

QUARTERLY STATEMENT
OF THE
RED MOUNTAIN CASUALTY
INSURANCE COMPANY, INC.

Of
BIRMINGHAM
in the state of AL

to the Insurance Department
of the State of

For the Period Ended
March 31, 2008

2008



QUARTERLY STATEMENT

As of March 31, 2008
of the Condition and Affairs of the

RED MOUNTAIN CASUALTY INSURANCE COMPANY, INC.

NAIC Group Code.....2698, 2698 (Current Period) (Prior Period)	NAIC Company Code..... 10179	Employer's ID Number..... 36-3990058
Organized under the Laws of AL	State of Domicile or Port of Entry AL	Country of Domicile US
Incorporated/Organized..... December 5, 1994	Commenced Business..... December 5, 1994	
Statutory Home Office	100 BROOKWOOD PLACE..... BIRMINGHAM AL 35209 <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>	205-445-2600 <i>(Area Code) (Telephone Number)</i>
Mail Address	100 BROOKWOOD PLACE..... BIRMINGHAM AL 35209 <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	PHILIP 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. HOWARD HARLEY FRIEDMAN	PRESIDENT	2. KATHRYN ANNE NEVILLE	SECRETARY
3. JAMES JOSEPH MORELLO	TREASURER	4. WILLIAM STANCIL STARNES	CHAIRMAN

OTHER

VICTOR THOMAS ADAMO	VICE CHAIRMAN	HOWARD HARLEY FRIEDMAN	CHIEF UNDERWRITING OFFICER
DESMOND PATRICK O'DOHERTY	VICE PRESIDENT, MANAGING DIRECTOR	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) HOWARD HARLEY FRIEDMAN 1. (Printed Name) PRESIDENT _____ (Title)	_____ (Signature) KATHRYN ANNE NEVILLE 2. (Printed Name) SECRETARY _____ (Title)	_____ (Signature) JAMES JOSEPH MORELLO 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.....	46,589,550		46,589,550	45,478,149
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).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....(93,527)), cash equivalents (\$.....3,774,652) and short-term investments (\$.....2,122,784).....	5,803,909		5,803,909	5,392,539
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Other invested assets.....			.0	
8. Receivables for securities.....			.0	
9. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	52,393,459	.0	52,393,459	50,870,688
11. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
12. Investment income due and accrued.....	482,656		482,656	503,200
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection.....	926,799	.4	926,795	559,113
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			.0	
13.3 Accrued retrospective premiums.....			.0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	1,059,305		1,059,305	902,741
14.2 Funds held by or deposited with reinsured companies.....			.0	
14.3 Other amounts receivable under reinsurance contracts.....			.0	
15. Amounts receivable relating to uninsured plans.....			.0	
16.1 Current federal and foreign income tax recoverable and interest thereon.....			.0	98,392
16.2 Net deferred tax asset.....	28,138	24,917	3,221	2,528
17. Guaranty funds receivable or on deposit.....			.0	
18. Electronic data processing equipment and software.....			.0	
19. Furniture and equipment, including health care delivery assets (\$.....0).....	.67	.67	.0	
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
21. Receivables from parent, subsidiaries and affiliates.....	12,701		12,701	327,660
22. Health care (\$.....0) and other amounts receivable.....			.0	
23. Aggregate write-ins for other than invested assets.....	159,742	2,793	156,949	177,934
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	55,062,867	27,781	55,035,086	53,442,256
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
26. TOTALS (Lines 24 and 25).....	55,062,867	27,781	55,035,086	53,442,256

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. Provider Alliance Receivables.....	156,949		156,949	177,934
2302. Prepaid Other Taxes and Fees.....	2,775	2,775	.0	
2303. Other Receivables.....	18	18	.0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	.0	.0	.0	.0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	159,742	2,793	156,949	177,934

