEND TEX INDPT SCH DIST		04/22/2010	BANK OF OKLAHOMA		575,010	500,000	1,806	1FE
2499999 - Total	Bonds - U.S. Political Subdivisions of States, Territories and Possessions					856,083	750,000	2,639	XXX
576051-BD-7	MASSACHUSETTS ST WTR RES AUTH		04/28/2010	CITIGROUP CAPITAL MARKETS		866,145	750,000		1FE
68607D-DL-6	OREGON ST DEPT TRANSN HWY USER		04/29/2010	JEFFERIES & CO		578,735	500,000	12,323	1FE
882135-2A-3	TEXAS A & M UNIV REYS		05/07/2010	BARCLAYS AMERICAN		172,988	150,000		1FE
3199999 - Total	Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of ...					1,617,868	1,400,000	12,323	XXX
06051G-DZ-9	BANK OF AMERICA CORP		04/15/2010	BANK AMERICA		231,714	200,000	5,888	1FE
07383F-A7-3	BEAR STEARNES COMM. MTG. SECURITY		04/15/2010	DEUTSCHE BANK		189,028	180,000	494	1FE
20047R-AD-5	COMMERCIAL MTG PASS THROUGH 2007-C9 AAB		04/07/2010	DEUTSCHE BANK		73,784	70,000	124	1FE
36828Q-HJ-8	GE CAPITAL COMM. MTG. CORP. 2004-C2 A4		04/15/2010	DEUTSCHE BANK		197,830	190,000	491	1FE
62875U-AA-3	NBC UNIVERSAL		04/27/2010	J.P. MORGAN		149,768	150,000		2FE
219868-AQ-9	CORP ANDINA DE FOMENTO	F	05/19/2010	MORGAN STANLEY		108,050	100,000	43	1FE
3899999 - Total	Bonds - Industrial, Misc.					950,174	890,000	7,040	XXX
8399997 - Total	Bonds - Part 3					4,782,640	4,200,000	27,538	XXX
8399999 - Total	Bonds					4,782,640	4,200,000	27,538	XXX
8999999 - Total	Preferred Stocks					0	XXX	0	XXX
9799999 - Total	Common Stocks					0	XXX	0	XXX
9899999 - Total	Preferred and Common Stocks					0	XXX	0	XXX
9999999 - Totals						4,782,640	XXX	27,538	XXX

