

QUARTERLY STATEMENT
OF THE
PHYSICIANS INSURANCE
COMPANY OF WISCONSIN, INC.

Of
MADISON
in the state of WI

to the Insurance Department
of the State of

For the Period Ended
September 30, 2008

2008



QUARTERLY STATEMENT

As of September 30, 2008
of the Condition and Affairs of the

PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC.

NAIC Group Code.....2698, 2698 (Current Period) (Prior Period)	NAIC Company Code..... 23400	Employer's ID Number..... 39-1567580
Organized under the Laws of WISCONSIN	State of Domicile or Port of Entry WISCONSIN	Country of Domicile US
Incorporated/Organized..... October 3, 1986	Commenced Business..... November 1, 1986	
Statutory Home Office	1002 DEMING WAY..... MADISON WI 53717 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	100 BROOKWOOD PLACE..... BIRMINGHAM AL 35209 <i>(Street and Number) (City or Town, State and Zip Code)</i>	205-877-4400 <i>(Area Code) (Telephone Number)</i>
Mail Address	PO BOX 590009..... BIRMINGHAM AL 35259-0009 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	100 BROOKWOOD PLACE..... BIRMINGHAM AL 35209 <i>(Street and Number) (City or Town, State and Zip Code)</i>	205-877-4400 <i>(Area Code) (Telephone Number)</i>
Internet Website Address	proassurance.com	
Statutory Statement Contact	PHILLIP NEWTON LEWIS <i>(Name)</i> plewis@proassurance.com <i>(E-Mail Address)</i>	205-445-2665 <i>(Area Code) (Telephone Number) (Extension)</i> 205-868-4025 <i>(Fax Number)</i>

OFFICERS

Name	Title	Name	Title
1. DARRYL KEITH THOMAS	PRESIDENT	2. KATHRYN ANNE NEVILLE	SECRETARY
3. EDWARD LEWIS RAND, JR. #	TREASURER	4. WILLIAM STANCIL STARNES	CHAIRMAN

OTHER

VICTOR THOMAS ADAMO	VICE CHAIRMAN	JEFFREY LYNN BOWLBY	VICE PRESIDENT
CHRISTOPHER JAMES BRADY	VICE PRESIDENT	HOWARD HARLEY FRIEDMAN	CHIEF UNDERWRITING OFFICER
DAVID LEE MAURER	CHIEF OPERATING OFFICER	FRANK BERRY O'NEIL	VICE PRESIDENT
EDWARD LEWIS RAND, JR.	VICE PRESIDENT	DARRYL KEITH THOMAS	CHIEF CLAIMS OFFICER
HAYES VANCE WHITESIDE	VICE PRESIDENT		

DIRECTORS OR TRUSTEES

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

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

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

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

a. Is this an original filing? Yes [X] No []
b. If no: 1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....	316,019,246		316,019,246	312,309,936
2. Stocks:				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....			0	
3. Mortgage loans on real estate:				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	2,261,144		2,261,144	2,348,807
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....	540,000		540,000	540,000
5. Cash (\$.....(958,644)), cash equivalents (\$.....3,102,409) and short-term investments (\$.....4,596,080).....	6,739,845		6,739,845	12,336,637
6. Contract loans (including \$.....0 premium notes).....			0	
7. Other invested assets.....	500		500	500
8. Receivables for securities.....	4,898,000		4,898,000	50,675
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	330,458,735	0	330,458,735	327,586,555
11. Title plants less \$.....0 charged off (for Title insurers only).....			0	
12. Investment income due and accrued.....	2,947,351		2,947,351	2,745,216
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection.....	3,304,605	178,520	3,126,085	3,328,656
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	10,005,871	18,253	9,987,618	12,341,892
13.3 Accrued retrospective premiums.....			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	4,520,006		4,520,006	7,971,898
14.2 Funds held by or deposited with reinsured companies.....			0	
14.3 Other amounts receivable under reinsurance contracts.....	15,529		15,529	3,063
15. Amounts receivable relating to uninsured plans.....			0	
16.1 Current federal and foreign income tax recoverable and interest thereon.....	828,066		828,066	1,133,101
16.2 Net deferred tax asset.....	12,134,550	5,258,858	6,875,692	4,311,769
17. Guaranty funds receivable or on deposit.....	729		729	1,439
18. Electronic data processing equipment and software.....	158,063	24,714	133,349	97,752
19. Furniture and equipment, including health care delivery assets (\$.....0).....	268,638	268,638	0	
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
21. Receivables from parent, subsidiaries and affiliates.....	53		53	63
22. Health care (\$.....0) and other amounts receivable.....			0	
23. Aggregate write-ins for other than invested assets.....	1,671,000	698,049	972,951	1,332,311
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	366,313,196	6,447,032	359,866,164	360,853,715
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
26. TOTALS (Lines 24 and 25).....	366,313,196	6,447,032	359,866,164	360,853,715

DETAILS OF WRITE-INS

0901.....			0	
0902.....			0	
0903.....			0	
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	0
2301. Prepaid Expenses.....	12,233	12,233	(0)	
2302. Amounts Receivable under High Deductible Policies.....	1,084,532	191,585	892,947	1,225,016
2303. Accounts Receivable-Other.....	12,936	12,936	0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	561,299	481,295	80,004	107,295
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	1,671,000	698,049	972,951	1,332,311

**PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC.
LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$.....14,219,337).....	119,908,819	115,775,674
2. Reinsurance payable on paid losses and loss adjustment expenses.....		
3. Loss adjustment expenses.....	100,754,718	90,520,138
4. Commissions payable, contingent commissions and other similar charges.....	1,976,224	1,713,177
5. Other expenses (excluding taxes, licenses and fees).....	1,252,296	1,444,436
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	274,667	84,495
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$.....9,327,228 and including warranty reserves of \$.....0).....	26,777,612	25,051,310
10. Advance premium.....	610,539	5,123,819
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	18,250,639	26,999,558
13. Funds held by company under reinsurance treaties.....		
14. Amounts withheld or retained by company for account of others.....	28,975	8,306
15. Remittances and items not allocated.....		
16. Provision for reinsurance.....	657,200	28,200
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	929,211	1,610,244
20. Payable for securities.....		
21. Liability for amounts held under uninsured plans.....		
22. Capital notes \$.....0 and interest thereon \$.....0.....		
23. Aggregate write-ins for liabilities.....	1,306,220	1,499,276
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	272,727,120	269,858,633
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	272,727,120	269,858,633
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	5,000,000	5,000,000
29. Preferred capital stock.....		
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....	12,000,000	12,000,000
32. Gross paid in and contributed surplus.....	27,775,034	27,775,034
33. Unassigned funds (surplus).....	42,364,010	46,220,048
34. Less treasury stock, at cost:		
34.1 .....0.000 shares common (value included in Line 28 \$.....0).....		
34.2 .....0.000 shares preferred (value included in Line 29 \$.....0).....		
35. Surplus as regards policyholders (Lines 27 to 33, less 34).....	87,139,044	90,995,082
36. TOTALS.....	359,866,164	360,853,715