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$.....0).....		
2. Reinsurance payable on paid losses and loss adjustment expenses.....		
3. Loss adjustment expenses.....	955,491	1,001,000
4. Commissions payable, contingent commissions and other similar charges.....	356,566	241,483
5. Other expenses (excluding taxes, licenses and fees).....	116,832	140,828
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	5,968	8,891
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	193,326	
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 \$....2,750,918 and including warranty reserves of \$.....0).....		
10. Advance premium.....		2,395
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	1,252,715	1,046,283
13. Funds held by company under reinsurance treaties.....	22,450,474	22,450,474
14. Amounts withheld or retained by company for account of others.....	2,957,436	3,119,068
15. Remittances and items not allocated.....		
16. Provision for reinsurance.....	59,000	59,000
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	279,621	203,520
20. Payable for securities.....	1,129,845	
21. Liability for amounts held under uninsured plans.....		
22. Capital notes \$.....0 and interest thereon \$.....0.....		
23. Aggregate write-ins for liabilities.....	620,108	1,035,201
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	30,377,382	29,308,143
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	30,377,382	29,308,143
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	3,000,000	3,000,000
29. Preferred capital stock.....		
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....		
32. Gross paid in and contributed surplus.....	12,466,528	12,466,528
33. Unassigned funds (surplus).....	9,191,176	8,667,585
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).....	24,657,704	24,134,113
36. TOTALS.....	55,035,086	53,442,256

DETAILS OF WRITE-INS

2301. Unearned Fee Income.....	620,108	1,035,201
2302.		
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).....	620,108	1,035,201
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 \$.....1,537,524).....	1,528,882	2,521,329	7,765,368
1.2 Assumed..... (written \$.....0).....			
1.3 Ceded..... (written \$.....1,537,524).....	1,528,882	2,521,329	7,765,368
1.4 Net..... (written \$.....0).....	0	0	0
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....0):			
2.1 Direct.....	458,919	378,199	(471,790)
2.2 Assumed.....			
2.3 Ceded.....	458,919	378,199	(471,790)
2.4 Net.....	0	0	0
3. Loss adjustment expenses incurred.....	91,784	151,280	200,400
4. Other underwriting expenses incurred.....	184,323	8,953	362,023
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	276,107	160,233	562,423
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	(276,107)	(160,233)	(562,423)
INVESTMENT INCOME			
9. Net investment income earned.....	525,161	600,553	2,379,842
10. Net realized capital gains (losses) less capital gains tax of \$.....0.....		(55)	(30)
11. Net investment gain (loss) (Lines 9 + 10).....	525,161	600,498	2,379,812
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0		
13. Finance and service charges not included in premiums.....			
14. Aggregate write-ins for miscellaneous income.....	510,463	527,620	1,854,433
15. Total other income (Lines 12 through 14).....	510,463	527,620	1,854,433
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	759,517	967,885	3,671,822
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).....	759,517	967,885	3,671,822
19. Federal and foreign income taxes incurred.....	237,806	299,186	1,359,391
20. Net income (Line 18 minus Line 19) (to Line 22).....	521,711	668,699	2,312,431
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year.....	24,134,113	21,466,996	21,466,996
22. Net income (from Line 20).....	521,711	668,699	2,312,431
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or losses less capital gains tax of \$.....0.....			
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....	(3,064)	(1,278)	(34,165)
27. Change in nonadmitted assets.....	4,944	(83,648)	13,852
28. Change in provision for reinsurance.....			375,000
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.....			
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).....	523,591	583,773	2,667,118
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	24,657,704	22,050,769	24,134,113
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. Fee income.....	496,283	527,620	1,849,433
1402. Client Risk Survey Income.....			5,000
1403. Miscellaneous Other Income.....	14,180		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	510,463	527,620	1,854,433
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.....	(163,645)	(52,978)
2. Net investment income.....	597,075	2,383,106
3. Miscellaneous income.....	510,463	1,854,433
4. Total (Lines 1 through 3).....	943,893	4,184,561
5. Benefit and loss related payments.....	293,857	1,217,875
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	96,159	782,503
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	(53,912)	1,435,965
10. Total (Lines 5 through 9).....	336,104	3,436,343
11. Net cash from operations (Line 4 minus Line 10).....	607,789	748,218
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	968,307	16,990,904
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.....		(46)
12.7 Miscellaneous proceeds.....	1,129,845	
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	2,098,152	16,990,858
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	2,131,078	29,137,042
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	2,131,078	29,137,042
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).....	(32,926)	(12,146,184)
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.....		
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).....	(163,493)	(3,347,535)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(163,493)	(3,347,535)
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).....	411,370	(14,745,501)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	5,392,539	20,138,040
19.2 End of period (Line 18 plus Line 19.1).....	5,803,909	5,392,539

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

No significant change.

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

C. No wash sales.

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

No significant change.

Note 23 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

Note 24 - Change in Incurred Losses and Loss Adjustment Expenses

No significant change.

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

No significant change.

