

**QUARTERLY STATEMENT**  
**OF THE**  
**THE MEDICAL ASSURANCE**  
**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

## THE MEDICAL ASSURANCE COMPANY, INC.

NAIC Group Code.....2698, 2698 (Current Period) (Prior Period)	NAIC Company Code..... 33391	Employer's ID Number..... 63-0720042
Organized under the Laws of AL	State of Domicile or Port of Entry AL	Country of Domicile US
Incorporated/Organized..... October 1, 1976	Commenced Business..... April 15, 1977	
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>	205-877-4400 <i>(Area Code) (Telephone Number)</i>
Mail Address	PO BOX 590009..... BIRMINGHAM ..... AL ..... 35259-0009 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	100 BROOKWOOD PLACE..... BIRMINGHAM ..... AL ..... 35209 <i>(Street and Number) (City or Town, State and Zip Code)</i>	205-877-4400 <i>(Area Code) (Telephone Number)</i>
Internet Website Address	proassurance.com	
Statutory Statement Contact	JEFFREY M. MANGET <i>(Name)</i> jmanget@proassurance.com <i>(E-Mail Address)</i>	205-877-4442 <i>(Area Code) (Telephone Number) (Extension)</i> 205-868-4029 <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	JEFFREY LYNN BOWLBY	VICE PRESIDENT
HOWARD HARLEY FRIEDMAN	CHIEF UNDERWRITING OFFICER	FRANK BERRY O'NEIL	VICE PRESIDENT
EDWARD LEWIS RAND, JR.	VICE PRESIDENT	DARRYL KEITH THOMAS	CHIEF CLAIMS OFFICER
HAYES VANCE WHITESIDE	VICE PRESIDENT		

### DIRECTORS OR TRUSTEES

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

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

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

_____ (Signature) 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.....	1,509,207,497		1,509,207,497	1,572,474,749
2. Stocks:				
2.1 Preferred stocks.....	1,037,523		1,037,523	4,672,348
2.2 Common stocks.....	3,777,532		3,777,532	3,903,144
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).....	12,438,293		12,438,293	12,468,660
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 (\$.....(195,218)), cash equivalents (\$.....24,174,929) and short-term investments (\$.....44,682,739).....	73,036,221	4,373,771	68,662,450	81,786,741
6. Contract loans (including \$.....0 premium notes).....			0	
7. Other invested assets.....	30,401,021		30,401,021	30,946,820
8. Receivables for securities.....	57,114,708		57,114,708	
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	1,687,012,795	4,373,771	1,682,639,024	1,706,252,462
11. Title plants less \$.....0 charged off (for Title insurers only).....			0	
12. Investment income due and accrued.....	16,471,030		16,471,030	17,497,860
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection.....	11,137,869	1,049,882	10,087,987	11,006,234
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	37,944,378	875	37,943,503	38,766,535
13.3 Accrued retrospective premiums.....			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	3,914,455		3,914,455	2,467,182
14.2 Funds held by or deposited with reinsured companies.....	69,381		69,381	69,381
14.3 Other amounts receivable under reinsurance contracts.....	154,752		154,752	157,555
15. Amounts receivable relating to uninsured plans.....			0	
16.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
16.2 Net deferred tax asset.....	58,592,934	31,176,029	27,416,905	21,251,714
17. Guaranty funds receivable or on deposit.....	231,926		231,926	278,708
18. Electronic data processing equipment and software.....	1,003,421	889,115	114,306	215,238
19. Furniture and equipment, including health care delivery assets (\$.....0).....	299,881	299,881	0	
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
21. Receivables from parent, subsidiaries and affiliates.....	998,338		998,338	361,217
22. Health care (\$.....0) and other amounts receivable.....			0	
23. Aggregate write-ins for other than invested assets.....	51,942,314	1,072,017	50,870,297	50,412,844
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	1,869,773,474	38,861,570	1,830,911,904	1,848,736,930
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
26. TOTALS (Lines 24 and 25).....	1,869,773,474	38,861,570	1,830,911,904	1,848,736,930

## DETAILS OF WRITE-INS

0901.....			0	
0902.....			0	
0903.....			0	
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	0
2301. Prepaid Expenses.....	951,366	951,366	0	
2302. Cash Surrender Value of Business Owned Life Insurance.....	50,048,793		50,048,793	48,898,235
2303. State Premium Tax Recoverable.....	821,504		821,504	1,514,609
2398. Summary of remaining write-ins for Line 23 from overflow page.....	120,651	120,651	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	51,942,314	1,072,017	50,870,297	50,412,844