DETAILS OF WRITE-INS

2301. Judgment Liability.....	1,183,705	1,111,481
2302. Retroactive Reinsurance Reserve.....	122,515	387,795
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	1,306,220	1,499,276
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct..... (written \$.....50,616,930).....	49,429,401	59,701,778	76,984,076
1.2 Assumed..... (written \$.....0).....		2,777	2,777
1.3 Ceded..... (written \$.....2,647,285).....	3,186,058	9,443,740	14,861,043
1.4 Net..... (written \$.....47,969,645).....	46,243,343	50,260,815	62,125,810
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....14,444,868):			
2.1 Direct.....	16,855,866	11,908,280	27,580,554
2.2 Assumed.....			
2.3 Ceded.....	1,610,998	4,134,808	12,165,006
2.4 Net.....	15,244,868	7,773,472	15,415,548
3. Loss adjustment expenses incurred.....	27,846,813	38,273,412	45,451,191
4. Other underwriting expenses incurred.....	10,303,857	11,030,900	13,381,599
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	53,395,538	57,077,784	74,248,338
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	(7,152,195)	(6,816,969)	(12,122,528)
INVESTMENT INCOME			
9. Net investment income earned.....	11,311,270	10,607,425	12,330,770
10. Net realized capital gains (losses) less capital gains tax of \$.....(252,408).....	(9,051,026)	100,324	100,709
11. Net investment gain (loss) (Lines 9 + 10).....	2,260,244	10,707,749	12,431,479
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....12,100).....	(12,100)	(3,859)	(3,894)
13. Finance and service charges not included in premiums.....			
14. Aggregate write-ins for miscellaneous income.....	(440,562)	252,796	166,482
15. Total other income (Lines 12 through 14).....	(452,662)	248,937	162,588
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	(5,344,613)	4,139,717	471,539
17. Dividends to policyholders.....			
18. Net income after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	(5,344,613)	4,139,717	471,539
19. Federal and foreign income taxes incurred.....	(187,619)	(769,872)	(2,030,713)
20. Net income (Line 18 minus Line 19) (to Line 22).....	(5,156,994)	4,909,589	2,502,252
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year.....	90,995,079	84,411,561	84,411,561
22. Net income (from Line 20).....	(5,156,994)	4,909,589	2,502,252
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or losses less capital gains tax of \$.....0.....		(115,815)	(115,815)
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....	2,641,504	(1,464,420)	(1,300,235)
27. Change in nonadmitted assets.....	(711,545)	809,353	499,916
28. Change in provision for reinsurance.....	(629,000)		(2,600)
29. Change in surplus notes.....			
30. Surplus (contributed to) withdrawn from protected cells.....			
31. Cumulative effect of changes in accounting principles.....			
32. Capital changes:			
32.1 Paid in.....			
32.2 Transferred from surplus (Stock Dividend).....			
32.3 Transferred to surplus.....			
33. Surplus adjustments:			
33.1 Paid in.....		5,000,000	5,000,000
33.2 Transferred to capital (Stock Dividend).....			
33.3 Transferred from capital.....			
34. Net remittances from or (to) Home Office.....			
35. Dividends to stockholders.....			
36. Change in treasury stock.....			
37. Aggregate write-ins for gains and losses in surplus.....	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37).....	(3,856,035)	9,138,707	6,583,518
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	87,139,044	93,550,268	90,995,079

DETAILS OF WRITE-INS

0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0	0
1401. Miscellaneous Income.....	5,860	127,337	161,382
1402. Miscellaneous Gain/(Loss).....	(440,053)	86,748	
1403. Interest Income from IRS.....		33,611	
1498. Summary of remaining write-ins for Line 14 from overflow page.....	(6,369)	5,100	5,100
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(440,562)	252,796	166,482
3701.			
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0	0

CASH FLOW

	1 Current Year to Date	2 Prior Year Ended December 31
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	37,070,450	84,064,985
2. Net investment income.....	11,941,133	11,484,287
3. Miscellaneous income.....	(452,662)	162,588
4. Total (Lines 1 through 3).....	48,558,921	95,711,860
5. Benefit and loss related payments.....	25,284,530	38,771,067
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	10,042,068	15,591,847
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	(745,062)	(9,491,599)
10. Total (Lines 5 through 9).....	34,581,536	44,871,315
11. Net cash from operations (Line 4 minus Line 10).....	13,977,385	50,840,545
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	43,419,688	116,357,350
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(102,143)	26
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	43,317,545	116,357,376
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	57,074,626	183,174,684
13.2 Stocks.....		115,815
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		500
13.6 Miscellaneous applications.....	4,847,325	29,572
13.7 Total investments acquired (Lines 13.1 to 13.6).....	61,921,951	183,320,571
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(18,604,406)	(66,963,195)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		5,000,000
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	(969,771)	(2,821,583)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(969,771)	2,178,417
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	(5,596,792)	(13,944,233)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	12,336,638	26,280,871
19.2 End of period (Line 18 plus Line 19.1).....	6,739,846	12,336,638

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

20.0001		
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NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

No significant change.

Note 2 - Accounting Changes and Corrections of Errors

No significant change.

Note 3 - Business Combinations and Goodwill

No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

No significant change.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

Note 7 - Investment Income

No significant change.

Note 8 - Derivative Instruments

No significant change.

Note 9 - Income Taxes

No significant change.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

No significant change.

Note 11 - Debt

No significant change.

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

No significant change.

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

No significant change.

Note 14 - Contingencies

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

Note 15 - Leases

No significant change.

NOTES TO FINANCIAL STATEMENTS**Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk**

No significant change.

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

No significant change.

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

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

No significant change.

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

No significant change.

Note 20 - Other Items

C. Other Disclosures

Net realized capital losses for 2008 includes \$9.3 million for write-downs of investments in Lehman Brothers Holdings and in certain mortgage-backed securities for other than temporary impairments. This non-cash item is not currently deductible for income tax purposes so there is no related income tax benefit reported on the Statement of Income. Deferred tax assets include approximately \$3 million for these impairments.

