

**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, 2007

**2007**





# QUARTERLY STATEMENT

As of March 31, 2007  
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>
Policyowner Relations Contact	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) (Extension)</i>

### OFFICERS

Name	Title	Name	Title
1. HOWARD HARLEY FRIEDMAN	PRESIDENT	2. KATHRYN ANNE NEVILLE	SECRETARY
3. JAMES JOSEPH MORELLO	TREASURER	4.	
<b>OTHER</b>			
HAYES VANCE WHITESIDE	VICE PRESIDENT	DESMOND PATRICK O'DOHERTY	VICE PRESIDENT, MANAGING DIRECTOR
HOWARD HARLEY FRIEDMAN	CHIEF UNDERWRITING OFFICER	DARRYL KEITH THOMAS	CHIEF CLAIMS OFFICER

### DIRECTORS OR TRUSTEES

VICTOR THOMAS ADAMO	PAUL RICHARD BUTRUS	AUBREY DERRILL CROWE	HOWARD HARLEY FRIEDMAN
EDWARD LEWIS RAND, JR.	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.....	36,443,546	0	36,443,546	33,526,488
2. Stocks:				
2.1 Preferred stocks.....	0	0	0	0
2.2 Common stocks.....	0	0	0	0
3. Mortgage loans on real estate:				
3.1 First liens.....	0	0	0	0
3.2 Other than first liens.....	0	0	0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	0	0	0	0
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$.....(22,140)), cash equivalents (\$.....14,287,354) and short-term investments (\$.....3,705,614).....	17,970,827	0	17,970,827	20,138,040
6. Contract loans (including \$.....0 premium notes).....	0	0	0	0
7. Other invested assets.....	0	0	0	0
8. Receivables for securities.....	0	0	0	0
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	54,414,373	0	54,414,373	53,664,528
11. Title Plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
12. Investment income due and accrued.....	325,872	0	325,872	310,325
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection.....	321,240	16,034	305,206	86,674
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	0	0	0	0
13.3 Accrued retrospective premiums.....	0	0	0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	40,871	0	40,871	89,267
14.2 Funds held by or deposited with reinsured companies.....	0	0	0	0
14.3 Other amounts receivable under reinsurance contracts.....	0	0	0	0
15. Amounts receivable relating to uninsured plans.....	0	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0	21,802
16.2 Net deferred tax asset.....	64,089	55,292	8,797	26,660
17. Guaranty funds receivable or on deposit.....	0	0	0	0
18. Electronic data processing equipment and software.....	0	0	0	0
19. Furniture and equipment, including health care delivery assets (\$.....0).....	429	429	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
21. Receivables from parent, subsidiaries and affiliates.....	0	0	0	10,000
22. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
23. Aggregate write-ins for other than invested assets.....	266,542	58,471	208,071	276,135
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	55,433,416	130,226	55,303,190	54,485,391
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. TOTALS (Lines 24 and 25).....	55,433,416	130,226	55,303,190	54,485,391

## DETAILS OF WRITE-INS

0901.....	0	0	0	0
0902.....	0	0	0	0
0903.....	0	0	0	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.....	207,041	0	207,041	276,135
2302. Employee Travel Advances.....	2,082	2,082	0	0
2303. Prepaid Other Taxes and Fees.....	57,419	56,389	1,030	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).....	266,542	58,471	208,071	276,135

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$.....0).....	.0	.0
2. Reinsurance payable on paid losses and loss adjustment expenses.....	.0	.0
3. Loss adjustment expenses.....	1,248,282	1,205,001
4. Commissions payable, contingent commissions and other similar charges.....	14,506	17,955
5. Other expenses (excluding taxes, licenses and fees).....	840,406	759,274
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	32,791	32,791
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	299,157	.0
7.2 Net deferred tax liability.....	.0	.0
8. Borrowed money \$.....0 and interest thereon \$.....0.....	.0	.0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$.....0 and including warranty reserves of \$.....0).....	.0	.0
10. Advance premium.....	.0	332,723
11. Dividends declared and unpaid:		
11.1 Stockholders.....	.0	.0
11.2 Policyholders.....	.0	.0
12. Ceded reinsurance premiums payable (net of ceding commissions).....	824,638	296,563
13. Funds held by company under reinsurance treaties.....	25,197,228	25,197,228
14. Amounts withheld or retained by company for account of others.....	4,140,937	4,427,887
15. Remittances and items not allocated.....	.0	.0
16. Provision for reinsurance.....	434,000	434,000
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	.0	.0
18. Drafts outstanding.....	.0	.0
19. Payable to parent, subsidiaries and affiliates.....	220,479	314,973
20. Payable for securities.....	.0	.0
21. Liability for amounts held under uninsured plans.....	.0	.0
22. Capital notes \$.....0 and interest thereon \$.....0.....	.0	.0
23. Aggregate write-ins for liabilities.....	(1)	.0
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	33,252,422	33,018,395
25. Protected cell liabilities.....	.0	.0
26. Total liabilities (Lines 24 and 25).....	33,252,422	33,018,395
27. Aggregate write-ins for special surplus funds.....	.0	.0
28. Common capital stock.....	3,000,000	3,000,000
29. Preferred capital stock.....	.0	.0
30. Aggregate write-ins for other than special surplus funds.....	.0	.0
31. Surplus notes.....	.0	.0
32. Gross paid in and contributed surplus.....	12,466,528	12,466,528
33. Unassigned funds (surplus).....	6,584,240	6,000,468
34. Less treasury stock, at cost:		
34.1 .....0.000 shares common (value included in Line 28 \$.....0).....	.0	.0
34.2 .....0.000 shares preferred (value included in Line 29 \$.....0).....	.0	.0
35. Surplus as regards policyholders (Lines 27 to 33, less 34).....	22,050,768	21,466,996
36. TOTALS.....	55,303,190	54,485,391