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$...52,176,890).....	430,767,126	428,835,058
2. Reinsurance payable on paid losses and loss adjustment expenses.....	1,839,849	2,930,608
3. Loss adjustment expenses.....	614,729,505	604,671,884
4. Commissions payable, contingent commissions and other similar charges.....	3,300,730	3,845,548
5. Other expenses (excluding taxes, licenses and fees).....	8,951,134	12,090,553
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	836,010	794,508
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	5,969,671	12,755,216
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$.....9,276,048 and including warranty reserves of \$.....0).....	114,706,394	118,701,157
10. Advance premium.....	1,679,641	6,518,590
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	97,362,172	91,644,916
13. Funds held by company under reinsurance treaties.....	30,715	30,715
14. Amounts withheld or retained by company for account of others.....	339,430	564,017
15. Remittances and items not allocated.....		
16. Provision for reinsurance.....	2,116,800	2,116,800
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	3,561,873	6,152,393
20. Payable for securities.....	47,979,359	3,608,418
21. Liability for amounts held under uninsured plans.....		
22. Capital notes \$.....0 and interest thereon \$.....0.....		
23. Aggregate write-ins for liabilities.....	0	0
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	1,334,170,409	1,295,260,381
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	1,334,170,409	1,295,260,381
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	8,846,429	8,846,429
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.....	205,553,769	205,553,769
33. Unassigned funds (surplus).....	282,341,297	339,076,351
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).....	496,741,495	553,476,549
36. TOTALS.....	1,830,911,904	1,848,736,930

**DETAILS OF WRITE-INS**

2301. ....		
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).....	0	0
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

**THE MEDICAL ASSURANCE COMPANY, INC.**  
**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 \$.....199,949,662).....	204,695,492	229,648,426	296,579,892
1.2 Assumed..... (written \$.....(19,409)).....	(19,409)	4,977,233	5,066,994
1.3 Ceded..... (written \$.....21,309,495).....	22,060,561	26,875,230	32,252,540
1.4 Net..... (written \$.....178,620,758).....	182,615,522	207,750,429	269,394,346
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....52,644,648):			
2.1 Direct.....	49,418,792	44,033,450	68,454,085
2.2 Assumed.....	(8,473)	(548)	(3,638,409)
2.3 Ceded.....	16,340,672	19,500,058	21,734,127
2.4 Net.....	33,069,647	24,532,844	43,081,549
3. Loss adjustment expenses incurred.....	70,845,620	93,373,128	59,553,834
4. Other underwriting expenses incurred.....	33,678,343	35,544,827	48,377,372
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	137,593,610	153,450,799	151,012,755
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	45,021,912	54,299,630	118,381,591
<b>INVESTMENT INCOME</b>			
9. Net investment income earned.....	53,808,101	53,438,327	72,240,600
10. Net realized capital gains (losses) less capital gains tax of \$.....367,521.....	(16,537,075)	(1,399,188)	(3,293,842)
11. Net investment gain (loss) (Lines 9 + 10).....	37,271,026	52,039,139	68,946,758
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....46,335).....	(46,335)		
13. Finance and service charges not included in premiums.....			
14. Aggregate write-ins for miscellaneous income.....	1,536,926	1,487,659	2,072,889
15. Total other income (Lines 12 through 14).....	1,490,591	1,487,659	2,072,889
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	83,783,529	107,826,428	189,401,238
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).....	83,783,529	107,826,428	189,401,238
19. Federal and foreign income taxes incurred.....	19,728,693	33,076,573	60,346,993
20. Net income (Line 18 minus Line 19) (to Line 22).....	64,054,836	74,749,855	129,054,245
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year.....	553,476,545	429,135,491	429,135,493
22. Net income (from Line 20).....	64,054,836	74,749,855	129,054,245
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or losses less capital gains tax of \$.....0.....	(881,706)	(1,534,568)	(2,739,129)
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....	(1,228,526)	1,710,016	2,327,762
27. Change in nonadmitted assets.....	6,320,346	(1,317,804)	(3,764,826)
28. Change in provision for reinsurance.....			(537,000)
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.....	(125,000,000)		
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).....	(56,735,050)	73,607,499	124,341,052
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	496,741,495	502,742,990	553,476,545