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

E04

STATEMENT AS OF JUNE 30, 2010 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)
36200F-RR-1	GN 599996		06/01/2010	MBS PAYMENT		2,248	2,248	2,203	2,245		.3		.3		2,248			.0	.49	03/01/2018	1
36201F-RA-7	GN 581981		06/01/2010	MBS PAYMENT		2,430	2,430	2,519	2,436		(.6)		(.6)		2,430			.0	.61	04/01/2016	1
36201G-TL-9	GN 582955		06/01/2010	MBS PAYMENT		260	260	271	261		(.1)		(.1)		260			.0	.7	02/01/2031	1
36201J-EQ-8	GN 584343		06/01/2010	MBS PAYMENT		338	338	353	339		(.1)		(.1)		338			.0	.11	12/01/2030	1
36202D-7K-1	G2 3598		06/01/2010	MBS PAYMENT		1,107	1,107	1,123	1,108		(.1)		(.1)		1,107			.0	.28	11/01/2033	1
36202D-BH-3	G2 2740		06/01/2010	MBS PAYMENT		277	277	269	276		.0		.0		277			.0	.7	10/01/2027	1
36202D-J8-5	G2 2987		06/01/2010	MBS PAYMENT		36	36	36	36		.0		.0		36			.0	.1	08/01/2029	1
3620AC-R7-1	GN 726010		06/01/2010	MBS PAYMENT		422	422	448			.0		.0		422			.0	.2	04/01/2040	1
36212E-GR-2	GN 531308		06/01/2010	MBS PAYMENT		.8	.8	.8	.8		.0		.0		.8			.0	.7	07/01/2028	1
36213D-G4-4	GN 551119		06/01/2010	MBS PAYMENT		478	478	506	479		(.1)		(.1)		478			.0	.16	05/01/2030	1
36213P-ES-6	GN 560045		06/01/2010	MBS PAYMENT		687	687	703	687		.0		.0		687			.0	.19	03/01/2030	1
36213U-OL-7	GN 564859		06/01/2010	MBS PAYMENT		563	563	571	563		.0		.0		563			.0	.20	04/01/2031	1
36216P-3K-2	GN 171002		06/01/2010	MBS PAYMENT		19	19	18	19		.0		.0		19			.0	.1	09/01/2028	1
36225C-JZ-0	G2 80279		06/01/2010	MBS PAYMENT		178	178	179	179		.0		.0		178			.0	.3	02/01/2029	1
36225C-V6-0	G2 80636		06/01/2010	MBS PAYMENT		1,988	1,988	1,998	1,988		(.1)		(.1)		1,988			.0	.30	07/01/2032	1
36225D-MF-8	G2 81257		06/01/2010	MBS PAYMENT		7,655	7,655	7,674	7,658		(.3)		(.3)		7,655			.0	.86	12/01/2034	1
0399999 - Bonds - U.S. Governments						18,694	18,694	18,879	18,253	0	(.1)	0	(.1)	0	18,694	0	0	0	.341	XXX	XXX
574192-C3-2	MARYLAND ST		04/14/2010	HUNTINGTON CAPITAL		489,005	425,000	487,802	481,946		(3,102)		(3,102)		478,844		10,161	10,161	.12,632	03/15/2015	1FE
574192-W3-0	MARYLAND ST		04/13/2010	SIEBERT BRANFORD		806,995	700,000	819,168	810,676		(6,608)		(6,608)		804,068		2,927	2,927	24,092	08/15/2014	1FE
1799999 - Bonds - U.S. States, Territories and Possessions						1,296,000	1,125,000	1,306,970	1,292,622	0	(9,710)	0	(9,710)	0	1,282,912	0	13,088	13,088	36,724	XXX	XXX
584002-PA-1	MECKLENBURG CNTY N C		04/13/2010	FIDELITY CAPITAL MARKETS		1,148,350	1,000,000	1,152,550	1,143,906		(7,577)		(7,577)		1,136,328		12,022	12,022	30,694	03/01/2015	1FE
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						1,148,350	1,000,000	1,152,550	1,143,906	0	(7,577)	0	(7,577)	0	1,136,328	0	12,022	12,022	30,694	XXX	XXX
31283J-WR-8	FG 610656		06/01/2010	MBS PAYMENT		193	193	195	194		.0		.0		193			.0	.6	09/01/2011	1
3128GH-5J-6	FG E81749		06/01/2010	MBS PAYMENT		17	17	17	17		.0		.0		17			.0	.1	10/01/2015	1
3128GJ-OR-1	FG E82264		06/01/2010	MBS PAYMENT		65	65	66	65		.0		.0		65			.0	.2	04/01/2015	1
3128GS-7C-5	FG E89891		06/01/2010	MBS PAYMENT		2,137	2,137	2,206	2,142		(.5)		(.5)		2,137			.0	.54	03/01/2017	1
3128KF-P7-9	FG A53146		06/01/2010	MBS PAYMENT		36,211	36,211	35,764	36,144		.66		.66		36,211			.0	.799	01/01/2036	1