## DETAILS OF WRITE-INS

2301. Miscellaneous.....	(1)	.0
2302. ....	.0	.0
2303. ....	.0	.0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	.0	.0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	(1)	.0
2701. ....	.0	.0
2702. ....	.0	.0
2703. ....	.0	.0
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. ....	.0	.0
3002. ....	.0	.0
3003. ....	.0	.0
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
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct..... (written \$.....2,122,094).....	2,521,329	3,390,319	12,488,799
1.2 Assumed..... (written \$.....0).....	0	0	0
1.3 Ceded..... (written \$.....2,122,094).....	2,521,329	3,390,319	12,488,799
1.4 Net..... (written \$.....0).....	0	0	0
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....0):			
2.1 Direct.....	378,199	1,072,723	2,713,696
2.2 Assumed.....	0	0	0
2.3 Ceded.....	378,199	1,072,723	2,713,696
2.4 Net.....	0	0	0
3. Loss expenses incurred.....	151,280	203,419	637,001
4. Other underwriting expenses incurred.....	8,953	(49,785)	(360,592)
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	160,233	153,634	276,409
7. Net income of protected cells.....	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	(160,233)	(153,634)	(276,409)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned.....	600,553	531,635	1,903,237
10. Net realized capital gains (losses) less capital gains tax of \$.....(29).....	(55)	(65,558)	(132,495)
11. Net investment gain (loss) (Lines 9 + 10).....	600,498	466,077	1,770,742
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0	0	0
13. Finance and service charges not included in premiums.....	0	0	0
14. Aggregate write-ins for miscellaneous income.....	527,620	390,749	2,042,256
15. Total other income (Lines 12 through 14).....	527,620	390,749	2,042,256
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	967,885	703,192	3,536,589
17. Dividends to policyholders.....	0	0	0
18. Net income after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	967,885	703,192	3,536,589
19. Federal and foreign income taxes incurred.....	299,186	243,629	1,037,415
20. Net income (Line 18 minus Line 19) (to Line 22).....	668,699	459,563	2,499,174
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year.....	21,466,996	19,384,280	19,384,280
22. Net income (from Line 20).....	668,699	459,563	2,499,174
23. Net transfers (to) from Protected Cell accounts.....	0	0	0
24. Change in net unrealized capital gains or losses less capital gains tax of \$.....0.....	0	0	0
25. Change in net unrealized foreign exchange capital gain (loss).....	0	0	0
26. Change in net deferred income tax.....	(1,278)	2,199	53,097
27. Change in nonadmitted assets.....	(83,648)	(1,259)	(35,555)
28. Change in provision for reinsurance.....	0	0	(434,000)
29. Change in surplus notes.....	0	0	0
30. Surplus (contributed to) withdrawn from protected cells.....	0	0	0
31. Cumulative effect of changes in accounting principles.....	0	0	0
32. Capital changes:			
32.1 Paid in.....	0	0	0
32.2 Transferred from surplus (Stock Dividend).....	0	0	0
32.3 Transferred to surplus.....	0	0	0
33. Surplus adjustments:			
33.1 Paid in.....	0	0	0
33.2 Transferred to capital (Stock Dividend).....	0	0	0
33.3 Transferred from capital.....	0	0	0
34. Net remittances from or (to) Home Office.....	0	0	0
35. Dividends to stockholders.....	0	0	0
36. Change in treasury stock.....	0	0	0
37. Aggregate write-ins for gains and losses in surplus.....	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37).....	583,773	460,503	2,082,716
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	22,050,769	19,844,783	21,466,996
<b>DETAILS OF WRITE-INS</b>			
0501. ....	0	0	0
0502. ....	0	0	0
0503. ....	0	0	0
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.....	527,620	402,418	2,040,972
1402. Client Risk Survey Income.....	0	0	(3,000)
1403. Other.....	0	(11,669)	4,284
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).....	527,620	390,749	2,042,256
3701. ....	0	0	0
3702. ....	0	0	0
3703. ....	0	0	0
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
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	(39,141)	(4,625,299)
2. Net investment income.....	626,340	2,376,549
3. Miscellaneous income.....	527,620	2,042,256
4. Total (Lines 1 through 3).....	1,114,819	(206,494)
5. Benefit and loss related payments.....	59,604	(174,213)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	(68,731)	(401,324)
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	(21,802)	1,348,494
10. Total (Lines 5 through 9).....	(30,929)	772,957
11. Net cash from operations (Line 4 minus Line 10).....	1,145,748	(979,451)
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	9,202,460	34,989,897
12.2 Stocks.....	0	0
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	0
12.7 Miscellaneous proceeds.....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	9,202,460	34,989,897
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	12,160,938	6,662,909
13.2 Stocks.....	0	0
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	12,160,938	6,662,909
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(2,958,478)	28,326,988
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	(354,482)	(8,750,316)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(354,482)	(8,750,316)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	(2,167,213)	18,597,221
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	20,138,040	1,540,819
19.2 End of period (Line 18 plus Line 19.1).....	17,970,827	20,138,040
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 .....	0	0