<b>DETAILS OF WRITE-INS</b>			
0501. ....			
0502. ....			
0503. ....			
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0	0
1401. Miscellaneous Income.....	386,368	446,966	522,333
1402. Increase in Business Owned Life Insurance.....	1,150,558	1,040,693	1,550,556
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).....	1,536,926	1,487,659	2,072,889
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
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	180,708,348	301,289,884
2. Net investment income.....	60,441,703	76,961,577
3. Miscellaneous income.....	1,490,591	2,072,889
4. Total (Lines 1 through 3).....	242,640,642	380,324,350
5. Benefit and loss related payments.....	94,460,807	128,818,956
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	37,274,296	44,834,114
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	26,881,759	59,121,803
10. Total (Lines 5 through 9).....	158,616,862	232,774,873
11. Net cash from operations (Line 4 minus Line 10).....	84,023,780	147,549,477
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	411,333,969	454,612,366
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		1,635,539
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(194,555)	2,567
12.7 Miscellaneous proceeds.....	44,370,941	4,450,854
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	455,510,355	460,701,326
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	363,930,267	561,107,997
13.2 Stocks.....	1,031,200	1,267,500
13.3 Mortgage loans.....		
13.4 Real estate.....	492,959	1,530,016
13.5 Other invested assets.....	738,000	18,627,683
13.6 Miscellaneous applications.....	57,114,708	
13.7 Total investments acquired (Lines 13.1 to 13.6).....	423,307,134	582,533,196
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	32,203,221	(121,831,870)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
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.....	125,000,000	
16.6 Other cash provided (applied).....	(3,956,741)	2,580,096
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(128,956,741)	2,580,096
<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).....	(12,729,740)	28,297,703
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	85,765,960	57,468,257
19.2 End of period (Line 18 plus Line 19.1).....	73,036,220	85,765,960

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

20.0001 .....		
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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**

- (1) The amount of authorized, issued, and outstanding shares and their par value reported in the December 31, 2007 Annual Statement filed with the Alabama Department of Insurance (ADOI) differ from the amounts reported in the 2007 audited financial statements, which reflect the amounts approved by the Board of Directors. The change in par value and number of shares has no impact on surplus.

Par Value:	\$0
Authorized:	1,000 shares
Issued and outstanding:	1,000 shares

- (13) The Company declared a dividend of \$125,000,000 payable to PRA Professional Liability Group, Inc. (the Company's parent) on July 8, 2008. The dividend was paid in cash on August 1, 2008. The dividend does not exceed the maximum amount of dividends which can be paid within any 12 month period by the Company to its shareholder without prior approval of the ADOI Commissioner.

**NOTES TO FINANCIAL STATEMENTS****Note 14 - Contingencies**

The Medical Assurance Company, Inc. recognized realized losses of \$194,106 related to its disposition of a \$9,515,000 interest in the Reserve Primary Fund, a Money Market Mutual Fund. As of October 31, 2008, \$4,831,564 of the total has been received. It remains reasonably possible that the ultimate settlement may result in additional losses. The Reserve Fund has provided information about the expected timing of additional distributions, but no information is available which allows us to estimate or weigh the probability of settlement amounts.

**Note 15 - Leases**

No significant change.

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

No significant change.

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

No significant change.

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

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

No significant change.

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

No significant change.

**Note 20 - Other Items**

C. Other Disclosures

Net realized capital losses for 2008 includes \$17.2 million for write-downs of investments in Lehman Brothers Holdings and in preferred stock of Fannie Mae and Freddie Mac for other than temporary impairments. This non-cash item is not currently deductible for income tax purposes so there is no related income tax benefit reported on the Statement of Income. Deferred tax assets include approximately \$6 million for these impairments.

I. Subprime Exposure

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

(2) Direct exposure through subprime mortgage Loans:

None

(3) Direct Exposure through other Investments:

Type	Book Adjusted Actual Cost	(000's) Carrying Value	Fair Value	Other than Temporary Impairments
RMBS	\$9,855	\$9,776	\$8,720	\$3,134
Other-LP	2,740	708	708	2,087

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

None

**Note 21 - Events Subsequent**

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

On November 10, 2008, the Company entered into an Agreement and Plan of Merger with its affiliate, Woodbrook Casualty Insurance, Inc. ("Woodbrook") to merge Woodbrook with and into the Company. The merger is subject to approval by the Alabama Insurance Commissioner and is expected to be completed by December 31, 2008. As part of the merger, the Company will change its name to ProAssurance Indemnity Company, Inc. As of December 31,

**NOTES TO FINANCIAL STATEMENTS**

2007, Woodbrook had Total Assets of \$35.6 million; Surplus of \$15.9 million; and Direct Written Premiums of \$4.6 million.