NOTES TO FINANCIAL STATEMENTS

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 [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 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] 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). 12/03/2007.....

- 6.4 By what department or departments?
ALABAMA DEPARTMENT OF INSURANCE

- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A [X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [X] 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 [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 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 [X] 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 [X]

- 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 [X]

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, AL

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
107423	Conning Asset Management	One Financial Plaza Hartford, CT 06103

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes No

17.2 If no, list exceptions:

**RED MOUNTAIN CASUALTY INSURANCE COMPANY, 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	L						
2. Alaska.....AK	N						
3. Arizona.....AZ	E	271,978	148,761			715,067	543,094
4. Arkansas.....AR	E	122,334	289,835			456,106	878,000
5. California.....CA	N						
6. Colorado.....CO	E	2,554				819	2,541
7. Connecticut.....CT	N						
8. Delaware.....DE	E	10,123	91,217			81,455	49,378
9. District of Columbia.....DC	E	8,100				45,526	41,294
10. Florida.....FL	E	147,389	(42,149)	221,824		1,708,592	1,871,044
11. Georgia.....GA	E	246,790	363,919			1,914,515	2,276,854
12. Hawaii.....HI	E	570				1,652	
13. Idaho.....ID	E					392	
14. Illinois.....IL	E	7,405	(21,229)			541,704	448,322
15. Indiana.....IN	E	1,336				762	
16. Iowa.....IA	E					85,141	82,021
17. Kansas.....KS	E	1,448				804	
18. Kentucky.....KY	E	63,601	504,231			1,543,931	1,569,255
19. Louisiana.....LA	E	3,368				6,059	
20. Maine.....ME	N						
21. Maryland.....MD	E	(11,210)	16,124			266,534	375,079
22. Massachusetts.....MA	N						
23. Michigan.....MI	E	46,898	(12,988)			626,131	498,214
24. Minnesota.....MN	E	3,498				527	
25. Mississippi.....MS	E	28,252	25,992			19,319	11,969
26. Missouri.....MO	E	32,023				877,707	862,997
27. Montana.....MT	E					59	
28. Nebraska.....NE	E	392				104	
29. Nevada.....NV	E	3,786	25,460			8,892	1,297
30. New Hampshire.....NH	N						
31. New Jersey.....NJ	E	3,378	26,078			36,837	50,931
32. New Mexico.....NM	E	7,517				1,505	
33. New York.....NY	N						
34. North Carolina.....NC	E	16,964	33,438	450,000		67,228	669,926
35. North Dakota.....ND	E					631	
36. Ohio.....OH	E	214,845	111,451			1,531,247	2,447,116
37. Oklahoma.....OK	E	73,721	145,094			510,561	420,967
38. Oregon.....OR	E	1,936				814	
39. Pennsylvania.....PA	E	15,427				6,650	
40. Rhode Island.....RI	N						
41. South Carolina.....SC	E	775				46	
42. South Dakota.....SD	E	636				567	
43. Tennessee.....TN	E	83,521	56,740	50,000		1,255,775	1,008,255
44. Texas.....TX	E	80,040	(206)			131,020	197,634
45. Utah.....UT	E	3,115				20,066	4,888
46. Vermont.....VT	E					101	
47. Virginia.....VA	E	17,660	298,312			428,971	573,311
48. Washington.....WA	E	19,781	62,014			83,319	83,440
49. West Virginia.....WV	E	3,742				573	
50. Wisconsin.....WI	E	3,831				1,506	
51. Wyoming.....WY	E					438	
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).....1	1,537,524	2,122,094	721,824	0	12,979,653	14,967,827

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

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.....			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 malpractice-occurrence.....			0.0	15.0
11.2. Medical malpractice-claims made.....	1,528,882	458,919	30.0	15.0
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.....			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	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.....	1,528,882	458,919	30.0	15.0

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.....			
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....			
10. Financial guaranty.....			
11.1. Medical malpractice-occurrence.....			84,281
11.2. Medical malpractice-claims made.....	1,537,524	1,537,524	2,037,813
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.....			
17.2. Other liability-claims made.....			
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.....	1,537,524	1,537,524	2,122,094