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## **NOTES TO FINANCIAL STATEMENTS**

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### **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.

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**NOTES TO FINANCIAL STATEMENTS**

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**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. None.

**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 - September 11 Events**

No significant change.

**Note 21 - Other Items**

No significant change.

**Note 22 - Events Subsequent**

No significant change.

**Note 23 - Reinsurance**

No significant change.

**Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination**

No significant change.

**Note 25 - Change in Incurred Losses and Loss Adjustment Expenses**

No significant change.

**Note 26 - Intercompany Pooling Arrangements**

No significant change.

**Note 27 - Structured Settlements**

No significant change.

**Note 28 - Health Care Receivables**

No significant change.

**Note 29 - Participating Policies**

No significant change.

**Note 30 - Premium Deficiency Reserves**

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## **NOTES TO FINANCIAL STATEMENTS**

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No significant change.

### **Note 31 - High Deductibles**

No significant change.

### **Note 32 - Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

No significant change.

### **Note 33 - Asbestos/Environmental Reserves**

No significant change.

### **Note 34 - Subscriber Savings Accounts**

No significant change.

### **Note 35 - 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
	00000	

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 [X]  
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. 12/31/2002.....

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). 09/25/2003.....

6.4 By what department or departments?  
ALABAMA DEPARTMENT OF INSURANCE

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]

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

**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**

**FINANCIAL**

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

**INVESTMENT**

- 11.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [ ] No [X]
- 11.2 If yes, explain:

\_\_\_\_\_

- 12.1 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 [X]

- 12.2 If yes, give full and complete information relating thereto:
- \_\_\_\_\_

- 13. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$.....0
- 14. Amount of real estate and mortgages held in short-term investments: \$.....0
- 15.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [X]

15.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
15.21 Bonds.....	\$.....0	\$.....0
15.22 Preferred Stock.....	\$.....0	\$.....0
15.23 Common Stock.....	\$.....0	\$.....0
15.24 Short-Term Investments.....	\$.....0	\$.....0
15.25 Mortgages, Loans or Real Estate.....	\$.....0	\$.....0
15.26 All Other.....	\$.....0	\$.....0
15.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 15.21 to 15.26).....	\$.....0	\$.....0
15.28 Total Investment in Parent included in Lines 15.21 to 15.26 above .....	\$.....0	\$.....0

- 16.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]
- 16.2 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 [ ]
- 17. 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 Part 1-General, Section IV. H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

17.1 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

17.2 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)
NONE		

- 17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [ ] No [X]

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

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

17.5 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
NONE		

- 18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]

- 18.2 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.

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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.

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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:

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---

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
	.....0.0	.....0.000 %	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
<b>Total</b> .....	.....XXX..	.....XXX.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

**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	0
2. Increase (decrease) by adjustment.....	0	0
3. Cost of acquired.....	0	0
4. Cost of additions to and permanent improvements.....	0	0
5. Total profit (loss) on sales.....	0	0
6. Increase (decrease) by foreign exchange adjustment.....	0	0
7. Amount received on sales.....	0	0
8. Book/adjusted carrying value at end of current period.....	0	0
9. Total valuation allowance.....	0	0
10. Subtotal (Lines 8 plus 9).....	0	0
11. Total nonadmitted amounts.....	0	0
12. Statement value, current period (Page 2, real estate lines, net admitted assets column).....	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 on mortgages owned, December 31 of prior year.....	0	0
2. Amount loaned during period:		
2.1 Actual cost at time of acquisitions.....	0	0
2.2 Additional investment made after acquisitions.....	0	0
3. Accrual of discount and mortgage interest points and commitment fees.....	0	0
4. Increase (decrease) by adjustment.....	0	0
5. Total profit (loss) on sale.....	0	0
6. Amounts paid on account or in full during the period.....	0	0
7. Amortization of premium.....	0	0
8. Increase (decrease) by foreign exchange adjustment.....	0	0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period.....	0	0
10. Total valuation allowance.....	0	0
11. Subtotal (Lines 9 plus 10).....	0	0
12. Total nonadmitted amounts.....	0	0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, net admitted assets column).....	0	0