3128LX-H6-8	FG 602031		06/01/2010	MBS PAYMENT		34,993	34,993	34,613	34,947		.46		.46		34,993			.0	.805	05/01/2035	1
3128MJ-E5-5	FG 608155		06/01/2010	MBS PAYMENT		11,452	11,452	11,310	11,434		.18		.18		11,452			.0	.253	04/01/2036	1
3128MJ-EY-2	FG 608150		06/01/2010	MBS PAYMENT		13,580	13,580	13,412	13,560		.20		.20		13,580			.0	.309	02/01/2036	1
3128MJ-HT-0	FG 608241		06/01/2010	MBS PAYMENT		16,191	16,191	16,272	16,191		(.7)		(.7)		16,191			.0	.368	08/01/2037	1
312926-ZF-6	FG C00742		06/01/2010	MBS PAYMENT		1,734	1,734	1,761	1,737		(.3)		(.3)		1,734			.0	.46	09/01/2027	1
31292H-5P-5	FG C01754		06/01/2010	MBS PAYMENT		5,737	5,737	5,838	5,746		(.9)		(.9)		5,737			.0	.129	12/01/2032	1
31292H-D2-7	FG C01021		06/01/2010	MBS PAYMENT		19	19	18	19		.0		.0		19			.0	.1	08/01/2028	1
31292H-GC-2	FG C01095		06/01/2010	MBS PAYMENT		29	29	29	29		.0		.0		29			.0	.1	08/01/2029	1
31292H-N9-1	FG C01316		06/01/2010	MBS PAYMENT		517	517	513	517		.0		.0		517			.0	.13	11/01/2030	1
31292H-RR-7	FG C01396		06/01/2010	MBS PAYMENT		4,794	4,794	4,962	4,808		(.14)		(.14)		4,794			.0	.130	09/01/2031	1
31292H-UP-7	FG C01490		06/01/2010	MBS PAYMENT		1,003	1,003	1,018	1,004		(.1)		(.1)		1,003			.0	.23	11/01/2031	1
31293S-DX-4	FG C28218		06/01/2010	MBS PAYMENT		11	11	11	11		.0		.0		11			.0	.1	01/01/2028	1
31293T-GD-3	FG C29196		06/01/2010	MBS PAYMENT		12	12	12	12		.0		.0		12			.0	.1	01/01/2026	1
31293Y-N7-7	FG C33114		06/01/2010	MBS PAYMENT		4	4	4	4		.0		.0		4			.0	.1	11/01/2028	1
31294B-6N-0	FG C35377		06/01/2010	MBS PAYMENT		651	651	668	653		(.2)		(.2)		651			.0	.16	11/01/2027	1
31294G-K9-4	FG C39320		06/01/2010	MBS PAYMENT		7	7	7	7		.0		.0		7			.0	.1	05/01/2030	1
31296A-LC-1	FG 812123		06/01/2010	MBS PAYMENT		2,455	2,455	2,508	2,458		(.3)		(.3)		2,455			.0	.51	04/01/2018	1
31298U-FA-2	FG C57361		06/01/2010	MBS PAYMENT		51	51	52	51		.0		.0		51			.0	.1	01/01/2031	1
31371G-2P-4	FN 251982		06/01/2010	MBS PAYMENT		1,055	1,055	1,098	1,060		(.6)		(.6)		1,055			.0	.29	04/01/2013	1
31371J-JL-6	FN 253587		06/01/2010	MBS PAYMENT		1,166	1,166	1,213	1,171		(.5)		(.5)		1,166			.0	.32	02/01/2015	1
31371K-XU-0	FN 254591		06/01/2010	MBS PAYMENT		847	847	871	849		(.2)		(.2)		847			.0	.20	06/01/2017	1
31371L-CT-4	FN 254882		06/01/2010	MBS PAYMENT		1,771	1,771	1,809	1,776		(.5)		(.5)		1,771			.0	.37	03/01/2013	1
31371L-KW-8	FN 255109		06/01/2010	MBS PAYMENT		1,913	1,913	1,888	1,910		.2		.2		1,913			.0	.41	08/01/2018	1
31371L-RK-7	FN 255290		06/01/2010	MBS PAYMENT		1,301	1,301	1,283	1,299		.2		.2		1,301			.0	.22	02/01/2014	1
31379J-JO-0	FN 420671		06/01/2010	MBS PAYMENT		219	219	228	221		(.1)		(.1)		219			.0	.6	04/01/2013	1
31379J-NG-7	FN 420791		06/01/2010	MBS PAYMENT		151	151	157	152		(.1)		(.1)		151			.0	.4	04/01/2013	1
31379U-GF-2	FN 429598		06/01/2010	MBS PAYMENT		1	1	1	1		.0		.0		1			.0	.1	06/01/2013	1
31380H-AM-9	FN 440212		06/01/2010	MBS PAYMENT		60	60	62	60		.0		.0		60			.0	.2	01/01/2013	1
31380J-RH-8	FN 441588		06/01/2010	MBS PAYMENT		143	143	149	143		(.1)		(.1)		143			.0	.4	02/01/2013	1
31380W-K5-2	FN 452216		06/01/2010	MBS PAYMENT		1,099	1,099	1,208	1,111		(.13)		(.13)		1,099			.0	.23	02/01/2014	1
31382R-S6-9	FN 490219		06/01/2010	MBS PAYMENT		807	807	851	812		(.5)		(.5)		807			.0	.24	12/01/2026	1
31384U-4E-1	FN 534621		06/01/2010	MBS PAYMENT	</																