**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**

Combined reserves for incurred losses and loss adjustment expenses attributable to insured events as of December 31, 2007 were \$1,033,507,000. The following provides information concerning the re-estimation of those reserves during the nine month period ended September 30, 2008:

Losses and Loss Adjustment Expenses December 31, 2007	\$ 1,033,507,000
Re-estimation of reserves (favorable)	<u>(43,500,000)</u>
Re-estimated December 31, 2007 Losses and Loss Adjustment Expenses	<u>\$ 990,007,000</u>

The re-estimation amount above relates principally to the medical malpractice line of insurance, principally for the 2004 through 2007 accident years, and is the result of ongoing analysis of recent loss trends. Original estimates are increased or decreased as additional information becomes available.

**Note 25 - Intercompany Pooling Arrangements**

No significant change.

**Note 26 - Structured Settlements**

No significant change.

**Note 27 - Health Care Receivables**

No significant change.

**Note 28 - Participating Policies**

No significant change.

**Note 29 - Premium Deficiency Reserves**

No significant change.

**Note 30 - High Deductibles**

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 [ X ]    No [ ]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes [ X ]    No [ ]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ]    No [ X ]
- 2.2 If yes, date of change: .....
- 3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ]    No [ X ]  
If yes, complete the Schedule Y-Part 1 - Organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ]    No [ X ]
- 4.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ]    No [ X ]    N/A [ ]  
If yes, attach an explanation.  
  
\_\_\_\_\_
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2006.....
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2006.....
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 12/03/2007.....
- 6.4 By what department or departments?

ALABAMA DEPARTMENT OF INSURANCE

- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [ ]    No [ ]    N/A [ X ]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ ]    No [ X ]    N/A [ ]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ]    No [ X ]
- 7.2 If yes, give full information:  
  
\_\_\_\_\_

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

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ]    No [ X ]
- 8.4 If the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator].

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

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [ X ]    No [ ]
  - (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
  - (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
  - (c) Compliance with applicable governmental laws, rules and regulations;
  - (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
  - (e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:  
  
\_\_\_\_\_  
\_\_\_\_\_

- 9.2 Has the code of ethics for senior managers been amended? Yes [ ]    No [ X ]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
  
\_\_\_\_\_

- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ]    No [ X ]

**THE MEDICAL ASSURANCE COMPANY, INC.**  
**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).

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**FINANCIAL**

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ X ] 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 [ X ]

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

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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 [ X ] 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.....	\$.....3,903,144	\$.....3,777,532
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).....	\$.....3,903,144	\$.....3,777,532
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 [ X ]

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

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III. Conducting Examinations, G-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [ X ] 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 [ X ]

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
133243	Oppenheimer Investment Management	200 Park Avenue 24th Floor, New York, NY 10166
104487	The Brown Brothers Harriman & Co.	140 Broadway, New York, NY 10005
107423	Conning Asset Management	One Financial Plaza, Hartford, CT 06103
105900	General Re - New England Asset Management, Inc.	76 Batterson Park Road, Farmington, CT 06032
107680	Prime Advisors, Inc.	22635 NE Marketplace Drive, Redmond, WA 98053

