



QUARTERLY STATEMENT

AS OF MARCH 31, 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 of Tennessee

ss

County of Williamson

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

Subscribed and sworn to before me this _____ day of May, 2010

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 _____

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

STATEMENT AS OF MARCH 31, 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	42,653,406	129,755	42,523,651	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 (\$976,851), cash equivalents (\$0) and short-term investments (\$250,060)	1,226,911		1,226,911	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)	43,880,317	129,755	43,750,562	43,121,214
12. Title plants less \$ charged off (for Title insurers only)			0	0
13. Investment income due and accrued	437,007		437,007	493,991
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	758,955	11,134	747,821	620,956
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	2,716,521		2,716,521	2,658,488
14.3 Accrued retrospective premiums			0	0
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers	936,864		936,864	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	1,951,446	1,950,940	506	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	1,101,368		1,101,368	996,714
23. Health care (\$) and other amounts receivable			0	0
24. Aggregate write-ins for other than invested assets	418,653	0	418,653	433,776
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 to 24)	52,201,131	2,091,829	50,109,302	48,370,348
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
27. Total (Lines 25 and 26)	52,201,131	2,091,829	50,109,302	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	362,460		362,460	374,208
2402. Deposit on Ceded Reinsurance that does not transfer risk	48,116		48,116	48,116
2403. State Income Tax Recoverable	8,077		8,077	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)	418,653	0	418,653	433,776

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$1,984,790)	15,652,030	13,892,440
2. Reinsurance payable on paid losses and loss adjustment expenses	456	59,993
3. Loss adjustment expenses	8,633,334	8,070,215
4. Commissions payable, contingent commissions and other similar charges		0
5. Other expenses (excluding taxes, licenses and fees)	153,634	193,532
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	38,242	104,751
7.1 Current federal and foreign income taxes (including \$16,193 on realized capital gains (losses))	25,001	99,406
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 \$784,809 and including warranty reserves of \$)	10,971,761	10,175,643
10. Advance premium	288,085	378,537
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)	(196,366)	(93,536)
13. Funds held by company under reinsurance treaties		0
14. Amounts withheld or retained by company for account of others	347	3,282
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		406,571
20. Derivatives		0
21. Payable for securities	102,819	0
22. Liability for amounts held under uninsured plans		0
23. Capital notes \$ and interest thereon \$		0
24. Aggregate write-ins for liabilities	92	239
25. Total liabilities excluding protected cell liabilities (Lines 1 through 24)	35,669,435	33,291,073
26. Protected cell liabilities		0
27. Total liabilities (Lines 25 and 26)	35,669,435	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
31. Aggregate write-ins for other than special surplus funds	0	0
32. Surplus notes		0
33. Gross paid in and contributed surplus	14,150,533	14,150,533
34. Unassigned funds (surplus)	(2,660,666)	(2,021,258)
35. Less treasury stock, at cost:		
35.1 shares common (value included in Line 29 \$)		0
35.2 shares preferred (value included in Line 30 \$)		0
36. Surplus as regards policyholders (Lines 28 to 34, less 35)	14,439,867	15,079,275
37. Totals	50,109,302	48,370,348
DETAILS OF WRITE-INS		
2401. MMIP of NY Deficiency Reserve.....	92	239
2402.		0
2403.		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)	92	239
2801.		0
2802.		0
2803.		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
3102.		0
3103.		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 \$ 4,386,644)	4,230,433	3,985,805	16,379,335
1.2 Assumed (written \$)		0	
1.3 Ceded (written \$ 125,364)	765,271	927,507	3,759,429
1.4 Net (written \$ 4,261,280)	3,465,162	3,058,298	12,619,906
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 1,985,282):			
2.1 Direct	2,841,392	2,649,032	7,862,467
2.2 Assumed		35,000	(315,799)
2.3 Ceded	759,903	1,727,698	1,683,511
2.4 Net	2,081,489	956,334	5,863,157
3. Loss adjustment expenses incurred	1,164,476	842,727	6,736,650
4. Other underwriting expenses incurred	1,206,850	1,105,041	3,990,860
5. Aggregate write-ins for underwriting deductions	(146)	(3,917)	(6,902)
6. Total underwriting deductions (Lines 2 through 5)	4,452,669	2,900,185	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)	(987,507)	158,113	(3,963,859)
INVESTMENT INCOME			
9. Net investment income earned	392,422	505,140	1,710,643
10. Net realized capital gains (losses) less capital gains tax of \$ 16,193	31,635	(235,633)	(24,763)
11. Net investment gain (loss) (Lines 9 + 10)	424,057	269,607	1,685,880
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 8,224 amount charged off \$ 981)	7,243	(3,908)	(35,911)
13. Finance and service charges not included in premiums	42,678	38,600	156,405
14. Aggregate write-ins for miscellaneous income	17,070	(5,458)	(5,092)
15. Total other income (Lines 12 through 14)	66,991	29,234	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)	(496,459)	456,954	(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)	(496,459)	456,954	(2,162,577)
19. Federal and foreign income taxes incurred	(66,574)	214,873	(477,838)
20. Net income (Line 18 minus Line 19)(to Line 22)	(429,885)	242,081	(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)	(429,885)	242,081	(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	(75,051)	28,815	169,874
25. Change in net unrealized foreign exchange capital gain (loss)		0	0
26. Change in net deferred income tax	278,395	72,126	225,362
27. Change in nonadmitted assets	(412,867)	(60,438)	(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)	(639,408)	251,880	(5,569,508)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	14,439,867	20,900,663	15,079,275
DETAILS OF WRITE-INS			
0501. MMIP of NY Expenses	0	(54)	25
0502. MMIP of NY Deficiency Reserve	(146)	(3,863)	(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)	(146)	(3,917)	(6,902)
1401. Miscellaneous Income	20,455	490	490
1402. State Income Tax (Benefit) Expense	(3,385)	(5,948)	(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)	17,070	(5,458)	(5,092)
3701. Prior period error correction		(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.....	3,881,726	3,052,367	11,755,776
2. Net investment income	540,043	452,757	1,705,828
3. Miscellaneous income	66,990	29,234	115,402
4. Total (Lines 1 to 3)	4,488,759	3,534,358	13,577,006
5. Benefit and loss related payments	1,276,940	661,353	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	1,914,614	2,385,365	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).....	24,024	214,873	(577,244)
10. Total (Lines 5 through 9)	3,215,578	3,261,591	10,567,292
11. Net cash from operations (Line 4 minus Line 10)	1,273,181	272,767	3,009,714
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	2,021,940	2,480,888	27,446,219
12.2 Stocks	0	65,400	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	149,144	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,171,084	2,546,288	27,785,112
13. Cost of investments acquired (long-term only):			
13.1 Bonds	3,221,081	5,112,369	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	(3,497)	2,118
13.7 Total investments acquired (Lines 13.1 to 13.6)	3,221,081	5,108,872	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)	(1,049,997)	(2,562,584)	(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).....	(512,309)	889,592	(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)	(512,309)	889,592	(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)	(289,125)	(1,400,225)	(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)	1,226,911	1,880,635	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

