



QUARTERLY STATEMENT

AS OF JUNE 30, 2011
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>	<u>Adam Peter Wilczek</u> ,	<u>Senior Vice President</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 of

County ofss

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 []

Subscribed and sworn to before me this _____ day of _____, 2011

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

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

STATEMENT AS OF JUNE 30, 2011 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	60,205,896		60,205,896	58,563,434
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 (\$683,075), cash equivalents (\$0) and short-term investments (\$1,475,628)	2,158,703		2,158,703	1,590,376
6. Contract loans (including \$ premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	62,364,599	0	62,364,599	60,153,810
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	624,911		624,911	624,151
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	304,814	14,132	290,682	287,376
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	2,771,380		2,771,380	2,840,841
15.3 Accrued retrospective premiums			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	124,864		124,864	877,724
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	23,091		23,091	186,143
18.2 Net deferred tax asset			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	66,475		66,475	142,505
24. Health care (\$) and other amounts receivable			0	0
25. Aggregate write-ins for other than invested assets	337,049	51,937	285,112	326,568
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	66,617,183	66,069	66,551,114	65,439,118
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	66,617,183	66,069	66,551,114	65,439,118
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Receivable of MMIP	285,112		285,112	326,568
2502. Deposit on Ceded Reinsurance that does not transfer risk	51,937	51,937	0	0
2503.			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	337,049	51,937	285,112	326,568

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 3,290,073)	21,291,695	19,808,004
2. Reinsurance payable on paid losses and loss adjustment expenses	1,372	258,692
3. Loss adjustment expenses	11,762,526	10,960,402
4. Commissions payable, contingent commissions and other similar charges	154,893	154,893
5. Other expenses (excluding taxes, licenses and fees)	193,783	204,415
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	22,244	48,422
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		0
7.2 Net deferred tax liability		0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$)	9,265,169	9,836,870
10. Advance premium	460,200	401,342
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)	48,333	0
13. Funds held by company under reinsurance treaties		0
14. Amounts withheld or retained by company for account of others	(430)	(384)
15. Remittances and items not allocated		0
16. Provision for reinsurance		0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates	45,464	327,417
20. Derivatives		0
21. Payable for securities		0
22. Payable for securities lending		0
23. Liability for amounts held under uninsured plans		0
24. Capital notes \$ and interest thereon \$		0
25. Aggregate write-ins for liabilities	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	43,245,249	42,000,073
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	43,245,249	42,000,073
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	2,950,000	2,950,000
31. Preferred capital stock		0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes		0
34. Gross paid in and contributed surplus	24,150,533	24,150,533
35. Unassigned funds (surplus)	(3,794,668)	(3,661,488)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		0
36.2 shares preferred (value included in Line 31 \$)		0
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	23,305,865	23,439,045
38. Totals (Page 2, Line 28, Col. 3)	66,551,114	65,439,118
DETAILS OF WRITE-INS		
2501.		0
2502.		0
2503.		0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0
2901.		0
2902.		0
2903.		0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		0
3202.		0
3203.		0
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 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 \$ 6,492,691)	7,064,392	8,410,885	16,728,191
1.2 Assumed (written \$)		0	
1.3 Ceded (written \$ 290,000)	290,000	1,334,178	1,989,637
1.4 Net (written \$ 6,202,691)	6,774,392	7,076,707	14,738,554
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 3,325,148):			
2.1 Direct	3,680,615	6,035,683	9,834,913
2.2 Assumed		0	
2.3 Ceded	355,467	1,551,688	1,632,980
2.4 Net	3,325,148	4,483,995	8,201,933
3. Loss adjustment expenses incurred	2,749,187	2,273,590	6,243,972
4. Other underwriting expenses incurred	2,132,774	2,276,642	4,752,729
5. Aggregate write-ins for underwriting deductions	(3)	(370)	(249)
6. Total underwriting deductions (Lines 2 through 5)	8,207,106	9,033,857	19,198,385
7. Net income of protected cells		0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(1,432,714)	(1,957,150)	(4,459,831)
INVESTMENT INCOME			
9. Net investment income earned	933,464	780,789	1,659,107
10. Net realized capital gains (losses) less capital gains tax of \$ 3,154	65,551	91,012	270,674
11. Net investment gain (loss) (Lines 9 + 10)	999,015	871,801	1,929,781
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 14,016 amount charged off \$ 25,084)	(11,068)	6,796	(13,556)
13. Finance and service charges not included in premiums	87,117	84,413	165,773
14. Aggregate write-ins for miscellaneous income	2,781	34,316	59,904
15. Total other income (Lines 12 through 14)	78,830	125,525	212,121
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(354,869)	(959,824)	(2,317,929)
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)	(354,869)	(959,824)	(2,317,929)
19. Federal and foreign income taxes incurred	(227,346)	(258,431)	(726,846)
20. Net income (Line 18 minus Line 19)(to Line 22)	(127,523)	(701,393)	(1,591,083)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	23,439,045	15,079,275	15,079,275
22. Net income (from Line 20)	(127,523)	(701,393)	(1,591,083)
23. Net transfers (to) from Protected Cell accounts		0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	1,243	(76,502)	207
25. Change in net unrealized foreign exchange capital gain (loss)		0	0
26. Change in net deferred income tax		313,140	(1,673,051)
27. Change in nonadmitted assets	(6,900)	(491,478)	1,619,794
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	3,903
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	10,000,000
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	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37)	(133,180)	(956,233)	8,359,770
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	23,305,865	14,123,042	23,439,045
DETAILS OF WRITE-INS			
0501. MMIP of NY Expenses	(3)	0	(10)
0502. MMIP of NY Deficiency Reserve		(370)	(239)
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)	(3)	(370)	(249)
1401. Miscellaneous Income	6,720	34,316	72,035
1402. State Income Tax (Expense) Benefit	(3,939)	0	(12,131)
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)	2,781	34,316	59,904
3701.		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)	0	0	0