STATEMENT AS OF JUNE 30, 2010 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)	
31386P-MX-8	FN 569274		06/01/2010	MBS PAYMENT		1,875	1,875	1,915	1,879		(4)		(4)		1,875			0	55	10/01/2015	1	
31386X-JX-5	FN 576378		06/01/2010	MBS PAYMENT		8,857	8,857	9,009	8,883		(26)		(26)		8,857			0	258	01/01/2016	1	
31387C-M2-4	FN 580077		06/01/2010	MBS PAYMENT		136	136	138	136						136			0	3	09/01/2030	1	
31387F-J6-0	FN 582663		06/01/2010	MBS PAYMENT		88	88	90	88						88			0	2	07/01/2030	1	
31387S-GY-6	FN 592515		06/01/2010	MBS PAYMENT		302	302	313	303		(1)		(1)		302			0	8	04/01/2016	1	
31389F-EJ-7	FN 623937		06/01/2010	MBS PAYMENT		223	223	227	224						223			0	6	07/01/2030	1	
31389P-LJ-7	FN 631329		06/01/2010	MBS PAYMENT		4,027	4,027	4,161	4,046		(19)		(19)		4,027			0	103	09/01/2016	1	
31391K-5X-1	FN 669662		06/01/2010	MBS PAYMENT		3,980	3,980	4,041	3,985		(5)		(5)		3,980			0	101	03/01/2031	1	
31400B-WY-8	FN 682963		06/01/2010	MBS PAYMENT		1,660	1,660	1,638	1,657		2		2		1,660			0	38	07/01/2032	1	
31400F-PB-7	FN 686318		06/01/2010	MBS PAYMENT		586	586	604	588		(2)		(2)		586			0	12	08/01/2017	1	
31402F-DL-6	FN 727407		06/01/2010	MBS PAYMENT		1,799	1,799	1,776	1,797		2		2		1,799			0	33	02/01/2018	1	
31402Q-YC-9	FN 735207		06/01/2010	MBS PAYMENT		76,895	76,895	78,890	77,153		(258)		(258)		76,895			0	1,973	03/01/2031	1	
31403J-EU-6	FN 749947		06/01/2010	MBS PAYMENT		1,959	1,959	1,980	1,966		(6)		(6)		1,959			0	50	05/01/2032	1	
31409F-LZ-9	FN 869844		06/01/2010	MBS PAYMENT		15,742	15,742	15,697	15,734		7		7		15,742			0	407	10/01/2035	1	
31409X-RD-3	FN 881684		06/01/2010	MBS PAYMENT		209,707	209,707	209,117	209,693		14		14		209,707			0	5,241	07/01/2035	1	
31410F-SS-5	FN 888029		06/01/2010	MBS PAYMENT		8,533	8,533	8,548	8,535		(2)		(2)		8,533			0	212	03/01/2036	1	
31410G-FG-3	FN 888567		06/01/2010	MBS PAYMENT		27,868	27,868	28,035	27,886		(18)		(18)		27,868			0	689	08/01/2035	1	
31410U-NH-1	FN 897792		06/01/2010	MBS PAYMENT		38,269	38,269	38,337	38,287		(18)		(18)		38,269			0	939	04/01/2036	1	
31411C-PS-4	FN 904133		06/01/2010	MBS PAYMENT		8,038	8,038	8,052	8,039		(2)		(2)		8,038			0	199	06/01/2036	1	