Investments in loan-backed securities are carried at amortized cost and do not contain concentrations of credit risk as set forth in SSAP No. 27.

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 project that we will be able to maintain the current book yield, no other-than-temporary impairment is warranted.

There have been no other-than-temporary impairments of loan-backed securities for the current year. The Company has had no loan-backed securities that have recognized other-than-temporary impairments in earnings.

For all loan-backed securities held at March 31, 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	\$ 5,453,588	\$ 5,480,648	\$(27,060)
Over 12 month	<u>\$ 19,727</u>	<u>\$ 20,624</u>	<u>\$(897)</u>
Total	\$ 5,473,315	\$ 5,501,272	\$(27,957)

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

No significant change

Note 7 – Investment Income

No significant change

Note 8 – Derivative Instruments

No significant change

Note 9 – Income Taxes

No significant change

Note 10 – Information Concerning Parent, Subsidiaries and Affiliates

No significant change

NOTES TO FINANCIAL STATEMENTS

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

No significant change

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.

D. Uncollectible Reinsurance

No significant change

E. Commutation of Ceded Reinsurance

No significant change

NOTES TO FINANCIAL STATEMENTS

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 \$22.0 million. As of March 31, 2010, \$.8 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 \$21.1 million as a result of re-estimation of unpaid claims and claim adjustment expenses principally on medical professional liability lines of insurance. Therefore, there has been a \$.02 million unfavorable prior year development since December 31, 2009 to March 31, 2010. The increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

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 [X]
- 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 [X]
- 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 [X]
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 [X]
- 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 [X] 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 [X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] 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 [X]
- 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 [X]
- 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 [X]
- 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: \$931,833

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.....	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 Mgmt.....	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 expired December 31, 2009 and was non-renewed.

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

4.2 If yes, complete the following schedule:

			TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
1	2	3	4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Discount Rate	Unpaid Losses	Unpaid LAE	IBNR	TOTAL	Unpaid Losses	Unpaid LAE	IBNR	TOTAL
.....
.....
TOTAL			0	0	0	0	0	0	0	0