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.....	6,369,137	8,072,105	14,669,878
2. Net investment income	1,303,263	978,532	2,001,986
3. Miscellaneous income	92,755	125,524	212,121
4. Total (Lines 1 to 3)	7,765,155	9,176,161	16,883,985
5. Benefit and loss related payments	1,345,916	2,770,402	2,924,034
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	4,116,643	3,856,491	7,997,057
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ 3,154 tax on capital gains (losses).....	(528,733)	(136,217)	(425,624)
10. Total (Lines 5 through 9)	4,933,826	6,490,676	10,495,467
11. Net cash from operations (Line 4 minus Line 10)	2,831,329	2,685,485	6,388,518
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	5,483,546	6,641,773	11,468,785
12.2 Stocks	0	0	0
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	41,456	77,697	82,218
12.8 Total investment proceeds (Lines 12.1 to 12.7)	5,525,002	6,719,470	11,551,003
13. Cost of investments acquired (long-term only):			
13.1 Bonds	7,415,843	8,003,719	28,649,300
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	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	7,415,843	8,003,719	28,649,300
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)	(1,890,841)	(1,284,249)	(17,098,297)
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	10,000,000
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).....	(372,161)	(1,801,785)	784,120
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(372,161)	(1,801,785)	10,784,120
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)	568,327	(400,549)	74,341
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	1,590,376	1,516,036	1,516,036
19.2 End of period (Line 18 plus Line 19.1)	2,158,703	1,115,487	1,590,376

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 on the basis of 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 Code. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual has been adopted as a component of prescribed or permitted practices by the State of Illinois.

The term "Not applicable" or "No significant change" is used in the following footnotes to indicate that the Company does not have any items requiring disclosure under the respective footnote.

B. Use of estimates

No significant change.

C. Accounting policies

Effective January 1, 2011, the Company amended its capitalization policy to increase the threshold above which individual assets that are part of larger projects are capitalized. If the total project cost exceeds \$75,000, assets included in that project will be capitalized. If the total project cost does not exceed \$75,000, only assets over \$5,000 each will be capitalized. Previously, the threshold for total project cost was \$5,000.

Note 2 – Accounting Changes and Corrections of Errors

Not applicable

Note 3 – Business Combinations and Goodwill

Not applicable

Note 4 – Discontinued Operations

Not applicable

Note 5 – Investments

A through C – Not applicable

D. Loan-Backed Securities

1. Prepayment assumptions for loan-backed securities are obtained from Bloomberg and broker dealer surveys.
2. There have been no other-than-temporarily impairments of loan-backed securities for the current year.
3. There are no loan-backed securities with a recognized other-than temporary impairment, currently held by the Company.
4. For all loan-backed securities held at June 30, 2011 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:

	<u>Fair Market Value</u>	<u>Amortized Cost</u>	<u>Unrealized Loss</u>
Less than 12 months	\$ 1,678,833	\$ 1,686,403	\$ (7,570)
Over 12 months	9,796	10,005	(209)
Total	\$ 1,688,629	\$ 1,696,408	\$ (7,779)

5. 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.

E through G – Not applicable

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

Not applicable

Note 7 – Investment Income

A. – No significant change

B. – Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 8 – Derivative Instruments

Not applicable

Note 9 – Income Taxes

No significant change

Note 10 – Information Concerning Parent, Subsidiaries and Affiliates

A through D – No significant change

E. – Not applicable

F. – Effective May 15, 2011, the Company and its affiliates amended its Expense Allocation and Management Services Agreements to include new affiliates APS Insurance Services, Inc., American Physicians Insurance Agency, Inc., and American Physicians Service Group, Inc.

G through K – Not applicable

Note 11 – Debt

Not applicable

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

A. – Not applicable

B. – No significant change

C. – Not applicable

D. – No significant change

E through F – Not applicable

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

A. – No significant change

B. – Not applicable

C through E – No significant change

F through I – Not applicable

J. – No significant change

K through M – Not applicable

Note 14 – Contingencies

A through B – No significant change

C through D – Not applicable

E. – No significant change

Note 15 – Leases

Not applicable

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

Not applicable

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

C. Wash Sales

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 18 – Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

Not applicable

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

Not applicable

Note 20 – Fair Value Measurement

A.

(1) None

(2) None

(3) The Company's policy is to recognize transfers between levels at the end of the reporting period.

(4) The Company utilizes a nationally-recognized third-party pricing service to determine all Fair Value Measurements classified as Level 2 in the Fair Value Hierarchy. This pricing service uses market data obtained from sources independent of the Company (observable inputs). These inputs generally include quoted prices in markets that are not active, quoted prices for similar assets / liabilities, and other observable inputs such as interest rates and yield curves that are generally available at commonly quoted intervals.

Management reviews valuations of securities obtained from the pricing service for accuracy based upon the specifics of the security, including class, maturity, credit rating, durations, collateral, and comparable markets for similar securities.

The pricing service has a larger and more experienced staff than ours, has access to large quantities of data that would be difficult and expensive for us to acquire, and many years of valuation experience.

(5) None

Note 21 – Other Items

A through B – Not applicable

C. – No significant change

D through G – Not applicable

Note 22 – Events Subsequent

Type I – Recognized Subsequent Events:

Subsequent events have been considered through August 10, 2011 for the statutory statement filed on or before August 15, 2011.

Note 23 – Reinsurance

A through D – No significant change

E through F – Not applicable

G. – No significant change

Note 24 – Retrospectively Rated Contracts

Not applicable

Note 25 – Changes in Incurred Losses and Loss Adjustment Expenses

Combined reserves for incurred losses and loss adjustment expenses attributable to insured events as of December 31, 2010 were \$30,768,406. The following provides information concerning the re-estimation of those reserves as of June 30, 2011:

Losses and Loss Adjustment Expenses December 31, 2010	\$30,768,406
Re-estimation of reserves (favorable)	<u>0</u>
Re-estimated December 31, 2010 Losses and Loss Adjustment Expenses	\$30,768,406

Original estimates are increased or decreased as additional information becomes available.