I. Subprime Exposure

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

(2) Direct exposure through subprime mortgage Loans:

None

(3) Direct Exposure through other Investments:

(000's)

Type	Book Adjusted Actual Cost	Carrying Value	Fair Value	Other than Temporary Impairments
RMBS	\$440	\$440	\$440	\$173

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

None

Note 21 - Events Subsequent

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

Note 22 - Reinsurance

F. Retroactive Reinsurance

(1) During 2004, the Company assumed a reinsurance portfolio related to the sale of Century American Insurance Company where liabilities assumed were equal to the consideration paid. The agreement covers losses for policies issued before October 1, 2004. There was no gain or loss upon transfer.

Exhibit of Retroactive Reinsurance

a. Reserves Transferred:		<u>Assumed</u>		<u>Ceded</u>
1. Initial Reserves	\$	(312,259)	\$	0
2. Adjustments - Prior Year(s)		700,054		
3. Adjustments - Current Year		(265,280)		

NOTES TO FINANCIAL STATEMENTS

4.	Current Total	122,515	
b.	Consideration Paid or Received:		
1.	Initial Consideration	(312,259)	
2.	Adjustments - Prior Year(s)	591,938	
3.	Adjustments - Current Year	0	
4.	Current Total	279,679	
c.	Paid Losses Reimbursed or Recovered:		
1.	Prior Year(s)	233,754	
2.	Current Year	705,333	
3.	Current Total	939,087	
d.	Special Surplus from Retroactive Reinsurance:		
1.	Initial Surplus Gain or Loss	0	
2.	Adjustments - Prior Year(s)	341,869	
3.	Adjustments - Current Year	440,053	
4.	Current Year Restricted Surplus	0	
5.	Cumulative Total Transferred to Unassigned Surplus	781,922	0
e.	The cedent involved in the above transaction is Access Insurance Company (NAIC# 1711)		
f.	There are no paid loss/LAE amounts recoverable under this agreement.		
(2)	All contracts of reinsurance covering losses that occurred prior to the inception of the contract have been accounted for in conformity with the instructions contained in the NAIC Accounting Practice and Procedure Manual, SSAP No. 62.		

Note 23 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

Note 24 - Change in Incurred Losses and Loss Adjustment Expenses

Combined reserves for incurred losses and loss adjustment expenses attributable to insured events as of December 31, 2007 were \$206,296,000. The following chart shows the activity in those reserves during the nine month period ended September 30, 2008:

Losses and Loss Adjustment Expenses December 31, 2007	\$	206,296,000
Re-estimation of reserves - unfavorable		<u>2,000,000</u>
Re-estimated December 31, 2007 Losses and Loss Adjustment Expenses	\$	<u>208,296,000</u>

The re-estimation amount above relates principally to the medical malpractice line of insurance, principally for the 2007 accident year, and is the result of ongoing analysis of recent loss trends. Original estimates are increased or decreased as additional information becomes available.

Note 25 - Intercompany Pooling Arrangements

No significant change.

Note 26 - Structured Settlements

No significant change.

Note 27 - Health Care Receivables

No significant change.

Note 28 - Participating Policies

No significant change.

Note 29 - Premium Deficiency Reserves

No significant change.

Note 30 - High Deductibles

NOTES TO FINANCIAL STATEMENTS

No significant change.

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

No significant change.

Note 32 - Asbestos/Environmental Reserves

No significant change.

Note 33 - Subscriber Savings Accounts

No significant change.

Note 34 - Multiple Peril Crop Insurance

No significant change.

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes No
- 1.2 If yes, has the report been filed with the domiciliary state? Yes No
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 2.2 If yes, date of change:
- 3. Have there been any substantial changes in the organizational chart since the prior quarter end? 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 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 N/A
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. 12/31/2006.....
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2006.....
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/08/2008.....
- 6.4 By what department or departments?

WISCONSIN OFFICE OF THE COMMISSIONER 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 N/A
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes No
- 7.2 If yes, give full information:

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

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

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

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

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? 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

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES

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

FINANCIAL

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

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

INVESTMENT

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

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

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

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

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

14.2 If yes, please complete the following:

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

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

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

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

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

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

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

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

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

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
105900	General Re-New England Asset Management, Inc	76 Batterson Park Road, Farmington, CT 06032

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:

**PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC.
GENERAL INTERROGATORIES (continued)**

PART 2

PROPERTY & CASUALTY INTERROGATORIES

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

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

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

3.2 If yes, give full and complete information thereto:

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

4.2 If yes, complete the following schedule:

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

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

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

NONE

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date
1. Alabama.....AL	N						
2. Alaska.....AK	N						
3. Arizona.....AZ	N						
4. Arkansas.....AR	N						
5. California.....CA	N						
6. Colorado.....CO	N						
7. Connecticut.....CT	N						
8. Delaware.....DE	N						
9. District of Columbia.....DC	N						
10. Florida.....FL	N						
11. Georgia.....GA	N						
12. Hawaii.....HI	N						
13. Idaho.....ID	N						
14. Illinois.....IL	L	2,003,501	3,699,065	1,511,722	3,760,066	19,831,956	25,589,383
15. Indiana.....IN	L						
16. Iowa.....IA	L	8,626,574	10,277,785	4,578,822	1,697,912	36,129,306	32,219,879
17. Kansas.....KS	L	580,668	776,197	12,431	31,990	946,598	488,976
18. Kentucky.....KY	N						
19. Louisiana.....LA	N						
20. Maine.....ME	N						
21. Maryland.....MD	N						
22. Massachusetts.....MA	N						
23. Michigan.....MI	L						
24. Minnesota.....MN	L	1,342,753	2,151,218	1,519,743	(260)	1,985,520	2,089,117
25. Mississippi.....MS	N						
26. Missouri.....MO	L						
27. Montana.....MT	N						
28. Nebraska.....NE	L	1,818,536	1,897,186	18,948	320,000	6,060,402	5,456,561
29. Nevada.....NV	L	8,608,055	9,449,655	1,363,067	2,610,801	18,088,224	14,476,825
30. New Hampshire.....NH	N						
31. New Jersey.....NJ	N						
32. New Mexico.....NM	N						
33. New York.....NY	N						
34. North Carolina.....NC	N						
35. North Dakota.....ND	L						
36. Ohio.....OH	L						
37. Oklahoma.....OK	N						
38. Oregon.....OR	N						
39. Pennsylvania.....PA	N						
40. Rhode Island.....RI	N						
41. South Carolina.....SC	N						
42. South Dakota.....SD	L	317,863	176,126			442,713	231,684
43. Tennessee.....TN	N						
44. Texas.....TX	N						
45. Utah.....UT	N						
46. Vermont.....VT	N						
47. Virginia.....VA	N						
48. Washington.....WA	N						
49. West Virginia.....WV	N						
50. Wisconsin.....WI	L	27,318,980	33,813,406	6,373,868	4,595,656	80,251,056	72,754,259
51. Wyoming.....WY	N						
52. American Samoa.....AS	N						
53. Guam.....GU	N						
54. Puerto Rico.....PR	N						
55. US Virgin Islands.....VI	N						
56. Northern Mariana Islands.....MP	N						
57. Canada.....CN	N						
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0
59. Totals.....	(a) 13	50,616,930	62,240,638	15,378,601	13,016,165	163,735,775	153,306,684