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 MARCH 31, 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		Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
	Active Status		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama	AL	L	62,855	84,699	69,431	308,634	469,340	638,313
2. Alaska	AK	L		0		0		0
3. Arizona	AZ	L	40,096	37,388	632	5,373	111,773	130,691
4. Arkansas	AR	L	30,398	30,480		0	86,276	137,798
5. California	CA	L	946,916	1,035,955	177,863	123,419	4,910,211	4,186,635
6. Colorado	CO	L	73,249	0		0	184,116	0
7. Connecticut	CT	N	0	0	0	0	0	0
8. Delaware	DE	L		0		0		0
9. District of Columbia	DC	N		0		0		0
10. Florida	FL	L	767,844	648,066	776,308	80,044	3,528,908	2,546,107
11. Georgia	GA	L	109,364	133,972	263	30,494	476,909	262,955
12. Hawaii	HI	N		0		0		0
13. Idaho	ID	L	21,656	0		0	63,434	0
14. Illinois	IL	L	156,266	197,311	8,724	(21,338)	1,726,696	1,759,279
15. Indiana	IN	L	9,813	19,756	339	0	453,827	279,435
16. Iowa	IA	L	12,559	0		0	31,568	0
17. Kansas	KS	L	15,497	15,078		0	38,953	50,636
18. Kentucky	KY	L	4,482	8,559		0	11,266	20,914
19. Louisiana	LA	L	115,881	130,479	92,249	100,000	786,271	1,193,181
20. Maine	ME	N		0		0		0
21. Maryland	MD	L		0		0		0
22. Massachusetts	MA	L	7,472	0		0	18,781	0
23. Michigan	MI	L	150,017	160,367		0	725,574	952,278
24. Minnesota	MN	L	32,339	0	198	0	85,588	0
25. Mississippi	MS	N		0		0		0
26. Missouri	MO	L	17,367	16,171		0	43,653	54,306
27. Montana	MT	N		0		0		0
28. Nebraska	NE	L	1,686	0		0	4,238	0
29. Nevada	NV	L	41,869	61,336	313	1,317	161,597	102,556
30. New Hampshire	NH	N		0		0		0
31. New Jersey	NJ	L	117,982	124,071		0	559,163	334,446
32. New Mexico	NM	L		0		0		0
33. New York	NY	L	265,560	274,525	16,265	19,973	3,454,353	3,964,729
34. North Carolina	NC	L	12,866	0		0	77,590	0
35. North Dakota	ND	L		0		0		0
36. Ohio	OH	L	46,585	57,941	15,000	2,160	182,144	256,130
37. Oklahoma	OK	L	31,352	29,318		137,500	169,112	168,945
38. Oregon	OR	L	80,213	70,858	6,361	0	227,907	232,689
39. Pennsylvania	PA	L	339,727	323,938	127,511	3,477	1,242,438	1,271,537
40. Rhode Island	RI	L		0		0		0
41. South Carolina	SC	L	15,818	7,895		60,000	50,404	66,012
42. South Dakota	SD	L		210		0		705
43. Tennessee	TN	L	38,296	44,057		0	414,691	437,290
44. Texas	TX	L	490,882	602,728	23,194	437,861	2,746,145	3,709,871
45. Utah	UT	L	44,260	44,426		0	221,249	219,192
46. Vermont	VT	L	5,418	0		0	13,619	0
47. Virginia	VA	L	22,117	27,745	1,697	0	75,891	84,430
48. Washington	WA	L	211,981	195,321	16,690	8,298	928,394	845,959
49. West Virginia	WV	L	14,139	(507)		0	50,964	(1,703)
50. Wisconsin	WI	L	31,822	0		0	79,987	0
51. Wyoming	WY	L		0		0		0
52. American Samoa	AS	N		0		0		0
53. Guam	GU	N		0		0		0
54. Puerto Rico	PR	N		0		0		0
55. U.S. Virgin Islands	VI	N		0		0		0
56. Northern Mariana Islands	MP	N		0		0		0
57. Canada	CN	N		0		0		0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0
59. Totals	(a)	44	4,386,644	4,382,143	1,333,038	1,297,212	24,413,030	23,905,316
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	736,540	266,523	36.2	(84.6)
11.2 Medical professional liability - claims made	2,033,852	954,460	46.9	64.7
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		(336,795)	0.0	0.0
17.2 Other liability - claims made	1,460,041	1,957,204	134.1	131.9
17.3 Excess Workers' Compensation			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	4,230,433	2,841,392	67.2	66.5
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	743,098	743,098	667,473
11.2 Medical professional liability - claims made	2,204,376	2,204,376	1,920,222
12. Earthquake	0		0
13. Group accident and health	0		0
14. Credit accident and health	0		0
15. Other accident and health	0		0
16. Workers' compensation	0		0
17.1 Other liability occurrence	0		0
17.2 Other liability - claims made	1,439,170	1,439,170	1,794,448
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	4,386,644	4,386,644	4,382,143
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 MARCH 31, 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	243	0	243	1,491	25	3,284	4,800	291	(291)	0
2. 2008	1,610	4,868	6,478	119	1	120	1,351	70	4,904	6,325	(140)	107	(33)
3. Subtotals 2008 + Prior	3,053	8,468	11,521	362	1	363	2,842	95	8,188	11,125	151	(184)	(33)
4. 2009	3,199	7,243	10,442	475	15	490	2,876	115	7,015	10,006	152	(98)	54
5. Subtotals 2009 + Prior	6,252	15,711	21,963	837	16	853	5,718	210	15,203	21,131	303	(282)	21
6. 2010	XXX	XXX	XXX	XXX	71	71	XXX	705	2,449	3,154	XXX	XXX	XXX
7. Totals	6,252	15,711	21,963	837	87	924	5,718	915	17,652	24,285	303	(282)	21
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. 4.8	2. (1.8)	3. 0.1
													Col. 13, Line 7 As a % of Col. 1 Line 8
													4. 0.1

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.