Note 26 – Intercompany Pooling Arrangements

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 27 – Structured Settlements

Not applicable

Note 28 – Health Care Receivables

Not applicable

Note 29 – Participating Accident and Health Policies

Not applicable

Note 30 – Premium Deficiency Reserves

Not applicable

Note 31 – High Deductibles

Not applicable

Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

Not applicable

Note 33 – Asbestos and Environmental Reserves

Not applicable

Note 34 – Subscriber Savings Accounts

Not applicable

Note 35 – Multiple Peril Crop Insurance

Not applicable

Note 36 – Financial Guaranty Insurance

Not applicable

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 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: \$0

INVESTMENT

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

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

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

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

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

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$	\$
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 [X] 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 [X]

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
113972.....	Standish Mellon Asset Management.....	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 [X] No []

17.2 If no, list exceptions:

.....

5. Affiliates added to Expense Sharing and Management Services Agreements effective May 15, 2011. No change in terms.

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 Domiciliary Jurisdiction	5 Is Insurer Authorized? (Yes or No)
NONE				

STATEMENT AS OF JUNE 30, 2011 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	
		2	3	4	5	6	7
States, etc.	Active Status	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date
1. Alabama	AL L	25,286	87,666	10,000	81,392	572,795	602,378
2. Alaska	AK L	2,635	0	0	0	9,657	0
3. Arizona	AZ L	139,424	105,133	9,813	5,630	289,325	221,291
4. Arkansas	AR L	47,240	46,896	4,951	0	122,901	86,982
5. California	CA L	1,125,150	1,613,690	956,636	355,319	7,057,614	6,015,034
6. Colorado	CO L	183,711	158,005	2,528	0	419,013	254,314
7. Connecticut	CT N	0	0	0	0	0	0
8. Delaware	DE L	3,766	0	0	0	9,851	0
9. District of Columbia	DC N	0	0	0	0	0	0
10. Florida	FL L	1,031,370	1,169,028	362,041	806,615	3,646,271	3,817,519
11. Georgia	GA L	112,641	175,333	10,408	2,763	501,633	653,569
12. Hawaii	HI N	0	0	0	0	0	0
13. Idaho	ID L	42,850	37,074	12,044	2,674	108,964	65,998
14. Illinois	IL L	356,744	384,165	28,844	217,624	1,083,237	1,136,186
15. Indiana	IN L	23,409	19,489	0	383	397,719	460,442
16. Iowa	IA L	34,044	25,446	0	0	103,252	75,955
17. Kansas	KS L	34,670	26,031	23	0	138,856	76,897
18. Kentucky	KY L	15,439	12,947	0	0	43,846	20,839
19. Louisiana	LA L	272,448	244,254	0	92,249	845,835	853,132
20. Maine	ME N	0	0	0	0	0	0
21. Maryland	MD L	4,669	0	0	0	20,030	0
22. Massachusetts	MA L	16,640	9,276	4,733	0	51,377	14,930
23. Michigan	MI L	333,720	305,124	29,253	81,205	905,282	752,898
24. Minnesota	MN L	80,809	72,925	3,117	6,720	214,648	118,853
25. Mississippi	MS N	0	0	0	0	0	0
26. Missouri	MO L	50,156	30,516	358	0	119,560	84,115
27. Montana	MT N	0	0	0	0	0	0
28. Nebraska	NE L	6,262	2,485	0	0	27,885	4,000
29. Nevada	NV L	28,588	75,159	0	7,185	199,583	226,255
30. New Hampshire	NH N	0	0	0	0	0	0
31. New Jersey	NJ L	158,491	194,462	0	2,019	770,830	653,804
32. New Mexico	NM L	0	0	0	0	0	0
33. New York	NY L	289,374	392,410	41,260	324,989	3,219,006	3,072,614
34. North Carolina	NC L	19,419	14,961	0	0	160,183	76,947
35. North Dakota	ND L	1,603	1,833	0	0	9,279	2,950
36. Ohio	OH L	78,597	69,911	0	42,173	205,622	177,386
37. Oklahoma	OK L	72,518	44,850	75,000	0	210,240	170,621
38. Oregon	OR L	132,714	122,093	4,047	31,898	284,713	209,746
39. Pennsylvania	PA L	533,802	516,146	15,570	141,833	2,046,490	1,290,097
40. Rhode Island	RI L	1,836	0	0	0	2,009	0
41. South Carolina	SC L	31,873	29,847	150,000	0	103,784	61,920
42. South Dakota	SD L	1,280	0	0	0	11,966	0
43. Tennessee	TN L	76,595	68,978	0	150,000	225,842	150,994
44. Texas	TX L	475,241	841,063	676,149	100,423	2,667,891	3,491,838
45. Utah	UT L	73,929	66,857	0	0	222,799	185,516
46. Vermont	VT L	10,407	7,923	900	0	44,593	12,752
47. Virginia	VA L	36,716	38,253	1,872	1,902	120,231	99,441
48. Washington	WA L	454,222	423,068	22,262	24,613	1,299,566	1,132,287
49. West Virginia	WV L	7,569	14,139	0	0	61,276	42,871
50. Wisconsin	WI L	64,523	53,950	0	0	179,276	86,834
51. Wyoming	WY L	311	339	0	0	6,106	546
52. American Samoa	AS N	0	0	0	0	0	0
53. Guam	GU N	0	0	0	0	0	0
54. Puerto Rico	PR N	0	0	0	0	0	0
55. U.S. Virgin Islands	VI N	0	0	0	0	0	0
56. Northern Mariana Islands	MP N	0	0	0	0	0	0
57. Canada	CN N	0	0	0	0	0	0
58. Aggregate Other Alien	OT XXX	0	0	0	0	0	0
59. Totals	(a) 44	6,492,691	7,501,725	2,421,809	2,479,609	28,740,836	26,460,751
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	4,230,431	2,228,824	52.7	27.4
11.2 Medical professional liability -claims made	2,526,166	1,234,612	48.9	57.1
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	15,227	0	0.0	0.0
17.2 Other liability-claims made	292,568	217,179	74.2	127.8
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	7,064,392	3,680,615	52.1	71.8
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	1,858,897	3,909,244	1,414,146
11.2 Medical professional liability-claims made	1,164,730	2,570,820	4,129,619
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	15,227	0
17.2 Other liability-claims made	2,164	(2,600)	1,957,960
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	3,025,791	6,492,691	7,501,725
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, 2011 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)	2011 Loss and LAE Payments on Claims Reported as of Prior Year-End	2011 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2011 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. 2008 + Prior	3,037	5,346	8,383	876	1	877	2,469	0	5,038	7,507	308	(307)	0
2. 2009	2,947	5,811	8,758	1,169	13	1,182	2,328	224	5,023	7,575	550	(550)	0
3. Subtotals 2009 + prior	5,984	11,157	17,141	2,045	14	2,059	4,797	224	10,061	15,082	857	(857)	0
4. 2010	2,786	10,841	13,627	1,484	46	1,530	3,107	414	8,576	12,097	1,805	(1,804)	0
5. Subtotals 2010 + prior	8,770	21,998	30,768	3,529	60	3,589	7,903	638	18,638	27,180	2,662	(2,662)	0
6. 2011	XXX	XXX	XXX	XXX	199	199	XXX	1,052	4,823	5,875	XXX	XXX	XXX
7. Totals	8,770	21,998	30,768	3,529	259	3,788	7,903	1,690	23,461	33,054	2,662	(2,662)	0
8. Prior Year-End Surplus As Regards Policy-holders	23,439												
											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. 30.4	2. (12.1)	3. 0.0
													Col. 13, Line 7 Line 8
													4. 0.0