DETAILS OF WRITE-INS

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

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

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

PART 1 – ORGANIZATIONAL CHART

Q11

NONE

PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire.....			0.0	
2. Allied lines.....			0.0	
3. Farmowners multiple peril.....			0.0	
4. Homeowners multiple peril.....			0.0	
5. Commercial multiple peril.....	155,065	27,912	18.0	11.3
6. Mortgage guaranty.....			0.0	
8. Ocean marine.....			0.0	
9. Inland marine.....			0.0	
10. Financial guaranty.....			0.0	
11.1. Medical malpractice-occurrence.....	8,440,987	2,915,516	34.5	21.3
11.2. Medical malpractice-claims made.....	39,164,439	13,358,518	34.1	19.6
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.....	1,572,692	527,941	33.6	22.6
17.2. Other liability-claims made.....	96,218	25,979	27.0	
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	XXX
32. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business.....	0	0	0.0	
35. Totals.....	49,429,401	16,855,866	34.1	19.9

DETAILS OF WRITE-INS

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

PART 2 - DIRECT PREMIUMS WRITTEN

	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire.....			
2. Allied lines.....			
3. Farmowners multiple peril.....			
4. Homeowners multiple peril.....			
5. Commercial multiple peril.....	(9,067)	(9,067)	464,056
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....			
10. Financial guaranty.....			
11.1. Medical malpractice-occurrence.....	2,461,599	6,843,353	8,944,397
11.2. Medical malpractice-claims made.....	12,722,367	42,488,450	50,319,098
12. Earthquake.....			
13. Group accident and health.....			
14. Credit accident and health.....			
15. Other accident and health.....			
16. Workers' compensation.....			
17.1. Other liability-occurrence.....	(132,860)	1,194,975	2,513,087
17.2. Other liability-claims made.....	99,219	99,219	
18.1. Products liability-occurrence.....			
18.2. Products liability-claims made.....			
19.1, 19.2 Private passenger auto liability.....			
19.3, 19.4 Commercial auto liability.....			
21. Auto physical damage.....			
22. Aircraft (all perils).....			
23. Fidelity.....			
24. Surety.....			
26. Burglary and theft.....			
27. Boiler and machinery.....			
28. Credit.....			
29. International.....			
30. Warranty.....			
31. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business.....	0	0	0
35. Totals.....	15,141,258	50,616,930	62,240,638

DETAILS OF WRITE-INS

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

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2008 Loss and LAE Payments on Claims Reported as of Prior Year-End	2008 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2008 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2005 + Prior.....	48,394	45,827	94,221	17,108	307	17,415	42,645	540	33,621	76,806	11,359	(11,359)	0
2. 2006.....	17,299	32,803	50,102	5,058	666	5,724	18,020	142	26,216	44,378	5,779	(5,779)	0
3. Subtotals 2006 + Prior.....	65,693	78,630	144,323	22,166	973	23,139	60,665	682	59,837	121,184	17,138	(17,138)	0
4. 2007.....	25,209	36,764	61,973	2,486	1,114	3,600	15,466	929	43,978	60,373	(7,257)	9,257	2,000
5. Subtotals 2007 + Prior.....	90,902	115,394	206,296	24,652	2,087	26,739	76,131	1,611	103,815	181,557	9,881	(7,881)	2,000
6. 2008.....	XXX	XXX	XXX	XXX	1,985	1,985	XXX	4,677	34,430	39,107	XXX	XXX	XXX
7. Totals.....	90,902	115,394	206,296	24,652	4,072	28,724	76,131	6,288	138,245	220,664	9,881	(7,881)	2,000
8. Prior Year-End's Surplus As Regards Policyholders	90,995										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. ....10.9 %	2. ....(6.8)%	3. ....1.0 %
													Col. 13, Line 7 Line 8
													4. ....2.2 %

Q13

PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC. SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

Explanation:

Bar Code:



Overflow Page for Write-Ins

Additional Write-ins for Assets:

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
2304. State Premium Tax Recoverable.....	80,004		80,004	107,295
2305. Century American Retro Receivable.....	481,295	481,295	0	
2397. Summary of remaining write-ins for Line 23.....	561,299	481,295	80,004	107,295

Additional Write-ins for Statement of Income:

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
1404. Net Gain/(Loss) on Sale of Equipment.....	(6,369)	5,100	5,100
1497. Summary of remaining write-ins for Line 14.....	(6,369)	5,100	5,100

PHYSICIANS INSURANCE COMPANY OF WISCONSIN, INC.
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.....	2,888,807	3,005,695
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions.....		
2.2 Additional investment made after acquisitions.....		
3. Current year change in encumbrances.....		
4. Total gain (loss) on disposals.....		
5. Deduct amounts received on disposals.....		
6. Total foreign exchange change in book/adjusted carrying value.....		
7. Deduct current year's other than temporary impairment recognized.....		
8. Deduct current year's depreciation.....	87,663	116,888
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8).....	2,801,144	2,888,807
10. Deduct total nonadmitted amounts.....		
11. Statement value at end of current period (Line 9 minus Line 10).....	2,801,144	2,888,807

SCHEDULE B - VERIFICATION

Mortgage Loans

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

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

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.....	312,309,935	245,574,298
2. Cost of bonds and stocks acquired.....	57,074,626	183,290,499
3. Accrual of discount.....	540,800	507,758
4. Unrealized valuation increase (decrease).....		(115,815)
5. Total gain (loss) on disposals.....	105,744	154,912
6. Deduct consideration for bonds and stocks disposed of.....	43,419,688	116,357,350
7. Deduct amortization of premium.....	1,285,136	744,367
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....	9,307,035	
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	316,019,246	312,309,935
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	316,019,246	312,309,935

SCHEDULE D - PART 1B

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

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	327,120,495	55,381,685	55,118,532	(4,605,409)	330,516,727	327,120,495	322,778,239	322,330,648
2. Class 2 (a).....	1,051,227		31,627	(580,103)	1,183,256	1,051,227	439,497	
3. Class 3 (a).....								
4. Class 4 (a).....								
5. Class 5 (a).....								
6. Class 6 (a).....				500,000			500,000	
7. Total Bonds.....	328,171,722	55,381,685	55,150,159	(4,685,512)	331,699,983	328,171,722	323,717,736	322,330,648
PREFERRED STOCK								
8. Class 1.....								
9. Class 2.....								
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock.....	328,171,722	55,381,685	55,150,159	(4,685,512)	331,699,983	328,171,722	323,717,736	322,330,648