	RESPONSE
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	2,990,376	29,066,948
3. Accrual of discount	4,442	13,726
4. Unrealized valuation increase (decrease)	1,471	219,466
5. Total gain (loss) on disposals	47,830	(6,031)
6. Deduct consideration for bonds and stocks disposed of	1,866,236	24,419,445
7. Deduct amortization of premium	95,079	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)	42,653,406	41,570,602
11. Deduct total nonadmitted amounts	129,755	0
12. Statement value at end of current period (Line 10 minus Line 11)	42,523,651	41,570,602

STATEMENT AS OF MARCH 31, 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).....	38,522,534	3,362,310	3,434,235	(78,988)	38,371,621	0	0	38,522,534
2. Class 2 (a).....	3,770,562	771,469		(10,187)	4,531,844	0	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		6	6	0	0	0	0
7. Total Bonds	42,293,096	4,133,779	3,434,241	(89,169)	42,903,465	0	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	42,293,096	4,133,779	3,434,241	(89,169)	42,903,465	0	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 \$.....250,060 ; 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	250,060	XXX	250,060	25	

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	1,143,402	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.....	1,615,836	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).....	250,060	722,494
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	250,060	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 MARCH 31, 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)
3133XP-2W-3	FEDERAL HOME LOAN BANK		.02/19/2010	BARCLAYS AMERICAN		839,407	800,000	13,125	1
912828-HG-8	US TREASURY N/B		.01/20/2010	J.P. MORGAN		428,408	400,000	3,511	1
0399999 - Total	Bonds - U.S. Government					1,267,815	1,200,000	16,636	XXX
00184A-AF-2	TIME WARNER INC.		.01/14/2010	CITIGROUP		149,368	135,000	2,037	2FE
071813-BB-4	BAXTER INTERNATIONAL INC.		.03/04/2010	CREDIT SUISSE SECURITIES		114,865	115,000		1FE
07383F-YH-5	BEAR STEARNS COMM MTG SECURITIES		.03/31/2010	DEUTSCHE MORGAN		102,754	100,000	.65	1FE
12189T-BA-1	BURLINGTN NORTH SANTA FE		.01/12/2010	WACHOVIA/FIRST UNION		108,557	100,000	1,917	2FE
173067-EE-5	CITIGROUP COMMERCIAL MTG TRUST		.03/25/2010	DEUTSCHE MORGAN		112,286	110,000	419	1FE
25179S-AC-4	DEVON FINANCING CORP ULC		.02/17/2010	PARIBAS CAPITAL MARKETS		119,407	110,000	2,983	2FE
26441C-AD-7	DUKE ENERGY CORP		.01/05/2010	CITIGROUP		76,112	75,000	1,368	2FE
501044-CJ-8	KROGER CO/THE		.01/12/2010	J.P. MORGAN		107,071	100,000	1,250	2FE
652482-BG-4	NEWS AMERICA INC.		.01/15/2010	WACHOVIA/FIRST UNION		109,994	100,000	530	2FE
693476-BH-5	PNC FUNDING CORP		.02/03/2010	MORGAN STANLEY DEAN		109,890	110,000		1FE
786514-BR-9	SAFEWAY INC.		.01/05/2010	J.P. MORGAN		100,959	100,000	2,097	2FE
828807-CC-9	SIMON PROPERTY GROUP LP		.01/19/2010	RBS GREENWICH CAPITAL		109,758	110,000		1FE
91159H-GU-8	US BANCORP		.03/01/2010	MORGAN STANLEY DEAN		64,887	65,000		1FE
2027A0-DH-9	COMMONWEALTH BANK AUST	F	.01/26/2010	DEUTSCHE BANK		126,923	125,000	1,354	1FE
802815-AQ-3	SANTANDER US DEBT SA UNI	F	.01/13/2010	MORGAN STANLEY DEAN		100,000	100,000		1FE
87938W-AF-0	TELEFONICA EMISIONES SAU	F	.01/14/2010	BARCLAYS AMERICAN		109,730	100,000		1FE
3899999 - Total	Bonds - Industrial, Misc.					1,722,561	1,655,000	16,720	XXX
8399997 - Total	Bonds - Part 3					2,990,376	2,855,000	33,356	XXX
8399999 - Total	Bonds					2,990,376	2,855,000	33,356	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						2,990,376	XXX	33,356	XXX