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 questions.

	<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.....
4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?NO.....

Explanation:

- 1.
- 3.
- 4.

Bar Code:

1.	 1 0 2 2 2 2 0 1 1 4 9 0 0 0 0 0 2
3.	 1 0 2 2 2 2 0 1 1 3 6 5 0 0 0 0 2
4.	 1 0 2 2 2 2 0 1 1 5 0 5 0 0 0 0 2

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A – VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	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

NONE

SCHEDULE B – VERIFICATION

Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	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

NONE

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	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

NONE

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	58,563,434	41,570,602
2. Cost of bonds and stocks acquired	7,415,843	28,649,300
3. Accrual of discount	5,757	16,650
4. Unrealized valuation increase (decrease)	1,243	207
5. Total gain (loss) on disposals	64,899	285,149
6. Deduct consideration for bonds and stocks disposed of	5,468,964	11,468,785
7. Deduct amortization of premium	376,316	489,689
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)	60,205,896	58,563,434
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	60,205,896	58,563,434

STATEMENT AS OF JUNE 30, 2011 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).....	53,541,346	8,887,964	6,933,334	109,807	53,541,346	55,605,783	.0	54,030,235
2. Class 2 (a).....	6,104,145	269,136		(298,670)	6,104,145	6,074,611	.0	5,126,025
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).....	1,130				1,130	1,130	0	0
7. Total Bonds	59,646,621	9,157,100	6,933,334	(188,863)	59,646,621	61,681,524	0	59,156,260
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	59,646,621	9,157,100	6,933,334	(188,863)	59,646,621	61,681,524	0	59,156,260

(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 \$ 1,475,628 ; NAIC 2 \$;
NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

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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	1,475,628	XXX	1,475,628	24	

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.....	592,826	722,494
2. Cost of short-term investments acquired	9,572,495	17,499,369
3. Accrual of discount		0
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals		0
6. Deduct consideration received on disposals	8,689,693	17,629,037
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).....	1,475,628	592,826
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	1,475,628	592,826

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

NONE

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, 2011 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)
Bonds - U.S. Governments									
912828-NN-6	US TREASURY N/B		04/11/2011	MORGAN STANLEY		400,875	400,000	961	1
0599999 - Bonds - U.S. Governments						400,875	400,000	961	XXX
Bonds - U.S. Special Revenue									
928170-4Y-5	VIRGINIA ST RES AUTH INFRASTRU		05/19/2011	J.P. MORGAN		800,098	675,000		1FE
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Government and Their Political Subdivisions						800,098	675,000	0	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)									
02005J-AB-5	ALLY AUTO REC TRST 2011-3 A2		06/08/2011	ROYAL BANK OF SCOTLAND US		300,000	300,000		1FE
02005V-AB-8	ALLY AUTO REC TRST 2011-2 A2		04/27/2011	CITIGROUP GLOBAL MARKETS		269,997	270,000		1FE
0258M0-DB-2	AMER EXPRESS CREDIT CO		06/17/2011	BANK AMERICA		200,000	200,000		1FE
038222-AE-5	APPLIED MATERIALS INC		06/01/2011	J.P. MORGAN		194,854	195,000		1FE
133131-AR-3	CAMDEN PROPERTY TRUST		05/31/2011	DEUTSCHE BANK		144,136	145,000		2FE
233331-AP-2	DTE ENERGY COMPANY		05/19/2011	BANK AMERICA		125,000	125,000		2FE
29372E-AB-4	ENTERPRISE FLEET FINANCING 2011-2 A2		06/23/2011	J.P. MORGAN		319,986	320,000		1FE
36161X-AB-2	GE EQUIPMENT TRUST 2011-1 A2		06/22/2011	BANK AMERICA		289,991	290,000		1FE
43814A-AB-9	HONDA AUTO RECEIV OWNER TRST 2011-2 A2		05/18/2011	ROYAL BANK OF SCOTLAND US		129,989	130,000		1FE
603263-44-3	FARMERS AND MERCHANTS CD		06/01/2011	Transfer		100,000	100,000		1
73328U-AB-1	PORSCHE FINAN AUTO SEC TRST 2011-1 A2		06/15/2011	J.P. MORGAN		129,993	130,000		1FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						2,203,946	2,205,000	0	XXX
8399997 - Subtotals- Bonds - Part 3						3,404,919	3,280,000	961	XXX
8399999 - Subtotals - Bonds						3,404,919	3,280,000	961	XXX
9999999 Totals						3,404,919	XXX	961	XXX

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

STATEMENT AS OF JUNE 30, 2011 OF THE PACO Assurance Company, Inc.