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(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 \$.....20,929,617; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
8299999. Totals.....	4,596,080	XXX	4,597,506	8,500	3,778

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	5,417,116	22,534,695
2. Cost of short-term investments acquired.....	122,336,681	176,767,261
3. Accrual of discount.....	329	
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....	(102,000)	
6. Deduct consideration received on disposals.....	123,027,675	193,880,175
7. Deduct amortization of premium.....	28,372	4,665
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	4,596,080	5,417,116
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	4,596,080	5,417,116

Sch. DB-Part F-Section 1
NONE

Sch. DB-Part F-Section 2
NONE

SCHEDULE E- VERIFICATION

Cash Equivalents

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	4,603,597	1,462,500
2. Cost of cash equivalents acquired.....	230,769,677	846,288,984
3. Accrual of discount.....	.61,646	515,424
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....	(143)	.26
6. Deduct consideration received on disposals.....	232,332,367	843,663,337
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/ adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	3,102,409	4,603,597
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	3,102,409	4,603,597

**Sch. A-Part 2
NONE**

**Sch. A-Part 3
NONE**

**Sch. B-Part 2
NONE**

**Sch. B-Part 3
NONE**

**Sch. BA-Part 2
NONE**

**Sch. BA-Part 3
NONE**

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Government									
912828 JF 8	US TREASURY N/B.....		08/20/2008.....	J.P. MORGAN.....		2,523,055	2,500,000	3,923	1.....
0399999.	Total - Bonds - U.S. Government.....					2,523,055	2,500,000	3,923	XXX.....
Bonds - Political Subdivisions of States									
60635A DC 5	MISSOURI ST CTFS PARTN.....		09/09/2008.....	DAIN RAUSCHER.....		2,114,820	2,000,000	28,056	1FE.....
2499999.	Total - Bonds - Political Subdivision.....					2,114,820	2,000,000	28,056	XXX.....
Bonds - Special Revenue and Special Assessment									
167619 AR 6	CHICAGO ILL PK DIST HBR FACS R.....		08/04/2008.....	LOOP CAPITAL MARKETS, LLC.....		1,887,791	1,765,000	9,884	1FE.....
49151E JF 1	KENTUCKY ST PPTY & BLDGS COMMN.....		08/06/2008.....	MORGAN STANLEY DEAN WITTER.....		3,188,400	3,000,000	4,479	1FE.....
575567 JN 3	MASSACHUSETTS BAY TRANSN AUTH.....		08/07/2008.....	SALOMON SMITH BARNEY HLD.....		2,124,724	1,985,000	48,825	1FE.....
74265L LA 4	PRIVATE COLLEGES & UNIVS AUTH.....		08/05/2008.....	RAYMOND JAMES.....		3,484,130	3,250,000	74,411	1FE.....
3199999.	Total - Bonds - Special Revenue & Special Assessments.....					10,685,045	10,000,000	137,599	XXX.....
6099997.	Total - Bonds - Part 3.....					15,322,920	14,500,000	169,578	XXX.....
6099999.	Total - Bonds.....					15,322,920	14,500,000	169,578	XXX.....
7499999.	Total - Bonds, Preferred and Common Stocks.....					15,322,920	XXX.....	169,578	XXX.....