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.....		.421	.421		.52	.52			.369	.369	.0	.0	.0
2. 2006.....		.270	.270		.34	.34			.236	.236	.0	.0	.0
3. Subtotals 2006 + Prior.....	0	.691	.691	0	.86	.86	0	0	.605	.605	0	0	0
4. 2007.....		.310	.310		.39	.39			.271	.271	.0	.0	.0
5. Subtotals 2007 + Prior.....	0	1,001	1,001	0	125	125	0	0	876	876	0	0	0
6. 2008.....	.XXX	.XXX	.XXX	.XXX	.12	.12	.XXX		.80	.80	.XXX	.XXX	.XXX
7. Totals.....	0	1,001	1,001	0	137	137	0	0	956	956	0	0	0
8. Prior Year-End's Surplus As Regards Policyholders	24,134										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
											1.0.0 %	2.0.0 %	3.0.0 %
											Col. 13, Line 7 Line 8		
											4.0.0 %		

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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:



NONE

RED MOUNTAIN CASUALTY INSURANCE COMPANY, 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.....	0	
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.....		
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8).....	0	0
10. Deduct total nonadmitted amounts.....		
11. Statement value at end of current period (Line 9 minus Line 10).....	0	0

NONE

SCHEDULE B - VERIFICATION

Mortgage Loans

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

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	
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.....		
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).....	0	0
12. Deduct total nonadmitted amounts.....		
13. Statement value at end of current period (Line 11 minus Line 12).....	0	0

NONE

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	45,478,149	33,526,488
2. Cost of bonds and stocks acquired.....	2,131,078	29,137,042
3. Accrual of discount.....	1,541	6,047
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration for bonds and stocks disposed of.....	968,307	16,990,904
7. Deduct amortization of premium.....	52,911	200,524
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).....	46,589,550	45,478,149
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	46,589,550	45,478,149

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).....	48,612,326	58,023,599	56,213,111	(1,056,188)	49,366,626			48,612,326
2. Class 2 (a).....	2,373,513		300,000	1,046,847	3,120,360			2,373,513
3. Class 3 (a).....								
4. Class 4 (a).....								
5. Class 5 (a).....								
6. Class 6 (a).....								
7. Total Bonds.....	50,985,839	58,023,599	56,513,111	(9,341)	52,486,986	0	0	50,985,839
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.....	50,985,839	58,023,599	56,513,111	(9,341)	52,486,986	0	0	50,985,839

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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 \$.....5,897,436; 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.....	2,122,784	XXX	2,122,784	667	

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.....	1,717,811	2,185,890
2. Cost of short-term investments acquired.....	3,656,776	21,710,761
3. Accrual of discount.....		
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration received on disposals.....	3,251,803	22,178,840
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).....	2,122,784	1,717,811
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	2,122,784	1,717,811

**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.....	3,789,879	18,018,158
2. Cost of cash equivalents acquired.....	52,235,744	269,930,567
3. Accrual of discount.....	42,029	482,969
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		(46)
6. Deduct consideration received on disposals.....	52,293,000	284,641,768
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).....	3,774,652	3,789,879
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	3,774,652	3,789,879

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 - Industrial and Miscellaneous									
68402L AE 4	ORACLE CORP.....		.....03/25/2008.....	BANK AMERICA.....		.....1,028,350	.....1,000,000	.....10,139	1FE.....
913017 BC 2	UNITED TECHNOLOGIES CORP.....		.....03/28/2008.....	LEHMAN BROTHERS.....		.....1,102,728	.....1,000,000	.....27,115	1FE.....
4599999.	Total - Bonds - Industrial & Miscellaneous.....					.....2,131,078	.....2,000,000	.....37,254	.....XXX.....
6099997.	Total - Bonds - Part 3.....					.....2,131,078	.....2,000,000	.....37,254	.....XXX.....
6099999.	Total - Bonds.....					.....2,131,078	.....2,000,000	.....37,254	.....XXX.....
7499999.	Total - Bonds, Preferred and Common Stocks.....					.....2,131,078	.....XXX.....	.....37,254	.....XXX.....