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	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)
Bonds - U.S. Governments																					
36200F-RR-1	GN 599996		06/01/2011	MBS PAYMENT		307	307	301	307				.0		307			.0	.6	02/01/2018	1
36201F-RA-7	GN 581981		06/01/2011	MBS PAYMENT		12,999	12,999	13,478	13,036		(39)		(39)		12,999			.0	271	05/01/2016	1
36201G-TL-9	GN 582955		06/01/2011	MBS PAYMENT		273	273	285	274		(1)		(1)		273			.0	.8	11/01/2030	1
36201J-EQ-8	GN 584343		06/01/2011	MBS PAYMENT		35	35	37	36						35			.0	.1	01/01/2031	1
36202D-7K-1	G2 3598		06/01/2011	MBS PAYMENT		868	868	880	869		(1)		(1)		868			.0	22	10/01/2033	1
36202D-BH-3	G2 2740		06/01/2011	MBS PAYMENT		290	290	282	289						290			.0	.7	10/01/2027	1
36202D-J8-5	G2 2987		06/01/2011	MBS PAYMENT		29	29	29	29						29			.0	.1	07/01/2029	1
36202F-GM-2	G2 4704		06/01/2011	MBS PAYMENT		26,911	26,911	28,635	26,975		(64)		(64)		26,911			.0	537	04/01/2025	1
36202F-LP-9	G2 4834		06/01/2011	MBS PAYMENT		11,150	11,150	11,844	11,191		(41)		(41)		11,150			.0	209	07/01/2040	1
36202F-M9-4	G2 4884		06/01/2011	MBS PAYMENT		24,970	24,970	26,581	25,046		(77)		(77)		24,970			.0	527	04/01/2039	1
36202F-O7-4	G2 4978		06/01/2011	MBS PAYMENT		3,715	3,715	3,849			(2)		(2)		3,715			.0	29	02/01/2041	1
3620A5-F5-3	GN 719388		06/01/2011	MBS PAYMENT		8,937	8,937	9,532	8,944		(6)		(6)		8,937			.0	168	05/01/2025	1
3620AC-R7-1	GN 726010		06/01/2011	MBS PAYMENT		1,209	1,209	1,284	1,216		(7)		(7)		1,209			.0	25	04/01/2040	1
3620AX-RN-0	GN 743093		06/01/2011	MBS PAYMENT		883	883	947	884		(1)		(1)		883			.0	18	05/01/2040	1
3620CO-XY-9	GN 745095		06/01/2011	MBS PAYMENT		2,956	2,956	3,174	2,962		(6)		(6)		2,956			.0	62	05/01/2040	1
3620C4-Z0-6	GN 748751		06/01/2011	MBS PAYMENT		11,738	11,738	12,472	11,778		(40)		(40)		11,738			.0	194	10/01/2025	1
36212E-GR-2	GN 531308		06/01/2011	MBS PAYMENT		.9	.9	.9	.9						.9			.0		07/01/2028	1
36213D-G4-4	GN 551119		06/01/2011	MBS PAYMENT		390	390	413	390		(1)		(1)		390			.0	13	05/01/2030	1
36213P-ES-6	GN 560045		06/01/2011	MBS PAYMENT		32,024	32,024	32,775	32,029		(5)		(5)		32,024			.0	697	09/01/2029	1
36213U-OL-7	GN 564859		06/01/2011	MBS PAYMENT		13	13	13	13						13			.0		02/01/2031	1
36216P-3K-2	GN 171002		06/01/2011	MBS PAYMENT		18	18	17	18						18			.0		09/01/2028	1
36225C-JZ-0	G2 80279		06/01/2011	MBS PAYMENT		260	260	262	260						260			.0	.3	03/01/2029	1
36225C-V6-0	G2 80636		06/01/2011	MBS PAYMENT		1,152	1,152	1,158	1,152						1,152			.0	.12	07/01/2032	1
36225D-MF-8	G2 81257		06/01/2011	MBS PAYMENT		4,123	4,123	4,133	4,123						4,123			.0	.34	12/01/2034	1
912828-FD-7	US TREASURY N/B		05/31/2011	VARIOUS		400,000	400,000	397,156	399,790		210		210		400,000			.0	9,750	04/30/2011	1
0599999 - Bonds - U.S. Governments						545,259	545,259	549,546	541,623	0	(81)	0	(81)	0	545,259	0	0	0	12,594	XXX	XXX
Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																					
31283J-WR-8	FG 610656		06/01/2011	MBS PAYMENT		139	139	140	139				.0		139			.0	.4	11/01/2011	1
3128GH-5J-6	FG E81749		06/01/2011	MBS PAYMENT		.6	.6	.6	.6				.6		.6			.0		09/01/2015	1
