

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
September 30, 2008

2008



QUARTERLY STATEMENT

As of September 30, 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. EDWARD LEWIS RAND, JR. #	TREASURER	4. WILLIAM STANCIL STARNES	CHAIRMAN

OTHER

VICTOR THOMAS ADAMO	VICE CHAIRMAN	KELLY BOUNDS BREWER #	VICE PRESIDENT
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) 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.....	42,678,639		42,678,639	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 (\$....6,088), cash equivalents (\$....4,385,923) and short-term investments (\$....3,146,166).....	7,538,177		7,538,177	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).....	50,216,816	0	50,216,816	50,870,688
11. Title plants less \$.....0 charged off (for Title insurers only).....			0	
12. Investment income due and accrued.....	461,184		461,184	503,200
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection.....	1,009,424		1,009,424	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.....	938,607		938,607	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.....	45,774		45,774	98,392
16.2 Net deferred tax asset.....	30,978	27,652	3,326	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).....	46	46	0	
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
21. Receivables from parent, subsidiaries and affiliates.....	5,246		5,246	327,660
22. Health care (\$.....0) and other amounts receivable.....			0	
23. Aggregate write-ins for other than invested assets.....	53,733	2,775	50,958	177,934
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	52,761,808	30,473	52,731,335	53,442,256
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
26. TOTALS (Lines 24 and 25).....	52,761,808	30,473	52,731,335	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. Fee program receivables.....	50,958		50,958	177,934
2302. Prepaid Other Taxes and Fees.....	2,775	2,775	0	
2303.....			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).....	53,733	2,775	50,958	177,934

RED MOUNTAIN CASUALTY INSURANCE COMPANY, INC.
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.....	1,001,072	1,001,000
4. Commissions payable, contingent commissions and other similar charges.....	150,180	241,483
5. Other expenses (excluding taxes, licenses and fees).....	133,215	140,828
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	11,971	8,891
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 \$....2,774,980 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).....	979,966	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.....	2,046,074	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.....	48,773	203,520
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.....	183,718	1,035,201
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	27,064,443	29,308,143
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	27,064,443	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).....	10,200,364	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).....	25,666,892	24,134,113
36. TOTALS.....	52,731,335	53,442,256

DETAILS OF WRITE-INS

2301. Unearned Fee Income.....	183,718	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).....	183,718	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 \$.....4,472,837).....	4,441,800	6,075,879	7,764,136
1.2 Assumed..... (written \$.....0).....			
1.3 Ceded..... (written \$.....4,472,837).....	4,441,800	6,075,879	7,764,136
1.4 Net..... (written \$.....0).....	0	0	0
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....0):			
2.1 Direct.....	1,332,540	911,350	(471,790)
2.2 Assumed.....			
2.3 Ceded.....	1,332,540	911,350	(471,790)
2.4 Net.....	0	0	0
3. Loss adjustment expenses incurred.....	266,507	364,553	200,400
4. Other underwriting expenses incurred.....	199,284	115,253	362,023
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	465,791	479,806	562,423
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	(465,791)	(479,806)	(562,423)
INVESTMENT INCOME			
9. Net investment income earned.....	1,542,564	1,792,968	2,379,842
10. Net realized capital gains (losses) less capital gains tax of \$.....(41).....	(75)	(59)	(30)
11. Net investment gain (loss) (Lines 9 + 10).....	1,542,489	1,792,909	2,379,812
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....4).....	(4)		
13. Finance and service charges not included in premiums.....			
14. Aggregate write-ins for miscellaneous income.....	1,173,397	1,377,040	1,854,433
15. Total other income (Lines 12 through 14).....	1,173,393	1,377,040	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).....	2,250,091	2,690,143	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).....	2,250,091	2,690,143	3,671,822
19. Federal and foreign income taxes incurred.....	719,340	822,371	1,359,391
20. Net income (Line 18 minus Line 19) (to Line 22).....	1,530,751	1,867,772	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).....	1,530,751	1,867,772	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.....	(224)	(36,763)	(34,165)
27. Change in nonadmitted assets.....	2,252	16,790	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).....	1,532,779	1,847,799	2,667,118
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	25,666,892	23,314,795	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.....	1,152,235	1,372,040	1,849,433
1402. Other.....	21,162	5,000	5,000
1403.			
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).....	1,173,397	1,377,040	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.....	(519,019)	(52,978)
2. Net investment income.....	1,760,573	2,383,106
3. Miscellaneous income.....	1,173,393	1,854,433
4. Total (Lines 1 through 3).....	2,414,947	4,184,561
5. Benefit and loss related payments.....	302,301	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.....	295,120	782,503
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	666,681	1,435,965
10. Total (Lines 5 through 9).....	1,264,102	3,436,343
11. Net cash from operations (Line 4 minus Line 10).....	1,150,845	748,218
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	5,975,576	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.....	(116)	(46)
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	5,975,460	16,990,858
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	3,352,060	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).....	3,352,060	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).....	2,623,400	(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).....	(1,628,607)	(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).....	(1,628,607)	(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).....	2,145,638	(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).....	7,538,177	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