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

17.2 If no, list exceptions:

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**THE MEDICAL ASSURANCE 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
	.....XXX..	.....XXX.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
<b>Total</b> .....	.....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)
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**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	72,594,044	75,810,370	10,610,657	7,896,924	127,466,884	144,932,759
2. Alaska.....AK	L						
3. Arizona.....AZ	L						
4. Arkansas.....AR	L	2,672,727	2,551,114	475,276	74,843	14,010,407	12,170,902
5. California.....CA	L						
6. Colorado.....CO	L						
7. Connecticut.....CT	N						
8. Delaware.....DE	L						
9. District of Columbia.....DC	L	198,816	384,940				
10. Florida.....FL	L	476,854	497,608	550,000	5,340,205	3,919,295	12,059,327
11. Georgia.....GA	L	2,242,790	2,771,320	11,212	636	10,135,975	10,693,411
12. Hawaii.....HI	L			76,831	117,200	1,313,236	3,945,229
13. Idaho.....ID	L						
14. Illinois.....IL	L		(32,776)			21,565	59,624
15. Indiana.....IN	L	24,401,903	28,088,960	6,198,816	2,577,310	76,393,962	70,105,797
16. Iowa.....IA	L						
17. Kansas.....KS	L	3,040,578	3,609,586	560,932	248,862	10,227,770	8,488,497
18. Kentucky.....KY	L					504,888	620,000
19. Louisiana.....LA	L						
20. Maine.....ME	N						
21. Maryland.....MD	L	12,022,803	13,251,211			7,055,954	3,436,261
22. Massachusetts.....MA	L						
23. Michigan.....MI	L						
24. Minnesota.....MN	L			(3,035)	34,598	874,999	1,136,381
25. Mississippi.....MS	N			210,000		2,272,776	2,942,295
26. Missouri.....MO	L	11,160,899	13,705,430	1,630,706	4,283,901	51,404,102	54,362,452
27. Montana.....MT	L						
28. Nebraska.....NE	L						
29. Nevada.....NV	L						
30. New Hampshire.....NH	N						
31. New Jersey.....NJ	N						
32. New Mexico.....NM	L						
33. New York.....NY	N						
34. North Carolina.....NC	L	256,422	217,204			694,535	331,882
35. North Dakota.....ND	L						
36. Ohio.....OH	L	53,682,632	66,733,446	13,781,238	26,229,278	206,754,859	168,179,464
37. Oklahoma.....OK	L	1,775,687	1,754,702	553,391	3,644	3,491,598	2,473,936
38. Oregon.....OR	L						
39. Pennsylvania.....PA	L			37,892	77,825	619,264	618,433
40. Rhode Island.....RI	L						
41. South Carolina.....SC	L						
42. South Dakota.....SD	L			(131,413)	127,088	926,443	983,387
43. Tennessee.....TN	L	4,282,016	4,548,736	5,396	262,633	14,407,664	12,619,054
44. Texas.....TX	L	1,798,665	2,266,423	206,247	640,836	8,416,737	12,609,751
45. Utah.....UT	L						
46. Vermont.....VT	N						
47. Virginia.....VA	L	9,342,826	9,895,720	(2,533)	112,000	11,186,169	9,322,912
48. Washington.....WA	L						
49. West Virginia.....WV	L						
50. Wisconsin.....WI	L						
51. Wyoming.....WY	L						
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) 44	199,949,662	226,053,994	34,771,613	48,027,783	552,099,082	532,091,754

**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

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Q11

**NONE**

**THE MEDICAL ASSURANCE COMPANY, INC.**  
**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.....	1,405,136	442,835	31.5	26.3
6. Mortgage guaranty.....			0.0	
8. Ocean marine.....			0.0	
9. Inland marine.....			0.0	
10. Financial guaranty.....			0.0	
11.1. Medical malpractice-occurrence.....	9,505,979	5,637,721	59.3	48.9
11.2. Medical malpractice-claims made.....	190,102,956	41,856,956	22.0	17.5
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.....	1,222,149	522,468	42.7	33.3
17.1. Other liability-occurrence.....	240,259	78,522	32.7	34.1
17.2. Other liability-claims made.....	2,027,868	880,290	43.4	33.7
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.....	191,145		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.....	204,695,492	49,418,792	24.1	19.2

**DETAILS OF WRITE-INS**

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

**PART 2 - DIRECT PREMIUMS WRITTEN**

	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire.....			
2. Allied lines.....			
3. Farmowners multiple peril.....			
4. Homeowners multiple peril.....			
5. Commercial multiple peril.....	683,676	1,437,186	1,410,894
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....			
10. Financial guaranty.....			
11.1. Medical malpractice-occurrence.....	3,495,716	9,505,979	10,038,758
11.2. Medical malpractice-claims made.....	62,239,571	185,849,894	210,743,081
12. Earthquake.....			
13. Group accident and health.....			
14. Credit accident and health.....			
15. Other accident and health.....			
16. Workers' compensation.....	474,931	1,117,372	1,379,915
17.1. Other liability-occurrence.....	29,061	213,656	256,006
17.2. Other liability-claims made.....	640,103	1,626,759	1,840,400
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.....	4,816	198,816	384,940
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.....	67,567,874	199,949,662	226,053,994

**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.....	344,507	267,084	611,591	52,497	4,082	56,579	268,270	763	264,979	534,012	(23,740)	2,740	(21,000)
2. 2006.....	106,884	111,808	218,692	13,958	2,139	16,097	97,961	518	87,616	186,095	5,035	(21,535)	(16,500)
3. Subtotals 2006 + Prior.....	451,391	378,892	830,283	66,455	6,221	72,676	366,231	1,281	352,595	720,107	(18,705)	(18,795)	(37,500)
4. 2007.....	65,717	137,507	203,224	9,301	2,623	11,925	98,684	3,974	82,641	185,299	42,268	(48,269)	(6,000)
5. Subtotals 2007 + Prior.....	517,108	516,399	1,033,507	75,756	8,844	84,601	464,915	5,255	435,236	905,406	23,563	(67,064)	(43,500)
6. 2008.....	XXX	XXX	XXX	XXX	7,326	7,326	XXX	38,290	101,799	140,089	XXX	XXX	XXX
7. Totals.....	517,108	516,399	1,033,507	75,756	16,170	91,927	464,915	43,545	537,035	1,045,495	23,563	(67,064)	(43,500)
8. Prior Year-End's Surplus As Regards Policyholders	553,477										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. ....4.6 %	2. ....(13.0)%	3. ....(4.2)%
													Col. 13, Line 7 Line 8
													4. ....(7.9)%