3128GJ-OR-1	FG E82264		06/01/2011	MBS PAYMENT		113	113	114	113						113			.0	.3	05/01/2015	1
3128GS-7C-5	FG E89891		06/01/2011	MBS PAYMENT		1,085	1,085	1,120	1,087		(2)		(2)		1,087			.0	.27	05/01/2017	1
3128KF-P7-9	FG A53146		06/01/2011	MBS PAYMENT		15,673	15,673	15,480	15,657		.16		.16		15,673			.0	375	04/01/2036	1
3128LX-H6-8	FG 602031		06/01/2011	MBS PAYMENT		22,464	22,464	22,220	22,438		.27		.27		22,464			.0	507	04/01/2035	1
3128MJ-E5-5	FG 608155		06/01/2011	MBS PAYMENT		7,644	7,644	7,550	7,633		.11		.11		7,644			.0	170	03/01/2036	1
3128MJ-EY-2	FG 608150		06/01/2011	MBS PAYMENT		13,027	13,027	12,866	13,005		.22		.22		13,027			.0	300	12/01/2035	1
3128MJ-HT-0	FG 608241		06/01/2011	MBS PAYMENT		11,466	11,466	11,524	11,471		(5)		(5)		11,466			.0	256	07/01/2037	1
31292G-ZF-6	FG 000742		06/01/2011	MBS PAYMENT		1,214	1,214	1,233	1,215		(1)		(1)		1,214			.0	33	09/01/2027	1
31292H-5P-5	FG 001754		06/01/2011	MBS PAYMENT		4,509	4,509	4,588	4,518		(10)		(10)		4,509			.0	102	12/01/2032	1
31292H-D2-7	FG 001021		06/01/2011	MBS PAYMENT		520	520	488	519		.1		.1		520			.0	.17	04/01/2028	1
31292H-6C-2	FG 001095		06/01/2011	MBS PAYMENT		10	10	9	10						10			.0		05/01/2029	1
31292H-N9-1	FG 001316		06/01/2011	MBS PAYMENT		489	489	485	489						489			.0	13	11/01/2030	1
31292H-RR-7	FG 001396		06/01/2011	MBS PAYMENT		4,679	4,679	4,843	4,692		(13)		(13)		4,679			.0	124	09/01/2031	1
31292H-UP-7	FG 001490		06/01/2011	MBS PAYMENT		777	777	789	778		(1)		(1)		777			.0	18	12/01/2031	1
31293S-DX-4	FG C28218		06/01/2011	MBS PAYMENT		138	138	138	138						138			.0	.4	04/01/2028	1
31293T-GD-3	FG C29196		06/01/2011	MBS PAYMENT		12	12	12	12						12			.0		01/01/2026	1
31293Y-N7-7	FG C33114		06/01/2011	MBS PAYMENT		4	4	4	4						4			.0		11/01/2028	1
31294B-6N-0	FG C35377		06/01/2011	MBS PAYMENT		1,018	1,018	1,045	1,022		(4)		(4)		1,018			.0	.35	04/01/2027	1
31294G-K9-4	FG C39320		06/01/2011	MBS PAYMENT		7	7	7	7						7			.0		05/01/2030	1
312964-LC-1	FG B12123		06/01/2011	MBS PAYMENT		2,350	2,350	2,402	2,353		(3)		(3)		2,350			.0	.49	07/01/2018	1
31298U-FA-2	FG C57361		06/01/2011	MBS PAYMENT		34	34	35	35						34			.0	.1	08/01/2030	1
3133XP-2W-3	FEDERAL HOME LOAN BANK		04/25/2011	DEUTSCHE BANK		839,874	800,000	839,407	828,383		(4,142)		(4,142)		824,240		15,633	15,633	17,925	02/27/2013	1
31371G-2P-4	FN 251982		06/01/2011	MBS PAYMENT		784	784	816	789		(5)		(5)		784			.0	.21	06/01/2013	1
31371J-UL-6	FN 253587		06/01/2011	MBS PAYMENT		655	655	681	663		(8)		(8)		655			.0	.20	02/01/2015	1
31371K-XU-0	FN 254591		06/01/2011	MBS PAYMENT		525	525	541	527		(2)		(2)		525			.0	.12	06/01/2017	1
31371L-CT-4	FN 254882		06/01/2011	MBS PAYMENT		1,230	1,230	1,256	1,233		(3)		(3)		1,230			.0	.25	04/01/2013	1
31371L-KW-8	FN 255109		06/01/2011	MBS PAYMENT		1,007	1,007	994	1,005		.1		.1		1,007			.0	.21	08/01/2018	1
31371L-RK-7	FN 255290		06/01/2011	MBS PAYMENT		988	988	974	986		.2		.2		988			.0	.16	02/01/2014	1
31379J-JO-0	FN 420671		06/01/2011	MBS PAYMENT		901	901	938	907		(6)		(6)		901			.0	.20	04/01/2013	1
31379J-NG-7	FN 420791		06/01/2011	MBS PAYMENT		120	120	125	120		(1)		(1)		120			.0	.3	05/01/2013	1
31379U-GF-2	FN 429598		06/01/2011	MBS PAYMENT		1	1	2	1						1			.0</			