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

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	For eig n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - Special Revenue and Special Assessment																					
3133TK UF 5	FHR 2149 QL		09/01/2008	MBS PAYDOWN		87,942	87,942	88,162	88,006		(64)		(64)		87,942			0	3,497	04/01/2014	1
31392H G7 2	FNR 2003-8 BK		09/01/2008	MBS PAYDOWN		77,447	77,447	78,657	77,731		(285)		(285)		77,447			0	2,044	08/01/2010	1
31392J GL 7	FNR 2003-14 AT		09/01/2008	MBS PAYDOWN		5,466	5,466	5,491	5,469		(2)		(2)		5,466			0	149	08/01/2025	1
31392J W9 6	FNR 2003-21 OG		09/01/2008	MBS PAYDOWN		10,483	10,483	10,503	10,485		(2)		(2)		10,483			0	275	05/01/2028	1
31392J Y5 2	FNR 2003-21 OV		09/01/2008	MBS PAYDOWN		6,296	6,296	6,303	6,297		(1)		(1)		6,296			0	162	02/01/2027	1
31393B 5N 1	FNR 2003-53 CA		09/01/2008	MBS PAYDOWN		41,210	41,210	41,783	41,339		(129)		(129)		41,210			0	1,088	03/01/2011	1
31393B VA 0	FNR 2003-42 HE		09/01/2008	MBS PAYDOWN		30,797	30,797	31,481	30,879		(81)		(81)		30,797			0	813	04/01/2015	1
31393C 3C 5	FNR 2003-49 TK		09/01/2008	MBS PAYDOWN		73,273	73,273	71,716	73,087		187		187		73,273			0	1,700	07/01/2016	1
31393C U7 6	FNR 2003-52 LH		09/01/2008	MBS PAYDOWN		162,056	162,056	161,321	161,944		112		112		162,056			0	3,817	06/01/2010	1
31393D QW 4	FNR 2003-67 TD		09/01/2008	MBS PAYDOWN		21,858	21,858	22,472	21,926		(69)		(69)		21,858			0	572	05/01/2014	1
31393D VH 1	FNR 2003-61 HL		07/01/2008	MBS PAYDOWN		92,078	92,078	91,358	91,982		96		96		92,078			0	1,611	07/01/2008	1
31393G P3 2	FHR 2542 UY		09/01/2008	MBS PAYDOWN		47,967	47,967	48,132	48,019		(53)		(53)		47,967			0	1,275	01/01/2012	1
31393K TV 7	FHR 2575 QD		09/01/2008	MBS PAYDOWN		96,289	96,289	96,590	96,396		(107)		(107)		96,289			0	3,755	04/01/2012	1
31393L H8 9	FHR 2564 CN		09/01/2008	MBS PAYDOWN		126,019	126,019	125,704	125,974		45		45		126,019			0	2,503	12/01/2008	1
31393L MY 6	FHR 2564 OR		09/01/2008	MBS PAYDOWN		156,534	156,534	151,446	155,421		1,113		1,113		156,534			0	4,580	06/01/2010	1
31393M ZM 6	FHR 2583 PK		09/01/2008	MBS PAYDOWN		138,331	138,331	140,363	138,608		(277)		(277)		138,331			0	3,643	04/01/2010	1
31393N K5 7	FHR 2590 OA		09/01/2008	MBS PAYDOWN		25,915	25,915	26,292	25,940		(25)		(25)		25,915			0	683	04/01/2027	1
31393N NY 1	FHR 2590 XW		09/01/2008	MBS PAYDOWN		31,321	31,321	31,844	31,422		(101)		(101)		31,321			0	829	03/01/2011	1
31393P LT 9	FHR 2602 WH		09/01/2008	MBS PAYDOWN		58,733	58,733	59,495	58,898		(165)		(165)		58,733			0	1,547	07/01/2011	1
31393P VP 6	FHR 2594 XA		09/01/2008	MBS PAYDOWN		32,168	32,168	33,003	32,305		(136)		(136)		32,168			0	848	09/01/2011	1
31393Q AN 2	FHR 2621 OD		09/01/2008	MBS PAYDOWN		50,413	50,413	50,965	50,527		(114)		(114)		50,413			0	995	12/01/2010	1
31393T BC 9	FNR 2003-92 KQ		09/01/2008	MBS PAYDOWN		140,290	140,290	141,430	140,585		(295)		(295)		140,290			0	3,210	03/01/2009	1
31393U 3Y 7	FNR 2004-2 OU		09/01/2008	MBS PAYDOWN		246,015	246,015	251,437	247,423		(1,408)		(1,408)		246,015			0	6,584	01/01/2009	1
31393U 5A 7	FNR 2004-13 PF		09/01/2008	MBS PAYDOWN		218,946	218,946	220,794	219,374		(428)		(428)		218,946			0	5,260	03/01/2009	1
31393U AU 7	FNR 2003-123 PD		09/01/2008	MBS PAYDOWN		47,028	47,028	47,726	47,133		(105)		(105)		47,028			0	1,344	04/01/2012	1
31393U CB 7	FNR 2003-123 YH		09/01/2008	MBS PAYDOWN		94,656	94,656	95,395	94,799		(143)		(143)		94,656			0	2,468	09/01/2011	1
31393U UB 5	FNR 2003-118 PB		09/01/2008	MBS PAYDOWN		46,030	46,030	46,246	46,092		(63)		(63)		46,030			0	1,219	03/01/2011	1
31393U UQ 4	FNR 2003-132 PE		09/01/2008	MBS PAYDOWN		107,098	107,098	109,173	107,712		(614)		(614)		107,098			0	2,675	01/01/2009	1
31393U VN 0	FNR 2003-130 PB		09/01/2008	MBS PAYDOWN		75,054	75,054	75,804	75,280		(226)		(226)		75,054			0	1,975	03/01/2010	1
31393V A6 8	FHR 2634 TA		09/01/2008	MBS PAYDOWN		23,130	23,130	23,607	23,185		(56)		(56)		23,130			0	544	06/01/2014	1
31393V U9 0	FHR 2639 HC		09/01/2008	MBS PAYDOWN		77,452	77,452	77,827	77,535		(83)		(83)		77,452			0	1,789	02/01/2011	1
31393W 5R 6	FHR 2651 VA		09/01/2008	MBS PAYDOWN		54,516	54,516	54,636	54,558		(41)		(41)		54,516			0	1,264	02/01/2010	1
31394H KP 5	FHR 2656 PB		09/01/2008	MBS PAYDOWN		108,928	108,928	110,323	109,206		(279)		(279)		108,928			0	2,542	06/01/2009	1
31394H ZV 6	FHR 2672 WA		09/01/2008	MBS PAYDOWN		87,318	87,318	89,119	87,576		(258)		(258)		87,318			0	2,327	08/01/2010	1
31394J SC 2	FHR 2677 BN		09/01/2008	MBS PAYDOWN		101,604	101,604	101,334	101,578		26		26		101,604			0	2,383	05/01/2010	1
31394M HR 4	FHR 2710 HC		09/01/2008	MBS PAYDOWN		63,044	63,044	61,195	62,823		221		221		63,044			0	1,765	07/01/2016	1
31394M UX 6	FHR 2723 QE		09/01/2008	MBS PAYDOWN		80,754	80,754	81,258	81,011		(257)		(257)		80,754			0	1,909	02/01/2009	1
31394M YC 8	FHR 2720 PH		09/01/2008	MBS PAYDOWN		134,058	134,058	135,336	134,564		(506)		(506)		134,058			0	3,117	12/01/2008	1
31394P 4U 4	FHR 2728 DQ		09/01/2008	MBS PAYDOWN		63,082	63,082	64,002	63,196		(114)		(114)		63,082			0	1,554	07/01/2016	1
31394R A2 5	FHR 2751 NP		09/01/2008	MBS PAYDOWN		47,040	47,040	47,157	47,073		(34)		(34)		47,040			0	1,094	01/01/2010	1
31394R XC 8	FHR 2765 JL		09/01/2008	MBS PAYDOWN		172,803	172,803	175,417	173,466		(664)		(664)		172,803			0	4,009	01/01/2011	1
31394R XE 4	FHR 2765 JN		09/01/2008	MBS PAYDOWN		103,682	103,682	105,010	103,946		(265)		(265)		103,682			0	2,749	01/01/2011	1
31394R ZV 4	FHR 2769 JK		09/01/2008	MBS PAYDOWN		213,707	213,707	218,782	214,596		(889)		(889)		213,707			0	4,921	10/01/2008	1
31394U GN 6	FNR 2005-98 SX		08/25/2008	MBS PAYDOWN		106,429	106,429	105,631	106,041		389		389		106,429			0	8,010	02/25/2020	1
31394V D6 4	FNR 2006-2 SK		09/25/2008	MBS PAYDOWN		28,121	28,121	27,805	27,548		573		573		28,121			0	2,739	09/25/2027	1
31394V JK 7	FNR 2005-114 SC		09/25/2008	MBS PAYDOWN		67,512	67,512	64,643	66,235		1,277		1,277		67,512			0	4,996	01/25/2030	1
31394W HU 5	FHR 2776 QP		09/01/2008	MBS PAYDOWN		40,000	40,000	40,300	40,022		(22)		(22)		40,000			0	1,044	04/01/2025	1
31394X 3J 3	FHR 2783 MJ		09/01/2008	MBS PAYDOWN		77,250	77,250	78,674	77,667		(417)		(417)		77,250			0	2,023	08/01/2009	1
31395D BP 3	FNR 2006-40 VA		09/01/2008	MBS PAYDOWN		21,045	21,045	20,688	21,012		33		33		21,045			0	772	10/01/2015	1