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

A: through H:

None

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:

Type	Book Adjusted Actual Cost	(000's)		
		Carrying Value	Fair Value	Other than Temporary Impairments
RMBS	\$2,010	\$2,010	\$1,946	\$0

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

None

Note 21 - Events Subsequent

A program generating fee income has been cancelled with no renewals beginning with the quarter ending June 2008. The program provided fee income of \$1.8 million for the year ended December 2007 and \$1.2 million for the nine months ended September 2008. The loss of this program is not expected to have a significant adverse effect on the Company's surplus.

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

NOTES TO FINANCIAL STATEMENTS

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.

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). 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
- 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? If no, attach a description with this statement. Yes No

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
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					4	
3. Arizona.....AZ	E	407,391	622,031	150,000	48,077	649,992	543,105
4. Arkansas.....AR	E	212,312	387,707		3,550	502,898	905,049
5. California.....CA	N						
6. Colorado.....CO	E	6,897				2,107	2,541
7. Connecticut.....CT	N						
8. Delaware.....DE	E	39,987	167,696			95,285	58,673
9. District of Columbia.....DC	E	106,403				63,063	44,124
10. Florida.....FL	E	357,612	271,882	473,589	250,000	1,546,855	1,665,839
11. Georgia.....GA	E	629,412	912,682	2,860		1,978,864	2,347,423
12. Hawaii.....HI	E	7,103				2,648	
13. Idaho.....ID	E	2,412	801			842	30
14. Illinois.....IL	E	309,727	270,888			597,368	469,549
15. Indiana.....IN	E	12,585	895			2,510	33
16. Iowa.....IA	E	19,084	40,838			95,388	94,895
17. Kansas.....KS	E	9,737	1,182			2,146	44
18. Kentucky.....KY	E	189,220	693,487			1,569,000	1,614,970
19. Louisiana.....LA	E	27,683	4,228			12,665	80
20. Maine.....ME	N						
21. Maryland.....MD	E	22,619	89,604			273,105	399,372
22. Massachusetts.....MA	N						
23. Michigan.....MI	E	170,255	135,529			655,930	523,982
24. Minnesota.....MN	E		9,213			582	19
25. Mississippi.....MS	E	124,821	27,156			36,331	14,319
26. Missouri.....MO	E	31,480	260	700,990		183,161	863,038
27. Montana.....MT	E		220			78	10
28. Nebraska.....NE	E	2,304	27,424			434	8
29. Nevada.....NV	E	9,718	1,803			10,310	3,278
30. New Hampshire.....NH	N						
31. New Jersey.....NJ	E	50,796	28,000			43,697	50,993
32. New Mexico.....NM	E	15,942				4,269	
33. New York.....NY	N						
34. North Carolina.....NC	E	82,318	75,724	450,000		77,440	673,275
35. North Dakota.....ND	E					1,381	
36. Ohio.....OH	E	335,942	403,025			1,603,659	2,496,996
37. Oklahoma.....OK	E	98,167	200,288		325	537,313	442,794
38. Oregon.....OR	E	5,552	6,330			1,699	46
39. Pennsylvania.....PA	E	45,221	88,924			13,782	264
40. Rhode Island.....RI	N						
41. South Carolina.....SC	E						
42. South Dakota.....SD	E	714				1,174	
43. Tennessee.....TN	E	505,909	241,819	400,000		967,646	1,043,786
44. Texas.....TX	E	438,992	498	25,302		158,700	199,303
45. Utah.....UT	E	47,855	19,018			34,161	11,710
46. Vermont.....VT	E	4,032	5,661			389	10
47. Virginia.....VA	E	56,680	441,968			548,027	635,868
48. Washington.....WA	E	33,742	62,234			89,044	93,572
49. West Virginia.....WV	E	9,835	528			2,086	8
50. Wisconsin.....WI	E	40,368				5,201	20
51. Wyoming.....WY	E	2,010				1,125	
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	4,472,837	5,239,543	2,202,741	301,952	12,372,359	15,199,026