STATEMENT AS OF JUNE 30, 2011 OF THE PACO Assurance Company, Inc.

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22	
										11	12	13	14	15								
CUSIP Identification	Description	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)	
31380H-AM-9	FN 440212		06/01/2011	MBS PAYMENT		.37	.37	.39	.37				.0		.37			.0	.1	05/01/2013	1	
31380J-RH-8	FN 441588		06/01/2011	MBS PAYMENT		.153	.153	.159	.153		(1)		(1)		.153			.0	.4	01/01/2013	1	
31380W-K5-2	FN 452216		06/01/2011	MBS PAYMENT		1,228	1,228	1,350	1,247		(20)		(20)		1,228			.0	.26	12/01/2013	1	
31382R-S6-9	FN 490219		06/01/2011	MBS PAYMENT		.733	.733	.773	.733				.0		.733			.0	.21	04/01/2026	1	
31384U-4E-1	FN 534621		06/01/2011	MBS PAYMENT		.11	.11	.11	.11				.0		.11			.0		10/01/2027	1	
31384Y-K7-6	FN 535018		06/01/2011	MBS PAYMENT		.147	.147	.149	.148				.0		.147			.0	.5	06/01/2012	1	
31384Y-T8-5	FN 535275		06/01/2011	MBS PAYMENT		.232	.232	.232	.232				.0		.232			.0	.6	10/01/2027	1	
31384W-LN-8	FN 535933		06/01/2011	MBS PAYMENT		.329	.329	.330	.330				.0		.329			.0	.9	01/01/2030	1	
31385H-PJ-5	FN 545025		06/01/2011	MBS PAYMENT		.817	.817	.819	.819		(2)		(2)		.817			.0	.22	11/01/2015	1	
31385J-K3-1	FN 545814		06/01/2011	MBS PAYMENT		1,784	1,784	1,812	1,787		(2)		(2)		1,784			.0	.48	04/01/2031	1	
31385X-NR-4	FN 555800		06/01/2011	MBS PAYMENT		11,472	11,472	11,540	11,480		(9)		(9)		11,472			.0	.257	03/01/2032	1	
31386C-SU-2	FN 559859		06/01/2011	MBS PAYMENT		.600	.600	.626	.602		(3)		(3)		.600			.0	.16	10/01/2015	1	
31386P-MX-8	FN 569274		06/01/2011	MBS PAYMENT		1,559	1,559	1,592	1,561		(3)		(3)		1,559			.0	.45	11/01/2015	1	
31386X-JX-5	FN 576378		06/01/2011	MBS PAYMENT		2,223	2,223	2,261	2,226		(4)		(4)		2,223			.0	.61	01/01/2016	1	
31387C-M2-4	FN 580077		06/01/2011	MBS PAYMENT		.69	.69	.70	.69				.0		.69			.0	.2	10/01/2030	1	
31387F-JG-0	FN 582663		06/01/2011	MBS PAYMENT		.54	.54	.55	.54				.0		.54			.0	.1	05/01/2030	1	
31387S-GY-6	FN 592515		06/01/2011	MBS PAYMENT		1,487	1,487	1,544	1,514		(27)		(27)		1,487			.0	.40	02/01/2016	1	
31389F-EJ-7	FN 623937		06/01/2011	MBS PAYMENT		.241	.241	.245	.241				.0		.241			.0	.7	06/01/2030	1	
31389P-LJ-7	FN 631329		06/01/2011	MBS PAYMENT		2,630	2,630	2,718	2,638		(8)		(8)		2,630			.0	.71	09/01/2016	1	
31391K-5X-1	FN 669662		06/01/2011	MBS PAYMENT		5,801	5,801	5,890	5,813		(12)		(12)		5,801			.0	.155	02/01/2031	1	
31400B-WY-8	FN 682963		06/01/2011	MBS PAYMENT		.830	.830	.819	.827		.2		.2		.830			.0	.19	05/01/2032	1	
31400F-PB-7	FN 686318		06/01/2011	MBS PAYMENT		1,053	1,053	1,085	1,058		(5)		(5)		1,053			.0	.21	08/01/2017	1	
31402F-DL-6	FN 727407		06/01/2011	MBS PAYMENT		1,497	1,497	1,478	1,494		.3		.3		1,497			.0	.31	02/01/2018	1	
31402Q-YC-9	FN 735207		06/01/2011	MBS PAYMENT		8,558	8,558	8,780	8,566		(8)		(8)		8,558			.0	.237	10/01/2030	1	
31403J-EU-6	FN 749947		06/01/2011	MBS PAYMENT		.54	.54	.55	.54				.0		.54			.0	.1	07/01/2032	1	
31409F-LZ-9	FN 869844		06/01/2011	MBS PAYMENT		3,739	3,739	3,728	3,737		.2		.2		3,739			.0	.92	07/01/2035	1	
31409X-RD-3	FN 881684		06/01/2011	MBS PAYMENT		114,373	114,373	114,051	114,369		.4		.4		114,373			.0	2,297	10/01/2035	1	
31410F-SS-5	FN 888029		06/01/2011	MBS PAYMENT		2,150	2,150	2,154	2,151				.0		2,150			.0	.53	01/01/2036	1	
31410G-F6-3	FN 888567		06/01/2011	MBS PAYMENT		10,424	10,424	10,486	10,432		(8)		(8)		10,424			.0	.236	07/01/2035	1	
31410U-NH-1	FN 897792		06/01/2011	MBS PAYMENT		14,054	14,054	14,079	14,058		(4)		(4)		14,054			.0	.352	03/01/2036	1	
31411C-PS-4	FN 904133		06/01/2011	MBS PAYMENT		1,533	1,533	1,536	1,533				.0		1,533			.0	.34	06/01/2036	1	
31411L-SF-9	FN 911418		06/01/2011	MBS PAYMENT		8,616	8,616	8,668	8,617		(1)		(1)		8,616			.0	.192	10/01/2036	1	
31411U-H5-3	FN 914752		06/01/2011	MBS PAYMENT		12,634	12,634	12,710	12,642		(7)		(7)		12,634			.0	.285	09/01/2036	1	
31412V-T6-3	FN 936251		06/01/2011	MBS PAYMENT		.229	.229	.229	.229				.0		.229			.0	.6	04/01/2037	1	
31413C-EA-8	FN 941229		06/01/2011	MBS PAYMENT		8,164	8,164	8,212	8,177		(13)		(13)		8,164			.0	.186	08/01/2036	1	
31414P-BE-8	FN 971737		06/01/2011	MBS PAYMENT		17,722	17,722	17,828	17,729		(7)		(7)		17,722			.0	.414	10/01/2036	1	
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						1,170,700	1,130,826	1,170,959	1,159,317	0	(4,253)	0	(4,253)	0	1,155,066	0	15,633	15,633	25,354	XXX	XXX	
Bonds - Industrial and Miscellaneous (Unaffiliated)																						
12621U-AB-3	CNH EQUIPMENT TRUST 2010-B A2		06/15/2011	MBS PAYMENT		307,621	307,621	307,600	307,536		.84		.84		307,620			.0	.874	01/15/2012	1FE	
149123-BH-3	CATERPILLAR INC. MATURITY		05/01/2011	MBS PAYMENT		100,000	100,000	100,160	100,007		(7)		(7)		100,000			.0	3,275	05/01/2011	1FE	
41283X-AC-3	HONDA MOTOR TRUST 2008-1 A3A		06/15/2011	MBS PAYMENT		37,978	37,978	37,974	38,339		(360)		(360)		37,978			.0	.631	06/15/2011	1FE	
90327X-AC-8	USAA AUTO TRUST 2009-1 A3		06/15/2011	MBS PAYMENT		124,813	124,813	124,790	124,683		130		130		124,813			.0	1,552	04/15/2012	1FE	
902118-BL-1	TYCO INTERNATIONAL FINAN. BANK AMERICA		04/13/2011	MBS PAYMENT		188,124	150,000	149,996	149,996				.0		149,996		38,129	38,129			01/15/2019	1FE
8399999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						758,536	720,412	720,520	720,561	0	(153)	0	(153)	0	720,407	0	38,129	38,129	16,001	XXX	XXX	
8399997 - Subtotals - Bonds - Part 4						2,474,495	2,396,497	2,441,025	2,421,501	0	(4,487)	0	(4,487)	0	2,420,732	0	53,762	53,762	53,949	XXX	XXX	
8399999 - Subtotals - Bonds						2,474,495	2,396,497	2,441,025	2,421,501	0	(4,487)	0	(4,487)	0	2,420,732	0	53,762	53,762	53,949	XXX	XXX	
9999999 Totals						2,474,495	XXX	2,441,025	2,421,501	0	(4,487)	0	(4,487)	0	2,420,732	0	53,762	53,762	53,949	XXX	XXX	

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

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

STATEMENT AS OF JUNE 30, 2011 OF THE PACO Assurance Company, Inc.