NONE

**SCHEDULE BA - VERIFICATION**

Other Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year.....	0	0
2. Cost of acquisitions during period:		
2.1 Actual cost at time of acquisitions.....	0	0
2.2 Additional investment made after acquisitions.....	0	0
3. Accrual of discount.....	0	0
4. Increase (decrease) by adjustment.....	0	0
5. Total profit (loss) on sale.....	0	0
6. Amounts paid on account or in full during the period.....	0	0
7. Amortization of premium.....	0	0
8. Increase (decrease) by foreign exchange adjustment.....	0	0
9. Book adjusted/carrying value of long-term invested assets at end of current period.....	0	0
10. Total valuation allowance.....	0	0
11. Subtotal (Lines 9 plus 10).....	0	0
12. Total nonadmitted amounts.....	0	0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3).....	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.....	33,526,488	62,289,016
2. Cost of bonds and stocks acquired.....	12,160,938	6,662,909
3. Accrual of discount.....	1,359	19,748
4. Increase (decrease) by adjustment.....	0	0
5. Increase (decrease) by foreign exchange adjustment.....	0	0
6. Total profit (loss) on disposal.....	0	(203,838)
7. Consideration for bonds and stocks disposed of.....	9,202,460	34,989,897
8. Amortization of premium.....	42,778	251,450
9. Book/adjusted carrying value, current period.....	36,443,546	33,526,488
10. Total valuation allowance.....	0	0
11. Subtotal (Lines 9 plus 10).....	36,443,546	33,526,488
12. Total nonadmitted amounts.....	0	0
13. Statement value.....	36,443,546	33,526,488

**SCHEDULE D - PART 1B**

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1.....	52,712,605	123,563,181	122,992,129	135,480	53,419,137	0	0	52,712,605
2. Class 2.....	1,017,932	0	0	(556)	1,017,376	0	0	1,017,932
3. Class 3.....	0	0	0	0	0	0	0	0
4. Class 4.....	0	0	0	0	0	0	0	0
5. Class 5.....	0	0	0	0	0	0	0	0
6. Class 6.....	0	0	0	0	0	0	0	0
7. Total Bonds.....	53,730,537	123,563,181	122,992,129	134,924	54,436,513	0	0	53,730,537
<b>PREFERRED STOCK</b>								
8. Class 1.....	0	0	0	0	0	0	0	0
9. Class 2.....	0	0	0	0	0	0	0	0
10. Class 3.....	0	0	0	0	0	0	0	0
11. Class 4.....	0	0	0	0	0	0	0	0
12. Class 5.....	0	0	0	0	0	0	0	0
13. Class 6.....	0	0	0	0	0	0	0	0
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock.....	53,730,537	123,563,181	122,992,129	134,924	54,436,513	0	0	53,730,537

**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.....	3,705,613	XXX	3,705,613	0	0

**SCHEDULE DA - PART 2 - Verification**

Short-Term Investments Owned

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	2,185,890	642,030
2. Cost of short-term investments acquired.....	10,674,308	30,098,482
3. Increase (decrease) by adjustment.....	0	756
4. Increase (decrease) by foreign exchange adjustment.....	0	0
5. Total profit (loss) on disposal of short-term investments.....	0	0
6. Consideration received on disposal of short-term investments.....	9,154,585	28,555,378
7. Book/adjusted carrying value, current period.....	3,705,614	2,185,890
8. Total valuation allowance.....	0	0
9. Subtotal (Lines 7 plus 8).....	3,705,614	2,185,890
10. Total nonadmitted amounts.....	0	0
11. Statement value (Lines 9 minus 10).....	3,705,614	2,185,890
12. Income collected during period.....	34,100	117,941
13. Income earned during period.....	46,354	121,503