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

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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 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 Design- ation 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.							
Bonds - U.S. Government																					
36213H M7 1	GN 554882		.03/01/2008	MBS PAYDOWN		202	202	207	203		(2)		(2)		202			0	2	06/01/2030	1
0399999	Total - Bonds - U.S. Government					202	202	207	203	0	(2)	0	(2)	0	202	0	0	0	2	XXX	XXX
Bonds - Special Revenue and Special Assessment																					
31297F J5 3	FG A27484		.03/01/2008	MBS PAYDOWN		18,896	18,896	19,531	18,979		(83)		(83)		18,896			0	216	04/01/2034	1
31297H KB 4	FG A29290		.03/01/2008	MBS PAYDOWN		4,201	4,201	4,173	4,193		9		9		4,201			0	35	01/01/2034	1
31297S ZP 3	FG A37050		.03/01/2008	MBS PAYDOWN		8,365	8,365	8,263	8,347		18		18		8,365			0	85	03/01/2035	1
31404Q ZZ 5	FN 775760		.03/01/2008	MBS PAYDOWN		25,145	25,145	25,566	25,146		(1)		(1)		25,145			0	326	07/01/2033	1
31405M CG 0	FN 793071		.03/01/2008	MBS PAYDOWN		28,425	28,425	29,540	28,428		(2)		(2)		28,425			0	407	02/01/2034	1
31406W US 1	FN 822393		.03/01/2008	MBS PAYDOWN		21,548	21,548	21,766	21,548		(1)		(1)		21,548			0	279	11/01/2034	1
3199999	Total - Bonds - Special Revenue & Assessment					106,580	106,580	108,839	106,641	0	(60)	0	(60)	0	106,580	0	0	0	1,348	XXX	XXX
Bonds - Industrial and Miscellaneous																					
12617A AB 3	CPL 2002-1 A2		.01/15/2008	MBS PAYDOWN		46,794	46,794	49,671	46,826		(33)		(33)		46,794			0	1,172	01/15/2008	1FE
36828Q AA 4	GECMC 2003-C1 A1		.03/01/2008	MBS PAYDOWN		413,342	413,342	414,367	413,380		(38)		(38)		413,342			0	1,728	03/01/2008	1FE
40430G AJ 9	HFCHC 2005-3 M1		.03/20/2008	MBS PAYDOWN		19,290	19,290	19,290	19,290				0		19,290			0	164	10/20/2010	1FE
705220 AG 6	PECO 1999-A A7		.03/01/2008	MBS PAYDOWN		82,099	82,099	86,631	82,099				0		82,099			0	2,516	09/01/2008	1FE
78442F AN 8	SLM CORP		.03/17/2008	MATURITY		300,000	300,000	312,435	300,586		(586)		(586)		300,000			0	5,438	03/17/2008	2FE
4599999	Total - Bonds - Industrial & Miscellaneous					861,525	861,525	882,394	862,181	0	(657)	0	(657)	0	861,525	0	0	0	11,018	XXX	XXX
6099997	Total - Bonds - Part 4					968,307	968,307	991,440	969,025	0	(719)	0	(719)	0	968,307	0	0	0	12,368	XXX	XXX
6099999	Total - Bonds					968,307	968,307	991,440	969,025	0	(719)	0	(719)	0	968,307	0	0	0	12,368	XXX	XXX
7499999	Total - Bonds, Preferred and Common Stocks					968,307	XXX	991,440	969,025	0	(719)	0	(719)	0	968,307	0	0	0	12,368	XXX	XXX

QE05

(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.....	.....	.....	.....	.....(336,087)	.....140,405	.....(100,255)	XXX
BANK OF AMERICA.....	ATLANTA, GA.....	.....	.....	.....	.....5,001	.....4,997	.....6,728	XXX
0199999. Total Open Depositories.....	XXX.....	XXX.....	.....0	.....0	.....(331,086)	.....145,402	.....(93,527)	XXX
0399999. Total Cash on Deposit.....	XXX.....	XXX.....	.....0	.....0	.....(331,086)	.....145,402	.....(93,527)	XXX
0599999. Total Cash.....	XXX.....	XXX.....	.....0	.....0	.....(331,086)	.....145,402	.....(93,527)	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
Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations							
54866GDE1 Lowes Companies Inc.....		03/17/2008	2.384	04/14/2008	999,141		992
02581RDQ3 American Express Credit.....		03/28/2008	2.334	04/24/2008	998,511		259
19587ED15 Colonial Pipe Co.....		03/31/2008	2.400	04/01/2008	1,777,000		118
3999999. Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations.....					3,774,652	0	1,369
4599999. Total - Industrial and Miscellaneous (Unaffiliated).....					3,774,652	0	1,369
Total Bonds							
5499999. Subtotals - Issuer Obligations.....					3,774,652	0	1,369
6099999. Subtotals - Bonds.....					3,774,652	0	1,369
8799999. Total - Cash Equivalents.....					3,774,652	0	1,369

QE09