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SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	For eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
31395H ZP 8	FHR 2886 CJ.....		09/01/2008	MBS PAYDOWN.....		31,405	31,405	30,482	31,291		114		114		31,405			0	1,040	10/01/2016	1.....
31395J 3J 3	FHR 2885 LC.....		09/01/2008	MBS PAYDOWN.....		30,314	30,314	30,106	30,298		16		16		30,314			0	935	03/01/2025	1.....
31396F KG 7	FHR 3072 NK.....		09/01/2008	MBS PAYDOWN.....		67,496	67,496	65,883	67,303		193		193		67,496			0	2,252	06/01/2016	1.....
31396G SH 5	FHR 3098 MS.....		09/15/2008	MBS PAYDOWN.....		37,514	37,514	35,450	36,525		989		989		37,514			0	2,737	12/15/2029	1.....
31396H L2 3	FHR 3115 LA.....		09/01/2008	MBS PAYDOWN.....		32,268	32,268	31,139	32,131		137		137		32,268			0	1,064	05/01/2016	1.....
31396N M2 9	FHR 3147 YE.....		09/01/2008	MBS PAYDOWN.....		58,188	58,188	57,297	58,048		140		140		58,188			0	2,097	11/01/2016	1.....
38374C SP 7	GNR 2003-82 PA.....		09/01/2008	MBS PAYDOWN.....		55,177	55,177	55,798	55,404		(227)		(227)		55,177			0	1,455	10/01/2009	1.....
38374C SZ 5	GNR 2003-83 AB.....		09/01/2008	MBS PAYDOWN.....		41,694	41,694	42,411	41,799		(105)		(105)		41,694			0	1,113	08/01/2013	1.....
38374F 4M 3	GNR 2004-26 HD.....		09/01/2008	MBS PAYDOWN.....		105,476	105,476	105,888	105,589		(113)		(113)		105,476			0	2,245	12/01/2009	1.....
38374F 4R 2	GNR 2004-26 HJ.....		09/01/2008	MBS PAYDOWN.....		105,476	105,476	107,931	105,975		(500)		(500)		105,476			0	2,763	12/01/2009	1.....
38374F NS 9	GNR 2004-11 PC.....		09/01/2008	MBS PAYDOWN.....		89,895	89,895	89,755	89,897		(2)		(2)		89,895			0	1,775	09/01/2010	1.....
38374F WC 7	GNR 2004-19 KL.....		09/01/2008	MBS PAYDOWN.....		139,944	139,944	142,305	140,507		(563)		(563)		139,944			0	2,975	06/01/2010	1.....
38374G 2C 5	GNR 2004-41 EG.....		09/01/2008	MBS PAYDOWN.....		184,705	184,705	187,504	185,984		(1,280)		(1,280)		184,705			0	4,897	10/01/2008	1.....
38374H 7K 0	GNR 2004-69 AN.....		09/01/2008	MBS PAYDOWN.....		256,409	256,409	249,999	254,942		1,467		1,467		256,409			0	7,217	04/01/2014	1.....
38374L U7 4	GNR 2005-66 SX.....		09/16/2008	MBS PAYDOWN.....		97,503	97,503	93,969	95,460		2,044		2,044		97,503			0	6,530	10/16/2034	1.....
38374M EQ 8	GNR 2005-84 SC.....		09/16/2008	MBS PAYDOWN.....		135,603	135,603	133,696	133,782		2,470		2,470		135,603			0	12,519	01/16/2035	1.....
83712D JT 4	SOUTH CAROLINA HSG FIN & DEV A.....		07/01/2008	CALLED BY ISSUER at 100.000		210,000	210,000	207,690	207,710		2,290		2,290		210,000			0	8,190	01/01/2034	1FE.....
3199999.	Total - Bonds - Special Revenue & Assessment.....					5,698,255	5,698,255	5,711,133	5,696,536	0	2,367	0	2,367	0	5,698,255	0	0	0	174,476	XXX	XXX
Bonds - Industrial and Miscellaneous																					
000780 KN 5	ABN Amro Mortgage Corp 2003-7 A2.....		09/01/2008	MBS PAYDOWN.....		28,029	28,029	28,852	28,095		(66)		(66)		28,029			0	952	05/01/2018	1FE.....
05948K HN 2	B of America Alt Loan Trust 2003-10 5A2.....		09/01/2008	MBS PAYDOWN.....		21,062	21,062	21,023	21,061		1		1		21,062			0	625	11/01/2018	1FE.....
05948P AV 0	B of America Mrtg Sec Inc 2003-1 2A1.....		09/01/2008	MBS PAYDOWN.....		6,769	6,769	6,943	6,782		(12)		(12)		6,769			0	239	01/01/2018	1FE.....
12667F AG 0	Countrywide Alt Loan Trust 2004-2CB 1A1.....		09/01/2008	MBS PAYDOWN.....		51,161	51,161	51,808	51,283		(123)		(123)		51,161			0	1,436	02/01/2011	1FE.....
12667F NE 1	Countrywide Alt Loan Trust 2004-14T2 B1.....		09/01/2008	MBS PAYDOWN.....		22,216	22,216	22,382	22,231		(15)		(15)		22,216			0	852	07/01/2034	1FE.....
12667F UW 3	Countrywide Alt Loan Trust 2004-J10 1A3.....		09/01/2008	MBS PAYDOWN.....		5,282	5,282	5,346	5,296		(14)		(14)		5,282			0	145	09/01/2034	1FE.....
12669D LJ 5	Countrywide Home Ln Mtge 2002-32 3A1.....		09/01/2008	MBS PAYDOWN.....		9,281	9,281	9,509	9,302		(21)		(21)		9,281			0	332	11/01/2017	1FE.....
161551 FV 3	Chase Fndg Mtge Ln ABS Cfr 2002-2 1M2.....		09/01/2008	MBS PAYDOWN.....		31,769	31,769	31,580	31,613		15		15		31,627		141	141	1,324	07/01/2012	2FE.....
16162T 5L 6	Chase Mortgage Fin Corp 2003-S5 A5.....		09/01/2008	MBS PAYDOWN.....		33,051	33,051	33,971	33,094		(43)		(43)		33,051			0	1,077	07/01/2018	1FE.....
22541S 2P 2	CS First Boston Mtge Secs 2004-C5 A2.....		09/01/2008	MBS PAYDOWN.....		83,408	83,408	80,951	82,840		568		568		83,408			0	2,342	12/01/2009	1FE.....
22541S X2 9	CS First Boston Mtge Secs 2004-8 6A1.....		09/01/2008	MBS PAYDOWN.....		78,117	78,117	78,496	78,164		(46)		(46)		78,117			0	2,256	10/01/2019	1FE.....
22541S ZN 1	CS First Boston Mtge Secs 2004-5 5A2.....		09/01/2008	MBS PAYDOWN.....		31,346	31,346	31,747	31,383		(37)		(37)		31,346			0	1,025	06/01/2019	1FE.....
225458 BN 0	CS First Boston Mtge Secs 2005-1 DB1.....		09/01/2008	MBS PAYDOWN.....		11,741	11,741	6,917	6,929		(12)		(12)		6,917		4,824	4,824	431	12/01/2034	1FE.....
36228F PF 7	GSR 2003-3F 2A1.....		09/01/2008	MBS PAYDOWN.....		1,581	1,581	1,619	1,582		(1)		(1)		1,581			0	47	04/01/2032	1FE.....
45660N N5 0	Res Asset Securitization Trust 2004-A5 B1.....		09/01/2008	MBS PAYDOWN.....		19,090	19,090	11,855	11,866		(11)		(11)		11,855		7,235	7,235	700	07/01/2034	1FE.....
45660N N6 8	Res Asset Securitization Trust 2004-A5 B2.....		09/01/2008	MBS PAYDOWN.....		8,485	8,485	3,978	3,977		1		1		3,978		4,507	4,507	311	07/01/2034	1FE.....
52108H RA 4	LB-UBS Comm Mrtg Trust 2003-C3 A2.....		09/11/2008	MBS PAYDOWN.....		34,712	34,712	33,735	34,171		541		541		34,712			0	715	01/11/2009	1FE.....
52520M CJ 0	Lehman Mortgage Trust 2005-2 5A2.....		09/25/2008	MBS PAYDOWN.....		27,606	27,606	25,630	27,055		550		550		27,606			0	2,273	11/25/2025	1FE.....
55265K 5Q 8	MASTR Asset Sec Trust 2004-1 3A1.....		09/01/2008	MBS PAYDOWN.....		198,660	198,660	193,957	198,106		554		554		198,660			0	5,937	04/01/2015	1FE.....
55265K 7L 7	MASTR Asset Sec Trust 2004-3 1A2.....		09/01/2008	MBS PAYDOWN.....		6,197	6,197	6,287	6,203		(5)		(5)		6,197			0	217	02/01/2024	1FE.....
55265K QU 6	MASTR Asset Sec Trust 2003-1 3A2.....		09/01/2008	MBS PAYDOWN.....		10,608	10,608	10,830	10,624		(16)		(16)		10,608			0	346	01/01/2018	1FE.....
576434 MD 3	MASTR Alt Loans Trust 2004-1 B2.....		09/01/2008	MBS PAYDOWN.....		20,947	20,947	11,525	11,549		(24)		(24)		11,525		9,422	9,422	812	12/01/2033	1FE.....
761118 SE 9	Res Accredit Loans Inc 2006-QS1 A6.....		07/25/2008	MBS PAYDOWN.....		14,166	14,166	13,305	13,727		439		439		14,166			0	1,573	05/25/2028	1FE.....
76111J B2 9	Residential Fund Mrtg Sec I 2002-S17 A2.....		09/01/2008	MBS PAYDOWN.....		20,722	20,722	21,195	20,761		(39)		(39)		20,722			0	620	11/01/2017	1FE.....
76111X HG 1	Residential Fund Mrtg Sec I 2004-S4 2A1.....		09/01/2008	MBS PAYDOWN.....		142,210	142,213	141,346	142,128		85		85		142,213			0	2,829	12/01/2010	1FE.....
863576 BP 8	Structured Asset Sec Corp 2005-6 2A9.....		09/25/2008	MBS PAYDOWN.....		7	7	7	7				0		7			0	1	12/25/2026	1FE.....
949780 AA 8	Wells Fargo Mrtg Back Sec Tr 2003-6 1A1.....		09/01/2008	MBS PAYDOWN.....		53,493	53,493	55,064	53,647		(154)		(154)		53,493			0	1,729	05/01/2018	1FE.....
4599999.	Total - Bonds - Industrial & Miscellaneous.....					971,716	971,719	939,858	943,476	0	2,115	0	2,115	0	945,589	0	26,129	26,129	31,146	XXX	XXX
6099997.	Total - Bonds - Part 4.....					6,669,971	6,669,974	6,650,991	6,640,012	0	4,482	0	4,482	0	6,643,844	0	26,129	26,129	205,622	XXX	XXX
6099999.	Total - Bonds.....					6,669,971	6,669,974	6,650,991	6,640,012	0	4,482	0	4,482	0	6,643,844	0	26,129	26,129	205,622	XXX	XXX