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

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STATEMENT AS OF MARCH 31, 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		03/01/2010	MBS PAYMENT		.355	.355	.348	.354				.0		.355			.0	.3	03/01/2018	1
36201F-RA-7.	GN 581981		03/01/2010	MBS PAYMENT		2,513	2,513	2,605	2,514		(2)		(2)		2,513			.0	25	05/01/2016	1
36201G-TL-9.	GN 582955		03/01/2010	MBS PAYMENT		2,768	2,768	2,886	2,768				.0		2,768			.0	16	02/01/2031	1
36201J-EQ-8.	GN 584343		03/01/2010	MBS PAYMENT		531	531	555	531				.0		531			.0	3	01/01/2031	1
36202D-7K-1.	G2 3598		03/01/2010	MBS PAYMENT		1,395	1,395	1,415	1,396				.0		1,395			.0	13	11/01/2033	1
36202D-BH-3.	G2 2740		03/01/2010	MBS PAYMENT		295	295	286	294				.0		295			.0	2	11/01/2027	1
36202D-J8-5.	G2 2987		03/01/2010	MBS PAYMENT		39	39	38	39				.0		39			.0		08/01/2029	1
36202D-VM-0.	G2 3320		01/13/2010	VARIOUS		54,045	51,315	51,989	51,989		(22)		(22)		51,967		2,078	2,078	387	12/01/2031	1
36212E-GR-2.	GN 531308		03/01/2010	MBS PAYMENT		.8	.8	.8	.8				.0		.8			.0		07/01/2028	1
36213D-G4-4.	GN 551119		03/01/2010	MBS PAYMENT		401	401	424	401				.0		401			.0	3	05/01/2030	1
36213P-ES-6.	GN 560045		03/01/2010	MBS PAYMENT		678	678	693	678				.0		678			.0	7	02/01/2030	1
36213U-OL-7.	GN 564859		03/01/2010	MBS PAYMENT		14	14	14	14				.0		14			.0		04/01/2031	1
36216P-3K-2.	GN 171002		03/01/2010	MBS PAYMENT		599	599	574	599		1		1		599			.0	5	08/01/2028	1
36225C-JZ-0.	G2 80279		03/01/2010	MBS PAYMENT		176	176	177	176				.0		176			.0		02/01/2029	1
36225C-V6-0.	G2 80636		03/01/2010	MBS PAYMENT		2,820	2,820	2,824	2,820				.0		2,820			.0	13	07/01/2032	1
36225D-MF-8.	G2 81257		03/01/2010	MBS PAYMENT		11,550	11,550	11,579	11,551		(1)		(1)		11,550			.0	46	12/01/2034	1
36291H-CX-0.	G2 628386		01/13/2010	VARIOUS		70,778	67,923	67,541	67,544		26		26		67,570		3,208	3,208	505	08/01/2033	1
912827-5Z-1.	US TREASURY N/B		02/15/2010	MATURITY		75,000	75,000	81,542	75,109		(109)		(109)		75,000			.0	2,438	02/15/2010	1
039999 - Bonds - U.S. Governments						223,965	218,380	225,508	218,785	0	(107)	0	(107)	0	218,679	0	5,286	5,286	3,467	XXX	XXX
31283J-WR-8.	FG 610656		03/01/2010	MBS PAYMENT		.211	.211	.213	.211				.0		.211			.0	3	09/01/2011	1
31286H-SJ-6.	FG E81749		03/01/2010	MBS PAYMENT		13	13	13	13		13		13		13			.0		08/01/2015	1
31286J-OR-1.	FG E82264		03/01/2010	MBS PAYMENT		64	64	64	64				.0		64			.0	1	04/01/2015	1
31286S-7C-5.	FG E89891		03/01/2010	MBS PAYMENT		2,008	2,008	2,074	2,010		(1)		(1)		2,008			.0	20	01/01/2017	1
3128KF-P7-9.	FG A53146		03/01/2010	MBS PAYMENT		48,819	48,819	48,216	48,799		19		19		48,819			.0	470	02/01/2036	1
3128LX-HG-8.	FG 602031		03/01/2010	MBS PAYMENT		59,460	59,460	58,814	59,445		15		15		59,460			.0	678	05/01/2035	1
3128MJ-E5-5.	FG 608155		03/01/2010	MBS PAYMENT		21,011	21,011	20,752	21,003		8		8		21,011			.0	202	04/01/2036	1
3128MJ-EY-2.	FG 608150		03/01/2010	MBS PAYMENT		27,025	27,025	26,692	27,015		10		10		27,025			.0	271	02/01/2036	1
3128MJ-HT-0.	FG 608241		03/01/2010	MBS PAYMENT		30,240	30,240	30,391	30,243		(3)		(3)		30,240			.0	324	09/01/2037	1