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 Total Cash Equivalents					0	0	0

E12



SUPPLEMENT FOR THE QUARTER ENDING JUNE 30, 2011 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

Table with 9 columns: States, Etc., 1 Direct Premiums Written, 2 Direct Premiums Earned, 3 Direct Losses Paid Amount, 4 Number of Claims, 5 Direct Losses Incurred, 6 Direct Losses Unpaid Amount Reported, 7 Number of Claims, 8 Direct Losses Incurred But Not Reported. Rows include states from Alabama to Wyoming, American Samoa, Guam, Puerto Rico, U.S. Virgin Islands, Northern Mariana Islands, Canada, and an aggregate other alien category. Includes a 'DETAILS OF WRITE-INS' section at the bottom.



SUPPLEMENT FOR THE QUARTER ENDING JUNE 30, 2011 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

Table with 9 columns: States, Etc., 1 Direct Premiums Written, 2 Direct Premiums Earned, 3 Direct Losses Paid Amount, 4 Number of Claims, 5 Direct Losses Incurred, 6 Direct Losses Unpaid Amount Reported, 7 Number of Claims, 8 Direct Losses Incurred But Not Reported. Rows include states from Alabama to Wyoming, American Samoa, Guam, Puerto Rico, U.S. Virgin Islands, Northern Mariana Islands, Canada, and an aggregate other alien category. Includes a 'DETAILS OF WRITE-INS' section at the bottom.



SUPPLEMENT FOR THE QUARTER ENDING JUNE 30, 2011 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	25,286	26,317			13,544		1	56,450
2. Alaska	2,635	4,798			2,469	39,715		(30,057)
3. Arizona	139,912	116,117	9,813		59,759	3,792		269,562
4. Arkansas	47,240	52,577	4,951		27,059	5,131		108,029
5. California	1,107,371	1,282,909	266,462	4	660,248	1,256,948	22	3,708,687
6. Colorado	183,711	179,378	2,528		92,317	4,500		414,513
7. Connecticut								
8. Delaware	3,766	5,099			2,624			9,851
9. District of Columbia								
10. Florida	1,036,052	1,012,184	362,041	3	520,919	941,353	13	1,957,218
11. Georgia	110,277	111,226	3,908		57,242	41,832	1	216,951
12. Hawaii								
13. Idaho	42,850	55,034	12,044		28,323	7,371		101,593
14. Illinois	356,744	298,615	22,344	1	153,682	706,216	5	203,408
15. Indiana	23,409	30,961			15,934	359,999	3	31,668
16. Iowa	34,044	25,288			13,014	7,000	1	96,252
17. Kansas	34,670	46,529	23		23,946	108,977	1	29,879
18. Kentucky	15,439	20,397			10,497	34,999	1	8,847
19. Louisiana	272,448	260,449			134,040	299,999	5	545,836
20. Maine								
21. Maryland	4,669	10,105			5,201			20,030
22. Massachusetts	16,640	22,848	4,733		11,759	3,485		47,893
23. Michigan	333,720	351,508	29,253		180,903	586,238	6	319,045
24. Minnesota	80,809	99,354	3,117		51,132	629		214,019
25. Mississippi								
26. Missouri	50,156	42,180	358		21,708	69,998	2	49,562
27. Montana								
28. Nebraska	6,262	13,344			6,867			27,885
29. Nevada	28,588	26,306			13,538			51,490
30. New Hampshire								
31. New Jersey	160,837	152,583			78,527	39,499	1	272,038
32. New Mexico								
33. New York	289,374	272,761	41,260		131,040	1,636,231	14	1,150,231
34. North Carolina	19,419	59,746			30,748			132,516
35. North Dakota	1,603	4,152			2,137			9,279
36. Ohio	78,597	72,283			37,200	52,327	2	114,897
37. Oklahoma	72,518	88,860	75,000	1	45,732	130,000	2	56,193
38. Oregon	132,714	126,593	4,047		65,151	4,500		261,646
39. Pennsylvania	533,802	688,653	15,570	1	354,414	481,010	10	1,412,585
40. Rhode Island	1,836	1,477			760			2,009
41. South Carolina	31,873	45,409	150,000	2	23,370			84,614
42. South Dakota	1,280	5,803			2,987			11,966
43. Tennessee	76,595	73,925			38,045			164,845
44. Texas	475,241	436,575	11,225		224,683	365,087	6	902,210
45. Utah	73,929	66,698			34,326	35,000	2	183,350
46. Vermont	10,407	21,302	900	1	10,963	4,500		40,093
47. Virginia	36,716	36,782	1,872		18,930	3,809		68,842
48. Washington	454,222	414,421	22,262		213,281	527,894	9	767,752
49. West Virginia	7,569	8,775			4,516			17,910
50. Wisconsin	64,523	83,549			42,998			179,276
51. Wyoming	311	2,727			1,403			6,106
52. American Samoa								
53. Guam								
54. Puerto Rico								
55. U.S. Virgin Islands								
56. Northern Mariana Islands								
57. Canada								
58. Aggregate other alien	0	0	0	0	0	0	0	0
59. Totals	6,480,064	6,756,597	1,043,711	13	3,467,936	7,758,039	107	14,296,969
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 THE QUARTER ENDING JUNE 30, 2011 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

Table with 9 columns: States, Etc., 1 Direct Premiums Written, 2 Direct Premiums Earned, 3 Direct Losses Paid Amount, 4 Number of Claims, 5 Direct Losses Incurred, 6 Direct Losses Unpaid Amount Reported, 7 Number of Claims, 8 Direct Losses Incurred But Not Reported. Rows include states from Alabama to Wyoming, totals, and details of write-ins.