Q13

# 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?	<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:**



**THE MEDICAL ASSURANCE COMPANY, INC.**  
**Overflow Page for Write-Ins**

**Additional Write-ins for Assets:**

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
2304. Other Receivables.....	120,651	120,651	0	0
2397. Summary of remaining write-ins for Line 23.....	120,651	120,651	0	0

**THE MEDICAL ASSURANCE 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.....	12,468,660	11,676,864
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions.....		
2.2 Additional investment made after acquisitions.....	492,959	1,530,016
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.....	523,327	738,220
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8).....	12,438,293	12,468,660
10. Deduct total nonadmitted amounts.....		
11. Statement value at end of current period (Line 9 minus Line 10).....	12,438,293	12,468,660

**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.....	<b>NONE</b>	
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.....	30,946,820	18,047,447
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions.....		18,116,045
2.2 Additional investment made after acquisitions.....	738,000	511,638
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....	(1,283,799)	(1,372,048)
6. Total gain (loss) on disposals.....		(390,471)
7. Deduct amounts received on disposals.....		1,635,539
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.....		2,330,251
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	30,401,021	30,946,820
12. Deduct total nonadmitted amounts.....		
13. Statement value at end of current period (Line 11 minus Line 12).....	30,401,021	30,946,820

**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.....	1,581,050,241	1,483,322,576
2. Cost of bonds and stocks acquired.....	364,961,467	562,375,497
3. Accrual of discount.....	1,588,987	1,705,921
4. Unrealized valuation increase (decrease).....	402,094	(1,365,160)
5. Total gain (loss) on disposals.....	1,212,097	318,453
6. Deduct consideration for bonds and stocks disposed of.....	411,333,969	454,612,366
7. Deduct amortization of premium.....	6,671,269	8,359,248
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....	17,187,096	2,335,432
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	1,514,022,552	1,581,050,241
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	1,514,022,552	1,581,050,241

**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
<b>BONDS</b>								
1. Class 1 (a).....	1,587,689,509	685,415,624	773,051,172	(8,213,408)	1,584,477,328	1,587,689,509	1,491,840,553	1,562,909,972
2. Class 2 (a).....	76,001,119	1,005,480	6,412,231	(7,241,417)	70,547,745	76,001,119	63,352,951	62,833,570
3. Class 3 (a).....	22,683,589	2,753,771	2,017,082	1,362,206	16,485,432	22,683,589	24,782,484	12,308,612
4. Class 4 (a).....	2,682,378		2,588	(1,810,592)	3,119,437	2,682,378	869,198	1,358,270
5. Class 5 (a).....								1,029,313
6. Class 6 (a).....			992,729	2,586,479			1,593,750	
7. Total Bonds.....	1,689,056,595	689,174,875	782,475,802	(13,316,732)	1,674,629,942	1,689,056,595	1,582,438,936	1,640,439,737
<b>PREFERRED STOCK</b>								
8. Class 1.....	5,641,710			(4,864,210)	5,633,963	5,641,710	777,500	4,672,348
9. Class 2.....								
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....				260,023			260,023	
14. Total Preferred Stock.....	5,641,710	0	0	(4,604,187)	5,633,963	5,641,710	1,037,523	4,672,348
15. Total Bonds and Preferred Stock.....	1,694,698,305	689,174,875	782,475,802	(17,920,919)	1,680,263,905	1,694,698,305	1,583,476,459	1,645,112,085

(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 \$.....73,231,439; 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.....	49,056,510	XXX	49,056,510		

**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.....	24,787,201	30,482,976
2. Cost of short-term investments acquired.....	518,324,716	271,896,816
3. Accrual of discount.....	23,711	43,485
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....	(194,357)	2,154
6. Deduct consideration received on disposals.....	493,833,373	277,607,420
7. Deduct amortization of premium.....	51,388	30,810
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).....	49,056,510	24,787,201
11. Deduct total nonadmitted amounts.....	4,373,771	3,979,220
12. Statement value at end of current period (Line 10 minus Line 11).....	44,682,739	20,807,981