31292C-ZF-6.	FG C00742		03/01/2010	MBS PAYMENT		2,620	2,620	2,661	2,621		(1)		(1)		2,620			.0	31	09/01/2027	1
31292H-5P-5.	FG C01754		03/01/2010	MBS PAYMENT		7,385	7,385	7,516	7,388		(3)		(3)		7,385			.0	73	01/01/2033	1
31292H-D2-7.	FG C01021		03/01/2010	MBS PAYMENT		.17	.17	.16	.17				.0		.17			.0		08/01/2028	1
31292H-GC-2.	FG C01095		03/01/2010	MBS PAYMENT		.71	.71	.70	.71				.0		.71			.0	1	07/01/2029	1
31292H-N9-1.	FG C01316		03/01/2010	MBS PAYMENT		751	751	744	751				.0		751			.0	8	11/01/2030	1
31292H-RR-7.	FG C01396		03/01/2010	MBS PAYMENT		8,297	8,297	8,588	8,304		(6)		(6)		8,297			.0	107	09/01/2031	1
31292H-LP-7.	FG C01490		03/01/2010	MBS PAYMENT		1,256	1,256	1,275	1,257				.0		1,256			.0	12	10/01/2031	1
31293S-DX-4.	FG C28218		03/01/2010	MBS PAYMENT		.11	.11	.11	.11				.0		.11			.0		02/01/2028	1
31293T-GD-3.	FG C29196		03/01/2010	MBS PAYMENT		.11	.11	.11	.11				.0		.11			.0		01/01/2026	1
31293V-N7-7.	FG C33114		03/01/2010	MBS PAYMENT		675	675	720	675				.0		675			.0	4	08/01/2028	1
31294B-GN-0.	FG C35377		03/01/2010	MBS PAYMENT		1,227	1,227	1,260	1,228				.0		1,227			.0	14	10/01/2027	1
31294G-K9-4.	FG C38320		03/01/2010	MBS PAYMENT		.6	.6	.6	.6				.0		.6			.0		11/01/2029	1
312964-LC-1.	FG 812123		03/01/2010	MBS PAYMENT		2,541	2,541	2,596	2,541		(1)		(1)		2,541			.0	21	04/01/2018	1
31298D-QY-6.	FG C44971		03/01/2010	MBS PAYMENT		134	134	134	134				.0		134			.0	2	03/01/2010	1
31298G-WF-3.	FG C47846		03/01/2010	MBS PAYMENT		14,103	14,103	14,578	14,501		(398)		(398)		14,103			.0	264	03/01/2010	1
31298U-FA-2.	FG C57361		03/01/2010	MBS PAYMENT		56	56	56	56				.0		56			.0	1	05/01/2030	1
31371G-ZP-4.	FN 251982		03/01/2010	MBS PAYMENT		962	962	1,001	963		(1)		(1)		962			.0	10	04/01/2013	1
31371J-JL-6.	FN 253587		03/01/2010	MBS PAYMENT		483	483	503	483				.0		483			.0	5	02/01/2015	1
31371K-XU-0.	FN 254591		03/01/2010	MBS PAYMENT		801	801	824	801		(1)		(1)		801			.0	7	06/01/2017	1
31371L-CT-4.	FN 254882		03/01/2010	MBS PAYMENT		1,733	1,733	1,770	1,735		(1)		(1)		1,733			.0	15	03/01/2013	1
31371L-KW-8.	FN 255109		03/01/2010	MBS PAYMENT		1,428	1,428	1,410	1,428				.0		1,428			.0	12	08/01/2018	1
31371L-RK-7.	FN 255290		03/01/2010	MBS PAYMENT		1,262	1,262	1,245	1,261				.0		1,262			.0	8	02/01/2014	1
31379J-JQ-0.	FN 420671		03/01/2010	MBS PAYMENT		216	216	224	216				.0		216			.0	2	04/01/2013	1
31379J-N6-7.	FN 420791		03/01/2010	MBS PAYMENT		144	144	150	144				.0		144			.0		04/01/2013	1
31379U-GF-2.	FN 429598		03/01/2010	MBS PAYMENT		.1	.1	.1	.1				.0		.1			.0		06/01/2013	1
31380H-AM-9.	FN 440212		03/01/2010	MBS PAYMENT		59	59	61	59				.0		59			.0	1	01/01/2013	1
31380J-RH-8.	FN 441588		03/01/2010	MBS PAYMENT		140	140	146	140		(3)		(3)		140			.0	2	02/01/2013	1
31380W-K5-2.	FN 452216		03/01/2010	MBS PAYMENT		1,082	1,082	1,190	1,086		(3)		(3)		1,082			.0	9	02/01/2014	1
31382R-SG-9.	FN 490219		03/01/2010	MBS PAYMENT		12,300	12,300	12,969	12,304		(4)		(4)		12,300			.0	78	03/01/2027	1
31384U-4E-1.	FN 534621		03/01/2010	MBS PAYMENT		719	719	726	719				.0		719			.0	4	09/01/2027	1
31384V-K7-6.	FN 535018		03/01/2010	MBS PAYMENT		262	262	264	262				.0		262			.0	3	04/01/2012	1
31384V-T8-5.	FN 535275		03/01/2010	MBS PAYMENT		1															