31411L-SF-9	FN 911418		06/01/2010	MBS PAYMENT		15,512	15,512	15,605	15,518		(6)		(6)		15,512			0	385	11/01/2036	1	
31411U-H5-3	FN 914752		06/01/2010	MBS PAYMENT		52,144	52,144	52,456	52,170		(26)		(26)		52,144			0	1,285	11/01/2036	1	
31412V-T6-3	FN 936251		06/01/2010	MBS PAYMENT		40,290	40,290	40,362	40,290		(1)		(1)		40,290			0	1,007	05/01/2037	1	
31413C-EA-3	FN 941229		06/01/2010	MBS PAYMENT		15,419	15,419	15,511	15,424		(5)		(5)		15,419			0	383	11/01/2036	1	
31414P-BE-8	FN 971737		06/01/2010	MBS PAYMENT		26,097	26,097	26,253	26,100		(3)		(3)		26,097			0	672	11/01/2036	1	
646135-26-3	NEW JERSEY ST TRANSN TR FD		04/13/2010	FIDELITY CAPITAL MARKETS		569,390	500,000	576,805	572,589		(4,512)		(4,512)		568,077		1,313	1,313	8,264	06/15/2014	1FE	
3199999	Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of...					1,293,469	1,224,079	1,303,503	1,296,968	0	(4,816)	0	(4,816)	0	1,292,156	0	1,313	1,313	26,102	XXX	XXX	
381416-FM-1	GOLDMAN SACHS GROUP INC. HARLEY DAVIDSON 2008-1		04/23/2010	MORGAN STANLEY		233,316	225,000	237,636	237,277		(389)		(389)		236,888		(3,572)	(3,572)	7,957	04/01/2018	1FE	
41283X-AC-3	A3A		06/15/2010	MBS PAYMENT		64,126	64,126	64,118	64,023		103		103		64,126			0	1,115	06/15/2011	1FE	
92344S-AJ-9	CELLCO PART/VERI WIRELESS		05/28/2010	GOLDMAN SACHS		465,880	400,000	397,279	397,365		251		251		397,616		68,264	68,264	30,975	11/15/2013	1FE	
949748-AE-7	WELLS FARGO BANK NA		06/21/2010	MATURITY		100,000	100,000	105,826	100,386		(386)		(386)		100,000			0	3,775	06/21/2010	1FE	
3899999	Total - Bonds - Industrial and Miscellaneous					863,322	789,126	804,859	799,051	0	(421)	0	(421)	0	798,630	0	64,692	64,692	43,822	XXX	XXX	
8399997	Total - Bonds - Part 4					4,619,835	4,156,899	4,586,761	4,550,830	0	(22,535)	0	(22,535)	0	4,528,220	0	91,115	91,115	137,683	XXX	XXX	
8399999	Total - Bonds					4,619,835	4,156,899	4,586,761	4,550,830	0	(22,535)	0	(22,535)	0	4,528,220	0	91,115	91,115	137,683	XXX	XXX	
8999999	Total - Preferred Stocks					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					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9999999	Totals					4,619,835	XXX	4,586,761	4,550,830	0	(22,535)	0	(22,535)	0	4,528,220	0	91,115	91,115	137,683	XXX	XXX	