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

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

**THE MEDICAL ASSURANCE COMPANY, INC.**  
**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.....	43,177,787	29,040,795
2. Cost of cash equivalents acquired.....	1,372,312,970	2,631,780,348
3. Accrual of discount.....	655,959	3,191,001
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....	(198)	413
6. Deduct consideration received on disposals.....	1,391,971,589	2,620,834,770
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).....	24,174,929	43,177,787
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	24,174,929	43,177,787

### SCHEDULE A - PART 2

Showing all Real Estate ACQUIRED and Additions Made During the Current Quarter

1 Description of Property	Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	2 City	3 State						
<b>Acquired by Purchase</b>								
100 BROOKWOOD PLACE.....	BIRMINGHAM.....	AL.....	01/06/1989	VAROUS.....				13,007
0199999. Totals.....					0	0	0	13,007
0399999. Totals.....					0	0	0	13,007

QE01

### SCHEDULE A - PART 3

Showing all Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract "

1 Description of Property	Location		4 Disposal Date	5 Name of Purchaser	6 Actual Cost	7 Expended for Additions, Permanent Improvements and Changes in Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances Prior Year	Change in Book/Adjusted Carrying Value Less Encumbrances					14 Book/Adjusted Carrying Value Less Encumbrances	15 Amounts Received During Year	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal	19 Gross Income Earned Less Interest Incurred on Encumbrances	20 Taxes, Repairs, and Expenses Incurred
	2 City	3 State						9 Current Year's Depreciation	10 Current Year's Other Than Temporary Impairment Recognized	11 Current Year's Change in Encumbrances	12 Total Change in B./A.C.V. (11 - 9 - 10)	13 Total Foreign Exchange Change in B./A.C.V.							
<b>NONE</b>																			