STATEMENT AS OF MARCH 31, 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)	
31386X-JX-5..	FN 576378		03/01/2010	MBS PAYMENT		7,361	7,361	7,488	7,366		(5)		(5)		7,361			0	86	12/01/2015	1	
31387C-M2-4..	FN 580077		03/01/2010	MBS PAYMENT		221	221	224	221				0		221			0	7	08/01/2030	1	
31387F-J6-0..	FN 582663		03/01/2010	MBS PAYMENT		87	87	88	87				0		87			0	7	07/01/2030	1	
31387S-GY-6..	FN 592515		03/01/2010	MBS PAYMENT		301	301	313	302				0		301			0	3	05/01/2016	1	
31389F-EJ-7..	FN 623937		03/01/2010	MBS PAYMENT		273	273	277	273				0		273			0	3	06/01/2030	1	
31389P-LJ-7..	FN 631329		03/01/2010	MBS PAYMENT		4,908	4,908	5,072	4,914		(6)		(6)		4,908			0	61	09/01/2016	1	
31391K-5X-1..	FN 669662		03/01/2010	MBS PAYMENT		2,947	2,947	2,992	2,947		(1)		(1)		2,947			0	29	03/01/2031	1	
31400B-WY-8..	FN 682963		03/01/2010	MBS PAYMENT		1,700	1,700	1,678	1,700		1		1		1,700			0	17	07/01/2032	1	
31400F-PB-7..	FN 686318		03/01/2010	MBS PAYMENT		1,066	1,066	1,098	1,066		(1)		(1)		1,066			0	8	08/01/2017	1	
31402F-DL-6..	FN 727407		03/01/2010	MBS PAYMENT		1,920	1,920	1,896	1,920				0		1,920			0	13	02/01/2018	1	
31402Q-YC-9..	FN 735207		03/01/2010	MBS PAYMENT		22,769	22,769	23,360	22,777		(8)		(8)		22,769			0	269	03/01/2031	1	
31403J-EU-6..	FN 749947		03/01/2010	MBS PAYMENT		5,366	5,366	5,421	5,366				0		5,366			0	25	08/01/2032	1	
31409F-LZ-9..	FN 869844		03/01/2010	MBS PAYMENT		13,455	13,455	13,417	13,454		1		1		13,455			0	127	11/01/2035	1	
31409X-RD-3..	FN 881684		03/01/2010	MBS PAYMENT		2,805	2,805	2,797	2,805				0		2,805			0	28	07/01/2035	1	
31410F-SS-5..	FN 888029		03/01/2010	MBS PAYMENT		3,676	3,676	3,683	3,676				0		3,676			0	36	03/01/2036	1	
31410G-FG-3..	FN 888567		03/01/2010	MBS PAYMENT		16,010	16,010	16,106	16,013		(2)		(2)		16,010			0	140	08/01/2035	1	
31410U-NH-1..	FN 897792		03/01/2010	MBS PAYMENT		48,822	48,822	48,910	48,827		(5)		(5)		48,822			0	454	04/01/2036	1	
31410X-HH-2..	FN 900332		01/15/2010	VARIOUS		628,268	597,236	601,311	601,311		(362)		(362)		600,948		27,319	27,319	4,400	01/01/2036	1	
31411C-PS-4..	FN 904133		03/01/2010	MBS PAYMENT		6,455	6,455	6,467	6,455				0		6,455			0	69	06/01/2036	1	
31411L-SF-9..	FN 911418		03/01/2010	MBS PAYMENT		8,054	8,054	8,102	8,054		(1)		(1)		8,054			0	61	11/01/2036	1	
31411U-H5-3..	FN 914752		03/01/2010	MBS PAYMENT		19,360	19,360	19,475	19,361		(1)		(1)		19,360			0	177	11/01/2036	1	
31412V-T6-3..	FN 936251		03/01/2010	MBS PAYMENT		310	310	310	310				0		310			0	3	05/01/2037	1	
31413C-EA-3..	FN 941229		03/01/2010	MBS PAYMENT		6,650	6,650	6,689	6,650				0		6,650			0	73	10/01/2036	1	
31414P-BE-8..	FN 971737		03/01/2010	MBS PAYMENT		5,388	5,388	5,420	5,388				0		5,388			0	59	11/01/2036	1	
3199999	Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of...					1,075,709	1,044,677	1,050,662	1,049,146	0	(751)	0	(751)	0	1,048,389	0	27,319	27,319	8,977	XXX	XXX	
41283X-AC-3..	HARLEY DAVIDSON MOTORCYCLE TRUST		03/15/2010	MBS PAYMENT		43,477	43,477	43,472	43,406		71		71		43,477			0	366	06/15/2011	1FE	
694032-AV-5..	PACIFIC BELL TELEPHONE		01/13/2010	MORGAN STANLEY DEAN, CALLED BY ISSUER at 103.955		418,920	400,000	404,000	403,904		(5)		(5)		403,899		15,021	15,021	15,078	07/15/2043	1FE	
87612E-AB-2..	TARGET CORP.		01/25/2010			103,955	100,000	107,676	100,651		3,305		3,305		103,955			0	3,333	08/15/2010	1FE	
3899999	Total - Industrial and Miscellaneous					566,352	543,477	555,148	547,961	0	3,371	0	3,371	0	551,331	0	15,021	15,021	18,777	XXX	XXX	