**Sch. DB-Part F-Section 1**  
**NONE**

**Sch. DB-Part F-Section 2**  
**NONE**

**Sch. F**  
**NONE**

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (Yes or No)	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	YES	0	0	0	0	0	0
2. Alaska.....AK	NO	0	0	0	0	0	0
3. Arizona.....AZ	NO	148,761	106,914	0	0	543,094	374,495
4. Arkansas.....AR	NO	289,835	258,935	0	0	878,000	454,997
5. California.....CA	NO	0	0	0	0	0	0
6. Colorado.....CO	NO	0	8,470	0	0	2,541	734
7. Connecticut.....CT	NO	0	0	0	0	0	0
8. Delaware.....DE	NO	91,217	0	0	0	49,378	24,112
9. District of Columbia.....DC	NO	0	0	0	0	41,294	27,217
10. Florida.....FL	NO	(42,149)	140,313	0	0	1,871,044	1,374,813
11. Georgia.....GA	NO	363,919	671,047	0	0	2,276,854	2,199,833
12. Hawaii.....HI	NO	0	0	0	0	0	0
13. Idaho.....ID	NO	0	0	0	0	0	0
14. Illinois.....IL	NO	(21,229)	0	0	0	448,322	356,983
15. Indiana.....IN	NO	0	0	0	0	0	0
16. Iowa.....IA	NO	0	26,818	0	0	82,021	46,163
17. Kansas.....KS	NO	0	0	0	0	0	0
18. Kentucky.....KY	NO	504,231	289,031	0	0	1,569,255	1,273,236
19. Louisiana.....LA	NO	0	0	0	0	0	0
20. Maine.....ME	NO	0	0	0	0	0	0
21. Maryland.....MD	NO	16,124	150,223	0	0	375,079	112,280
22. Massachusetts.....MA	NO	0	0	0	0	0	0
23. Michigan.....MI	NO	(12,988)	89,545	0	0	498,214	526,104
24. Minnesota.....MN	NO	0	0	0	0	0	0
25. Mississippi.....MS	NO	25,992	0	0	0	11,969	4,745
26. Missouri.....MO	NO	0	(25,739)	0	0	862,997	1,013,275
27. Montana.....MT	NO	0	0	0	0	0	0
28. Nebraska.....NE	NO	0	0	0	0	0	0
29. Nevada.....NV	NO	25,460	0	0	0	1,297	0
30. New Hampshire.....NH	NO	0	0	0	0	0	0
31. New Jersey.....NJ	NO	26,078	10,431	0	0	50,931	58,318
32. New Mexico.....NM	NO	0	0	0	0	0	0
33. New York.....NY	NO	0	0	0	0	0	0
34. North Carolina.....NC	NO	33,438	80,393	0	0	669,926	416,999
35. North Dakota.....ND	NO	0	0	0	0	0	0
36. Ohio.....OH	NO	111,451	261,702	0	0	2,447,116	2,781,285
37. Oklahoma.....OK	NO	145,094	110,724	0	0	420,967	457,129
38. Oregon.....OR	NO	0	0	0	0	0	0
39. Pennsylvania.....PA	NO	0	0	0	0	0	3,441
40. Rhode Island.....RI	NO	0	0	0	0	0	0
41. South Carolina.....SC	NO	0	0	0	0	0	0
42. South Dakota.....SD	NO	0	0	0	0	0	0
43. Tennessee.....TN	NO	56,740	97,098	0	0	1,008,255	795,199
44. Texas.....TX	NO	(206)	7,065	0	0	197,634	216,016
45. Utah.....UT	NO	0	0	0	0	4,888	0
46. Vermont.....VT	NO	0	0	0	0	0	0
47. Virginia.....VA	NO	298,312	144,286	0	0	573,311	560,466
48. Washington.....WA	NO	62,014	0	0	0	83,440	21,526
49. West Virginia.....WV	NO	0	0	0	0	0	0
50. Wisconsin.....WI	NO	0	0	0	0	0	0
51. Wyoming.....WY	NO	0	0	0	0	0	0
52. American Samoa.....AS	NO	0	0	0	0	0	0
53. Guam.....GU	NO	0	0	0	0	0	0
54. Puerto Rico.....PR	NO	0	0	0	0	0	0
55. US Virgin Islands.....VI	NO	0	0	0	0	0	0
56. Northern Mariana Islands.....MP	NO	0	0	0	0	0	0
57. Canada.....CN	NO	0	0	0	0	0	0
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0
59. Totals.....	(a) 1	2,122,094	2,427,256	0	0	14,967,827	13,099,366

**DETAILS OF WRITE-INS**

5801.....	XXX	0	0	0	0	0	0
5802.....	XXX	0	0	0	0	0	0
5803.....	XXX	0	0	0	0	0	0
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 yes responses except for Canada and Other Alien.