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.....			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.....	4,349,536	1,304,861	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.....	1,668	500	30.0	
17.2. Other liability-claims made.....	90,596	27,179	30.0	
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.....	4,441,800	1,332,540	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

Lines of Business	1	2	3
	Current Quarter	Current Year to Date	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.....	1,360,498	4,239,940	5,155,261
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.....	9,029	9,029	
17.2. Other liability-claims made.....	62,112	223,868	
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.....	1,431,639	4,472,837	5,239,542

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		.88	.88			.333	.333	.0	.0	.0
2. 2006.....		.270	.270		.57	.57			.213	.213	.0	.0	.0
3. Subtotals 2006 + Prior.....	0	.691	.691	0	.145	.145	0	0	.546	.546	0	0	0
4. 2007.....		.310	.310		.65	.65			.245	.245	.0	.0	.0
5. Subtotals 2007 + Prior.....	0	1,001	1,001	0	.210	.210	0	0	.791	.791	0	0	0
6. 2008.....	.XXX	.XXX	.XXX	.XXX	.56	.56	.XXX		.210	.210	.XXX	.XXX	.XXX
7. Totals.....	0	1,001	1,001	0	.266	.266	0	0	1,001	1,001	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

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

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

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.....	3,352,061	29,137,042
3. Accrual of discount.....	4,747	6,047
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration for bonds and stocks disposed of.....	5,975,577	16,990,904
7. Deduct amortization of premium.....	180,740	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).....	42,678,639	45,478,149
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	42,678,639	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

QS102

	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).....	48,975,913	27,384,467	28,170,540	(40,413)	49,366,626	48,975,913	48,149,428	48,612,326
2. Class 2 (a).....	2,065,239			(3,939)	3,120,360	2,065,239	2,061,300	2,373,513
3. Class 3 (a).....								
4. Class 4 (a).....								
5. Class 5 (a).....								
6. Class 6 (a).....								
7. Total Bonds.....	51,041,152	27,384,467	28,170,540	(44,352)	52,486,986	51,041,152	50,210,728	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.....	51,041,152	27,384,467	28,170,540	(44,352)	52,486,986	51,041,152	50,210,728	50,985,839

(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 \$.....7,532,089; 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.....	.....3,146,166	.....XXX.....	.....3,146,166	.....	.....

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.....	.....23,194,880	.....21,710,761
3. Accrual of discount.....	.....	.....
4. Unrealized valuation increase (decrease).....	.....	.....
5. Total gain (loss) on disposals.....	.....	.....
6. Deduct consideration received on disposals.....	.....21,766,525	.....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).....	.....3,146,166	.....1,717,811
11. Deduct total nonadmitted amounts.....	.....	.....
12. Statement value at end of current period (Line 10 minus Line 11).....	.....3,146,166	.....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.....	78,154,548	269,930,567
3. Accrual of discount.....	68,329	482,969
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....	(116)	(46)
6. Deduct consideration received on disposals.....	77,624,461	284,641,768
7. Deduct amortization of premium.....	2,258	
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).....	4,385,923	3,789,879
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	4,385,923	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