QE05.1

SCHEDULE D - PART 4

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

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value At Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Desig- nation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
7499999	Total - Bonds, Preferred and Common Stocks					6,669,971	XXX	6,650,991	6,640,012	0	4,482	0	4,482	0	6,643,844	0	26,129	26,129	205,622	XXX	XXX

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

Sch. DB-Part A-Section 1
NONE

Sch. DB-Part B-Section 1
NONE

Sch. DB-Part C-Section 1
NONE

Sch. DB-Part D-Section 1
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
Open Depositories								
US BANK.....	BIRMINGHAM, AL.....	.....	.....	.....	.....(997,309)	.....(789,875)	.....(1,484,142)	XXX
BANK OF AMERICA.....	ATLANTA, GA.....	.....	.....	.....	.....51,355	.....91,611	.....524,510	XXX
FEDERAL HOME LOAN BANK.....	CHICAGO, IL.....	.....	.....	.....	.....	.....1,000	.....987	XXX
0199999. Total Open Depositories.....	XXX.....	XXX.....	.....0	.....0	.....(945,954)	.....(697,264)	.....(958,644)	XXX
0399999. Total Cash on Deposit.....	XXX.....	XXX.....	.....0	.....0	.....(945,954)	.....(697,264)	.....(958,644)	XXX
0599999. Total Cash.....	XXX.....	XXX.....	.....0	.....0	.....(945,954)	.....(697,264)	.....(958,644)	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
U.S. Government Bonds - Issuer Obligations							
FED HOME LN DISCOUNT NT 10/07/2008.....		09/25/2008	2.001	10/07/2008	1,582,499		581
FED HOME LN DISCOUNT NT 10/20/2008.....		09/25/2008	2.254	10/20/2008	520,381		195
0199999. U.S. Government Bonds - Issuer Obligations.....					2,102,880	0	776
0399999. Total - U.S. Government Bonds.....					2,102,880	0	776
Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations							
SHARP ELEC CORP 10/24/2008.....		09/30/2008	2.304	10/24/2008	999,529		64
3999999. Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations.....					999,529	0	64
4599999. Total - Industrial and Miscellaneous (Unaffiliated).....					999,529	0	64
Total Bonds							
5499999. Subtotals - Issuer Obligations.....					3,102,409	0	840
6099999. Subtotals - Bonds.....					3,102,409	0	840
8799999. Total - Cash Equivalents.....					3,102,409	0	840

QE09