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

PART 1 – ORGANIZATIONAL CHART

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**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	0.0	0.0
2. Allied lines.....	0	0	0.0	0.0
3. Farmowners multiple peril.....	0	0	0.0	0.0
4. Homeowners multiple peril.....	0	0	0.0	0.0
5. Commercial multiple peril.....	0	0	0.0	0.0
6. Mortgage guaranty.....	0	0	0.0	0.0
8. Ocean marine.....	0	0	0.0	0.0
9. Inland marine.....	0	0	0.0	0.0
10. Financial guaranty.....	0	0	0.0	0.0
11.1. Medical malpractice-occurrence.....	84,281	12,642	15.0	0.0
11.2. Medical malpractice-claims made.....	2,437,048	365,557	15.0	31.6
12. Earthquake.....	0	0	0.0	0.0
13. Group accident and health.....	0	0	0.0	0.0
14. Credit accident and health.....	0	0	0.0	0.0
15. Other accident and health.....	0	0	0.0	0.0
16. Workers' compensation.....	0	0	0.0	0.0
17.1. Other liability-occurrence.....	0	0	0.0	0.0
17.2. Other liability-claims made.....	0	0	0.0	0.0
18.1. Products liability-occurrence.....	0	0	0.0	0.0
18.2. Products liability-claims made.....	0	0	0.0	0.0
19.1, 19.2 Private passenger auto liability.....	0	0	0.0	0.0
19.3, 19.4 Commercial auto liability.....	0	0	0.0	0.0
21. Auto physical damage.....	0	0	0.0	0.0
22. Aircraft (all perils).....	0	0	0.0	0.0
23. Fidelity.....	0	0	0.0	0.0
24. Surety.....	0	0	0.0	0.0
26. Burglary and theft.....	0	0	0.0	0.0
27. Boiler and machinery.....	0	0	0.0	0.0
28. Credit.....	0	0	0.0	0.0
29. International.....	0	0	0.0	0.0
30. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX	XXX
31. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX	XXX
33. Aggregate write-ins for other lines of business.....	0	0	0.0	0.0
34. Totals.....	2,521,329	378,199	15.0	31.6
<b>DETAILS OF WRITE-INS</b>				
3301. ....	0	0	0.0	0.0
3302. ....	0	0	0.0	0.0
3303. ....	0	0	0.0	0.0
3398. Sum. of remaining write-ins for Line 33 from overflow page.....	0	0	0.0	XXX
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33).....	0	0	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.....	0	0	0
2. Allied lines.....	0	0	0
3. Farmowners multiple peril.....	0	0	0
4. Homeowners multiple peril.....	0	0	0
5. Commercial multiple peril.....	0	0	0
6. Mortgage guaranty.....	0	0	0
8. Ocean marine.....	0	0	0
9. Inland marine.....	0	0	0
10. Financial guaranty.....	0	0	0
11.1. Medical malpractice-occurrence.....	84,281	84,281	0
11.2. Medical malpractice-claims made.....	2,037,813	2,037,813	2,427,256
12. Earthquake.....	0	0	0
13. Group accident and health.....	0	0	0
14. Credit accident and health.....	0	0	0
15. Other accident and health.....	0	0	0
16. Workers' compensation.....	0	0	0
17.1. Other liability-occurrence.....	0	0	0
17.2. Other liability-claims made.....	0	0	0
18.1. Products liability-occurrence.....	0	0	0
18.2. Products liability-claims made.....	0	0	0
19.1, 19.2 Private passenger auto liability.....	0	0	0
19.3, 19.4 Commercial auto liability.....	0	0	0
21. Auto physical damage.....	0	0	0
22. Aircraft (all perils).....	0	0	0
23. Fidelity.....	0	0	0
24. Surety.....	0	0	0
26. Burglary and theft.....	0	0	0
27. Boiler and machinery.....	0	0	0
28. Credit.....	0	0	0
29. International.....	0	0	0
30. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX
31. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX
33. Aggregate write-ins for other lines of business.....	0	0	0
34. Totals.....	2,122,094	2,122,094	2,427,256
<b>DETAILS OF WRITE-INS</b>			
3301. ....	0	0	0
3302. ....	0	0	0
3303. ....	0	0	0
3398. Sum. of remaining write-ins for Line 33 from overflow page.....	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33).....	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)	2007 Loss and LAE Payments on Claims Reported as of Prior Year-End	2007 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2007 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. 2004 + Prior	0	154	154	0	12	12	0	0	142	142	0	0	0
2. 2005	0	568	568	0	45	45	0	0	523	523	0	0	0
3. Subtotals 2005 + Prior	0	722	722	0	57	57	0	0	665	665	0	0	0
4. 2006	0	482	482	0	38	38	0	0	444	444	0	0	0
5. Subtotals 2006 + Prior	0	1,204	1,204	0	95	95	0	0	1,109	1,109	0	0	0
6. 2007	XXX	XXX	XXX	XXX	12	12	XXX	0	139	139	XXX	XXX	XXX
7. Totals	0	1,204	1,204	0	107	107	0	0	1,248	1,248	0	0	0
8. Prior Year-End's Surplus As Regards Policyholders	21,467										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 %