75902A-AA-6..	REG DIVERSIFIED FUNDING		03/15/2010	CALLED BY ISSUER at 100.000		210	210	210	210	6			6		210		204	204	10	03/15/2030	6FE	
4899999	Total - Bonds - Hybrid Securities					210	210	210	210	6	0	0	6	0	210	0	204	204	10	XXX	XXX	
8399997	Total - Bonds - Part 4					1,866,236	1,806,744	1,831,324	1,815,892	6	2,513	0	2,519	0	1,818,405	0	47,830	47,830	31,231	XXX	XXX	
8399999	Total - Bonds					1,866,236	1,806,744	1,831,324	1,815,892	6	2,513	0	2,519	0	1,818,405	0	47,830	47,830	31,231	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					1,866,236	XXX	1,831,324	1,815,892	6	2,513	0	2,519	0	1,818,405	0	47,830	47,830	31,231	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 MARCH 31, 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 MARCH 31, 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 MARCH 31, 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	4,821	5,345		0	(293)		12,118	
2. Alaska	AK		1,718			(3,898)			
3. Arizona	AZ	38,096	41,902			(1,469)		95,757	
4. Arkansas	AR	26,340	20,715			17,863		66,207	
5. California	CA	466,351	568,173			19,714	820,991	1,172,204	
6. Colorado	CO	73,249	46,181			102,450		184,116	
7. Connecticut	CT								
8. Delaware	DE		833			(2,716)			
9. District of Columbia	DC								
10. Florida	FL	542,512	430,872	770,000	2	345,843	1,209,991	1,363,640	
11. Georgia	GA	30,521	38,198			(10,840)	34,999	76,717	
12. Hawaii	HI								
13. Idaho	ID	21,656	16,851			23,988		54,434	
14. Illinois	IL	140,659	139,048			27,112	1,177,498	353,555	
15. Indiana	IN	9,813	10,618			2,136	425,000	24,666	
16. Iowa	IA	12,559	4,625			23,449		31,568	
17. Kansas	KS	15,497	13,984			5,850		38,953	
18. Kentucky	KY	4,482	8,255			(7,635)		11,266	
19. Louisiana	LA	115,881	121,169	90,000	1	31,194	494,996	291,275	
20. Maine	ME								
21. Maryland	MD								
22. Massachusetts	MA	7,472	7,621			3,247		18,781	
23. Michigan	MI	150,017	168,856			59,821	334,996	377,078	
24. Minnesota	MN	32,339	32,907			15,487		81,286	
25. Mississippi	MS								
26. Missouri	MO	17,367	14,938			8,332		43,653	
27. Montana	MT								
28. Nebraska	NE	1,686	2,161			272		4,238	
29. Nevada	NV	5,840	10,929			(10,206)		14,679	
30. New Hampshire	NH								
31. New Jersey	NJ	56,246	49,384			29,802		141,378	
32. New Mexico	NM								
33. New York	NY	140,660	93,216	10,361	1	(49,246)	2,316,540	610,998	
34. North Carolina	NC	5,118	22,575			(1,520)	34,999	12,864	
35. North Dakota	ND		309			(506)			
36. Ohio	OH	31,053	26,588	15,000	1	(70,955)		78,054	
37. Oklahoma	OK	25,074	21,827			13,766	82,000	63,025	
38. Oregon	OR	72,543	54,244			60,977		182,342	
39. Pennsylvania	PA	328,210	317,273	75,000	1	262,402	239,996	824,978	
40. Rhode Island	RI								
41. South Carolina	SC	7,773	16,731			(21,077)		19,538	
42. South Dakota	SD		2,172			(4,964)			
43. Tennessee	TN	35,703	29,308			(8,405)	300,001	89,742	
44. Texas	TX	224,706	174,184		0	191,877	235,000	564,814	
45. Utah	UT	44,260	26,968			49,449	109,999	111,250	
46. Vermont	VT	5,418	9,222			(5,722)		13,619	
47. Virginia	VA	6,775	8,626			(1,785)		17,029	
48. Washington	WA	212,474	182,936			95,230	379,495	534,068	
49. West Virginia	WV	2,481	2,067			2,531		6,236	
50. Wisconsin	WI	31,822	26,055			31,260		79,987	
51. Wyoming	WY		808			(1,833)			
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		2,947,474	2,770,392	960,361	6	1,220,982	8,196,501	100	7,666,113
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 MARCH 31, 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