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

E05.1

Schedule DB - Part A - Section 1

NONE

Sch. DB - Pt. A - Sn. 1 - Footnote (a)

NONE

Schedule DB - Part B - Section 1

NONE

Sch. DB - Pt. B - Sn. 1 - Footnotes

NONE

Schedule DB - Part D

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

E10



SUPPLEMENT FOR JUNE 30, 2010 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. Sum. of remaining write-ins for Line 58 from overflow page	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	0	0	0	0	0	0	0	0



SUPPLEMENT FOR JUNE 30, 2010 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. Sum. of remaining write-ins for Line 58 from overflow page	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	0	0	0	0	0	0	0	0



SUPPLEMENT FOR JUNE 30, 2010 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	9,195	11,248			2,388		14,800
2. Alaska	AK		3,455			(3,898)		
3. Arizona	AZ	101,059	85,999			100,431	34,999	162,658
4. Arkansas	AR	42,838	41,772			20,605		68,949
5. California	CA	1,000,121	1,156,856	32,500	2	1,053,738	1,384,994	1,609,726
6. Colorado	CO	158,005	115,341			172,648		254,314
7. Connecticut	CT							
8. Delaware	DE		1,675			(2,716)		
9. District of Columbia	DC							
10. Florida	FL	849,868	854,060	770,000	2	427,088	1,286,988	1,367,889
11. Georgia	GA	75,404	77,237			33,809	34,999	121,365
12. Hawaii	HI							
13. Idaho	ID	37,074	37,839			29,226		59,672
14. Illinois	IL	371,709	275,086	200,000	1	(353,165)	352,498	598,277
15. Indiana	IN	17,128	20,329			5,039	425,000	27,568
16. Iowa	IA	25,446	13,045			67,836	34,999	40,956
17. Kansas	KS	26,031	28,155			43,794	34,999	41,898
18. Kentucky	KY	12,947	16,674			1,937		20,839
19. Louisiana	LA	244,254	245,835	90,000	1	98,056	459,998	393,134
20. Maine	ME							
21. Maryland	MD							
22. Massachusetts	MA	9,276	16,881			(604)		14,930
23. Michigan	MI	305,124	337,360	75,000	1	163,851	249,997	491,107
24. Minnesota	MN	72,925	76,260			51,576		117,375
25. Mississippi	MS							
26. Missouri	MO	30,516	29,720			48,794	34,999	49,116
27. Montana	MT							
28. Nebraska	NE	2,485	4,286			33		4,000
29. Nevada	NV	15,744	21,409			455		25,340
30. New Hampshire	NH							
31. New Jersey	NJ	110,778	102,618			66,724		178,301
32. New Mexico	NM							
33. New York	NY	239,707	194,801	298,945	1	(143,194)	1,949,922	595,085
34. North Carolina	NC	7,213	45,874			(2,775)	34,999	11,610
35. North Dakota	ND	1,833	963			2,444		2,950
36. Ohio	OH	54,379	53,564	15,000	1	(25,748)	35,736	87,525
37. Oklahoma	OK	35,325	44,276			7,598	82,000	56,857
38. Oregon	OR	114,423	109,643	6,911	1	69,714		184,167
39. Pennsylvania	PA	502,629	639,482	75,000	1	316,419	309,994	808,997
40. Rhode Island	RI							
41. South Carolina	SC	21,802	32,729			(5,524)		35,091
42. South Dakota	SD		4,321			(4,964)		
43. Tennessee	TN	63,198	57,539	150,000	1	(141,429)	5,000	101,719
44. Texas	TX	415,002	356,390			330,021	269,999	667,959
45. Utah	UT	65,172	55,194			8,096	75,000	104,896
46. Vermont	VT	7,923	18,926			(6,588)		12,752
47. Virginia	VA	18,911	17,351			11,623		30,438
48. Washington	WA	421,551	372,537			297,167	437,000	678,499
49. West Virginia	WV	2,481	4,461			288		3,993
50. Wisconsin	WI	53,950	58,760			38,107		86,834
51. Wyoming	WY	339	1,637			(1,287)		546
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		5,543,765	5,641,588	1,713,356	12	2,777,613	7,534,120	9,132,132
DETAILS OF WRITE-INS								
5801.								
5802.								
5803.								
5898. Sum. of remaining write-ins for Line 58 from overflow page		0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)		0	0	0	0	0	0	0



SUPPLEMENT FOR JUNE 30, 2010 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. Sum. of remaining write-ins for Line 58 from overflow page	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	0	0	0	0	0	0	0	0