**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.

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

**Explanation:**

**Bar Code:**



**Overflow Page  
NONE**

**Sch. A-Part 2  
NONE**

**Sch. A-Part 3  
NONE**

**Sch. B-Part 1  
NONE**

**Sch. B-Part 2  
NONE**

**Sch. BA-Part 1  
NONE**

**Sch. BA-Part 2  
NONE**

**SCHEDULE D - PART 3**

Show all Long-Term Bonds and Stock Acquired by the Company 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)
<b>Bonds - U.S. Government</b>									
31359M 6R 9	FANNIE MAE 03/27/2009 5.500		03/28/2007	BARCLAYS AMERICAN		2,000,000	2,000,000	0	1
0399999.	Total - Bonds - U.S. Government					2,000,000	2,000,000	0	XXX
<b>Bonds - Special Revenue and Special Assessment</b>									
235036 DM 9	DALLAS FORT WORH TEX 11/01/2035 3.600		01/18/2007	MORGAN STANLEY		2,000,000	2,000,000	0	1FE
31397F U5 9	FHR 3285 PE 07/01/2020 5.500		03/20/2007	GREENWICH CAPITAL		1,985,938	2,000,000	8,861	1
514045 WY 5	LANCASTER CNTY PA HOSP 07/01/2041 3.500		01/08/2007	DAIN RAUSCHER		1,175,000	1,175,000	463	1FE
57563R FM 6	MASSACHUSETTS EDL FING 01/01/2036 3.740		02/09/2007	BEAR STEARNS & CO		1,500,000	1,500,000	6,309	1FE
64711R FF 8	NEW MEXICO FIN AUTH ST 12/15/2026 3.600		01/09/2007	DAIN RAUSCHER		1,500,000	1,500,000	592	1FE
3199999.	Total - Bonds - Special Revenue & Special Assessments					8,160,938	8,175,000	16,225	XXX
<b>Bonds - Industrial and Miscellaneous</b>									
639532 AW 0	NEBHELP INC 12/01/2017 5.250		01/11/2007	MORGAN STANLEY DEAN WITTER		2,000,000	2,000,000	0	1FE
4599999.	Total - Bonds - Industrial & Miscellaneous					2,000,000	2,000,000	0	XXX
6099997.	Total - Bonds - Part 3					12,160,938	12,175,000	16,225	XXX
6099999.	Total - Bonds					12,160,938	12,175,000	16,225	XXX
7499999.	Total - Bonds, Preferred and Common Stocks					12,160,938	XXX	16,225	XXX

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

**SCHEDULE D - PART 4**

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company 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 Designation 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.							
<b>Bonds - U.S. Government</b>																					
36213H M7 1	GN 554882		03/01/2007	MBS PAYDOWN		231	231	237	235	0	(5)	0	(5)	0	231	0	0	0	2	07/01/2030	1
0399999	Total - Bonds - U.S. Government					231	231	237	235	0	(5)	0	(5)	0	231	0	0	0	2	XXX	XXX
<b>Bonds - Special Revenue and Special Assessment</b>																					
235036 DM 9	DALLAS FORT WORTH TEX INTL ARPT R		02/22/2007	MORGAN STANLEY DEAN WI		2,000,000	2,000,000	2,000,000	0	0	0	0	0	2,000,000	0	0	0	0	7,019	11/01/2035	1FE
31297F J5 3	FG A27484		03/01/2007	MBS PAYDOWN		17,362	17,362	17,945	17,829	0	(467)	0	(467)	0	17,362	0	0	0	182	05/01/2034	1
31297H KB 4	FG A29290		03/01/2007	MBS PAYDOWN		20,848	20,848	20,705	20,723	0	126	0	126	0	20,848	0	0	0	104	03/01/2034	1
31297S ZP 3	FG A37050		03/01/2007	MBS PAYDOWN		13,453	13,453	13,289	13,304	0	149	0	149	0	13,453	0	0	0	81	06/01/2035	1
31404Q ZZ 5	FN 775760		03/01/2007	MBS PAYDOWN		52,673	52,673	53,554	53,442	0	(770)	0	(770)	0	52,673	0	0	0	377	08/01/2033	1
31405M CG 0	FN 793071		03/01/2007	MBS PAYDOWN		31,386	31,386	32,617	32,350	0	(963)	0	(963)	0	31,386	0	0	0	243	04/01/2034	1
31406W US 1	FN 822393		03/01/2007	MBS PAYDOWN		3,423	3,423	3,458	3,453	0	(30)	0	(30)	0	3,423	0	0	0	31	12/01/2034	1
514045 WY 5	LANCASTER CNTY PA HOSP AUTH REV		02/22/2007	DAIN RAUSCHER		1,175,000	1,175,000	1,175,000	0	0	0	0	0	1,175,000	0	0	0	5,655	07/01/2041	1FE	
57563R FM 6	MASSACHUSETTS EDL FING AUTH		03/16/2007	BEAR STEARNS & CO		1,500,000	1,500,000	1,500,000	0	0	0	0	0	1,500,000	0	0	0	11,631	01/01/2036	1FE	
64711R FF 8	NEW MEXICO FIN AUTH ST TRANSN		02/22/2007	DAIN RAUSCHER		1,500,000	1,500,000	1,500,000	0	0	0	0	0	1,500,000	0	0	0	7,321	12/15/2026	1FE	
3199999	Total - Bonds - Special Revenue & Assessment					6,314,145	6,314,145	6,316,568	141,101	0	(1,955)	0	(1,955)	0	6,314,145	0	0	0	32,644	XXX	XXX
<b>Bonds - Industrial and Miscellaneous</b>																					
17305E AV 7	CCCIT 2002-A1 A1		02/07/2007	MBS PAYDOWN		250,000	250,000	272,441	250,298	0	(298)	0	(298)	0	250,000	0	0	0	6,188	02/07/2007	1FE
20033T AF 2	COMED 1998-1 A6		03/25/2007	MBS PAYDOWN		28,955	28,955	31,969	29,335	0	(379)	0	(379)	0	28,955	0	0	0	408	06/25/2007	1FE
12617A AB 3	CPL 2002-1 A2		01/15/2007	MBS PAYDOWN		51,980	51,980	55,176	52,722	0	(742)	0	(742)	0	51,980	0	0	0	1,302	01/15/2008	1FE
36828Q AA 4	GECMC 2003-C1 A1		03/01/2007	MBS PAYDOWN		249,846	249,846	250,466	249,998	0	(152)	0	(152)	0	249,846	0	0	0	1,980	03/01/2008	1FE
362311 AK 8	GTE CALIFORNIA INC		03/15/2007	MATURITY		250,000	250,000	268,168	250,763	0	(763)	0	(763)	0	250,000	0	0	0	9,563	03/15/2007	1FE
40430G AJ 9	HFCMC 2005-3 M1		03/20/2007	MBS PAYDOWN		57,303	57,303	57,303	57,303	0	0	0	0	0	57,303	0	0	0	535	12/20/2010	1FE
639532 AW 0	NEBHELP INC		02/21/2007	MORGAN STANLEY DEAN WI		2,000,000	2,000,000	2,000,000	0	0	0	0	0	2,000,000	0	0	0	12,304	12/01/2017	1FE	
4599999	Total - Bonds - Industrial & Miscellaneous					2,888,084	2,888,084	2,935,523	890,419	0	(2,334)	0	(2,334)	0	2,888,084	0	0	0	32,280	XXX	XXX
6099997	Total - Bonds - Part 4					9,202,460	9,202,460	9,252,328	1,031,755	0	(4,294)	0	(4,294)	0	9,202,460	0	0	0	64,926	XXX	XXX
6099999	Total - Bonds					9,202,460	9,202,460	9,252,328	1,031,755	0	(4,294)	0	(4,294)	0	9,202,460	0	0	0	64,926	XXX	XXX
7499999	Total - Bonds, Preferred and Common Stocks					9,202,460	XXX	9,252,328	1,031,755	0	(4,294)	0	(4,294)	0	9,202,460	0	0	0	64,926	XXX	XXX