Sch. D-Part 3
NONE

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		.09/01/2008	MBS PAYDOWN		209	209	215	209				0		209			0	9	05/01/2030	1														
0399999	Total - Bonds - U.S. Government																			209	209	215	209	0	0	0	0	209	0	0	0	9	XXX	XXX	
Bonds - Special Revenue and Special Assessment																																			
31297F J5 3	FG A27484		.09/01/2008	MBS PAYDOWN		16,113	16,113	16,654	16,148		(35)		(35)		16,113			0	583	02/01/2034	1														
31297H KB 4	FG A29290		.09/01/2008	MBS PAYDOWN		5,181	5,181	5,145	5,180		1		1		5,181			0	169	11/01/2033	1														
31297S ZP 3	FG A37050		.09/01/2008	MBS PAYDOWN		18,698	18,698	18,471	18,688		11		11		18,698			0	595	02/01/2035	1														
31404Q ZZ 5	FN 775760		.09/01/2008	MBS PAYDOWN		23,121	23,121	23,508	23,136		(15)		(15)		23,121			0	934	06/01/2033	1														
31405M CG 0	FN 793071		.09/01/2008	MBS PAYDOWN		55,952	55,952	58,147	56,195		(243)		(243)		55,952			0	2,194	12/01/2033	1														
31406W US 1	FN 822393		.09/01/2008	MBS PAYDOWN		27,126	27,126	27,402	27,147		(21)		(21)		27,126			0	994	11/01/2034	1														
3199999	Total - Bonds - Special Revenue & Assessment																			146,191	146,191	149,327	146,494	0	(302)	0	(302)	0	146,191	0	0	0	5,469	XXX	XXX
Bonds - Industrial and Miscellaneous																																			
06423R BB 1	Bank One Iss Trust 2003-A7 A7		.07/15/2008	MBS PAYDOWN		1,000,000	1,000,000	1,016,016	1,002,102		(2,102)		(2,102)		1,000,000			0	19,542	07/15/2008	1FE														
073902 CC 0	BEAR STEARNS CO INC		.07/02/2008	MATURITY		300,000	300,000	299,795	299,978		22		22		300,000			0	8,625	07/02/2008	1FE														
14041N AW 1	Cap One Multi Exec Trust 2003-A4 A4		.09/15/2008	MBS PAYDOWN		1,000,000	1,000,000	1,026,328	1,004,359		(4,359)		(4,359)		1,000,000			0	27,375	09/15/2008	1FE														
17305E BV 6	Citi Credit Crd Iss Trst 2003-A8 A8		.08/15/2008	MBS PAYDOWN		1,000,000	1,000,000	1,019,219	1,002,020		(2,020)		(2,020)		1,000,000			0	35,000	08/15/2008	1FE														
40430G AJ 9	HFC Home Eq Ln ABS Cf 2005-3 M1		.09/20/2008	MBS PAYDOWN		17,336	17,336	17,336	17,336		0		0		17,336			0	416	08/20/2011	1FE														
705220 AG 6	PECO Energy Transition Trust 1999-A A7		.09/03/2008	CALLED BY ISSUER at 100.000		78,219	78,219	82,536	79,210		(991)		(991)		78,219			0	4,795	09/01/2008	1FE														
767201 AB 2	RIO TINTO FIN USA LTD	F	.09/30/2008	MATURITY		300,000	300,000	299,985	299,998		2		2		300,000			0	7,875	09/30/2008	1FE														
4599999	Total - Bonds - Industrial & Miscellaneous																			3,695,555	3,695,555	3,761,215	3,705,003	0	(9,448)	0	(9,448)	0	3,695,555	0	0	0	103,628	XXX	XXX
6099997	Total - Bonds - Part 4																			3,841,955	3,841,955	3,910,757	3,851,706	0	(9,750)	0	(9,750)	0	3,841,955	0	0	0	109,106	XXX	XXX
6099999	Total - Bonds																			3,841,955	3,841,955	3,910,757	3,851,706	0	(9,750)	0	(9,750)	0	3,841,955	0	0	0	109,106	XXX	XXX
7499999	Total - Bonds, Preferred and Common Stocks																			3,841,955	XXX	3,910,757	3,851,706	0	(9,750)	0	(9,750)	0	3,841,955	0	0	0	109,106	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.....	.....	.....	.....	.....(291,091)	.....(1,035,336)	.....1,089	XXX
BANK OF AMERICA.....	ATLANTA, GA.....	.....	.....	.....	.....4,999	.....5,000	.....4,999	XXX
0199999. Total Open Depositories.....	XXX.....	XXX.....	.....0	.....0	.....(286,092)	.....(1,030,336)	.....6,088	XXX
0399999. Total Cash on Deposit.....	XXX.....	XXX.....	.....0	.....0	.....(286,092)	.....(1,030,336)	.....6,088	XXX
0599999. Total Cash.....	XXX.....	XXX.....	.....0	.....0	.....(286,092)	.....(1,030,336)	.....6,088	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							
313384K24 FED HOME LN DISCOUNT NT.....		09/25/2008	1.000	10/10/2008	179,955		30
313384K65 FED HOME LN DISCOUNT NT.....		09/24/2008	2.363	10/14/2008	1,998,296		918
313384K99 FED HOME LN DISCOUNT NT.....		09/23/2008	2.253	10/17/2008	207,792		104
0199999. U.S. Government Bonds - Issuer Obligations.....					2,386,043	0	1,052
0399999. Total - U.S. Government Bonds.....					2,386,043	0	1,052
Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations							
89233GK21 TOYOTA MOTOR CREDIT CORP.....		09/10/2008	2.153	10/02/2008	1,999,880		2,508
3999999. Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations.....					1,999,880	0	2,508
4599999. Total - Industrial and Miscellaneous (Unaffiliated).....					1,999,880	0	2,508
Total Bonds							
5499999. Subtotals - Issuer Obligations.....					4,385,923	0	3,560
6099999. Subtotals - Bonds.....					4,385,923	0	3,560
8799999. Total - Cash Equivalents.....					4,385,923	0	3,560

QE09