E05

(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**

**RED MOUNTAIN CASUALTY INSURANCE COMPANY, INC.**

**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	
<b>Open Depositories</b>								
WACHOVIA BANK/ CASH CONTROL.....	BIRMINGHAM, AL.....	.....0.000	.....0	.....0	.....27,581	.....143,670	.....19,353	XXX
WACHOVIA BANK/AP TRADE ACCT.....	BIRMINGHAM, AL.....	.....0.000	.....0	.....0	.....(68,334)	.....(79,649)	.....(39,900)	XXX
WACHOVIA BANK/AP CLAIMS ACCT.....	BIRMINGHAM, AL.....	.....0.000	.....0	.....0	.....(20,507)	.....(39,652)	.....(2,592)	XXX
US BANK/ TRUST CASH.....	BIRMINGHAM, AL.....	.....0.000	.....0	.....0	.....0	.....0	.....0	XXX
BANK OF AMERICA.....	ATLANTA, GA.....	.....0.000	.....0	.....0	.....0	.....1,000	.....1,000	XXX
0199999. Total Open Depositories.....	XXX.....	XXX.....	.....0	.....0	.....(61,260)	.....25,369	.....(22,140)	XXX
0399999. Total Cash on Deposit.....	XXX.....	XXX.....	.....0	.....0	.....(61,260)	.....25,369	.....(22,140)	XXX
0599999. Total Cash.....	XXX.....	XXX.....	.....0	.....0	.....(61,260)	.....25,369	.....(22,140)	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 Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Gross Investment Income
AMERICAN GENERAL FIN CRP.....		03/19/2007	5.268	04/05/2007	1,998,832	0	3,795
AMERICAN HONDA FINANCE.....		03/14/2007	5.249	04/09/2007	1,398,373	0	3,661
AMSTERDAM FUNDING CORP.....		03/05/2007	5.273	04/04/2007	999,563	0	3,938
BARTON CAPITAL LLC.....		03/05/2007	5.262	04/03/2007	1,999,418	0	7,860
CGD NORTH AMER DISC NOTE.....		03/23/2007	5.283	04/09/2007	2,094,544	0	2,763
HSBC FINANCE CORP.....		03/19/2007	5.269	04/13/2007	1,996,500	0	3,792
KFW INTERNATL FINANCE DISC NOTE.....		03/15/2007	5.260	04/02/2007	1,752,744	0	3,323
SIEMENS CAPITAL CO LLC.....		03/19/2007	5.256	04/10/2007	1,997,380	0	3,784
FNMA CL 29 YR PL # 891390.....	RA	03/30/2007	5.110	04/02/2007	50,000	0	3,918
0199999. Total Cash Equivalents.....					14,287,354	0	36,834