**Sch. B-Part 2  
NONE**

**Sch. B-Part 3  
NONE**

**Sch. BA-Part 2  
NONE**

**Sch. BA-Part 3  
NONE**

**SCHEDULE D - PART 3**

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Government</b>									
01N042 6A 7	GNSF 4.5 10/08.....		09/18/2008.....	CANTOR FITZGERALD.....		15,595,000	16,000,000	52,000	1.....
01N050 6A 0	GNSF 5 10/08.....		09/18/2008.....	CREDIT SUISSE FIRST BOSTON.....		32,211,047	32,350,000	121,312	1.....
31331Y 2E 9	FEDERAL FARM CREDIT BANK.....		07/22/2008.....	FTN FINANCIAL.....		1,500,000	1,500,000	5,261	1.....
3136F8 4T 9	FANNIE MAE.....		09/05/2008.....	DIRECT.....		1,983,276	2,000,000	3,888	1.....
36296D D5 4	GN 687824.....		08/26/2008.....	SHAY FINANCIAL SERVICES.....		1,494,908	1,497,718	4,805	1.....
36296D EE 4	GN 687833.....		08/26/2008.....	GREENWICH CAPITAL.....		1,011,989	999,033	3,497	1.....
912828 EQ 9	US TREASURY N/B.....		07/07/2008.....	MORGAN KEEGAN & CO.....		52,203	50,000	137	1.....
912828 HN 3	TSY INFL IX N/B.....		07/15/2008.....	HSBC SECURITIES LIMITED.....		851,676	823,680	36	1.....
912828 JF 8	US TREASURY N/B.....		08/20/2008.....	J.P. MORGAN.....		10,092,221	10,000,000	15,693	1.....
0399999.	Total - Bonds - U.S. Government.....					64,792,320	65,220,431	206,629	XXX.....
<b>Bonds - Political Subdivisions of States</b>									
167484 YN 8	CHICAGO ILL.....		09/11/2008.....	DAIN RAUSCHER.....		1,058,570	1,000,000	10,417	1FE.....
60635A DC 5	MISSOURI ST CTFB PARTN.....		09/09/2008.....	DAIN RAUSCHER.....		1,057,410	1,000,000	14,028	1FE.....
932423 PP 5	WALLED LAKE MICH CONS SCH DIST.....		08/05/2008.....	MERRILL LYNCH.....		2,477,018	2,350,000	31,660	1FE.....
2499999.	Total - Bonds - Political Subdivision.....					4,592,998	4,350,000	56,105	XXX.....
<b>Bonds - Special Revenue and Special Assessment</b>									
442436 LR 0	HOUSTON TEX WTR & SWR SYS REV.....		09/11/2008.....	SALOMON SMITH BARNEY HLD.....		874,240	1,000,000		1FE.....
45200F HP 7	ILLINOIS FIN AUTH REV.....		07/24/2008.....	MORGAN STANLEY DEAN WITTER.....		5,000,000	5,000,000	4,133	1FE.....
646139 XL 4	NEW JERSEY ST TPK AUTH TPK REV.....		08/06/2008.....	SOUTHWEST SECURITIES INC.....		1,677,596	1,555,000	10,366	1FE.....
649716 2W 6	NEW YORK N Y CITY TRANSITIONAL.....		08/04/2008.....	RICE FINANCIAL PRODUCTS.....		2,558,986	2,395,000	35,127	1FE.....
74265L LA 4	PRIVATE COLLEGES & UNIVS AUTH.....		08/05/2008.....	RAYMOND JAMES.....		3,966,547	3,700,000	84,715	1FE.....
915137 T6 0	UNIVERSITY TEX UNIV REVS.....		07/24/2008.....	MORGAN STANLEY DEAN WITTER.....		5,000,000	5,000,000	4,119	1FE.....
3199999.	Total - Bonds - Special Revenue & Special Assessments.....					19,077,369	18,650,000	138,460	XXX.....
<b>Bonds - Industrial and Miscellaneous</b>									
12572Q AA 3	CME GROUP INC.....		09/03/2008.....	BANK AMERICA.....		2,259,163	2,250,000	3,900	1FE.....
48660P A* 5	KAYNE ANDERSON.....		08/04/2008.....	MERRILL LYNCH.....		2,000,000	2,000,000		1FE.....
84755T AB 3	SPECTRA ENERGY CAPITAL.....		09/05/2008.....	J.P. MORGAN.....		1,005,480	1,000,000	328	2FE.....
JPMORG AN 4	JPMORGAN CD.....		09/22/2008.....	DIRECT.....		50,000	50,000		1.....
LN2821 40 0	VERSO PAPER.....		07/08/2008.....	CREDIT SUISSE FIRST BOSTON.....		949,271	1,000,000		3FE.....
LN3039 03 6	MOMENTUM PERFORMANCE.....		04/03/2008.....	RBS GREENWICH CAPITAL.....		1,804,500	2,000,000		3FE.....
06849T AA 6	BARRICK GOLD FINANCECO L.....		09/08/2008.....	J.P. MORGAN.....		999,780	1,000,000		1FE.....
4599999.	Total - Bonds - Industrial & Miscellaneous.....					9,068,194	9,300,000	4,228	XXX.....
6099997.	Total - Bonds - Part 3.....					97,530,881	97,520,431	405,422	XXX.....
6099999.	Total - Bonds.....					97,530,881	97,520,431	405,422	XXX.....
7499999.	Total - Bonds, Preferred and Common Stocks.....					97,530,881	XXX.....	405,422	XXX.....

QE04

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

**SCHEDULE D - PART 4**

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

1 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.							
<b>Bonds - U.S. Government</b>																					
3128X5 K8 0	FREDDIE MAC.....		09/02/2008	CALLED BY ISSUER at 100.00%		1,900,000	1,900,000	1,877,010	1,879,333		20,667		20,667		1,900,000			0	102,600	03/02/2012	1.....
3134A4 UD 4	FREDDIE MAC.....		09/15/2008	MATURITY.....		2,750,000	2,750,000	2,807,486	2,758,738		(8,738)		(8,738)		2,750,000			0	99,688	09/15/2008	1.....
36200K UE 5	GN 603681.....		09/01/2008	MBS PAYDOWN.....		5,727	5,727	5,942	5,742		(15)		(15)		5,727			0	205	08/01/2032	1.....
36200Q JM 7	GN 569168.....		09/01/2008	MBS PAYDOWN.....		19,312	19,312	19,771	19,354		(42)		(42)		19,312			0	838	11/01/2016	1.....
36201Q 2C 6	GN 590371.....		09/01/2008	MBS PAYDOWN.....		16,415	16,415	17,108	16,481		(66)		(66)		16,415			0	711	01/01/2032	1.....
36201T KE 6	GN 592593.....		09/01/2008	MBS PAYDOWN.....		9,989	9,989	10,441	10,017		(28)		(28)		9,989			0	365	02/01/2032	1.....
36202B NJ 0	G2 1293.....		09/01/2008	MBS PAYDOWN.....		231	231	254	232		(1)		(1)		231			0	16	04/01/2019	1.....
36202D KY 6	G2 3011.....		09/01/2008	MBS PAYDOWN.....		122	122	125	122				0		122			0	6	12/01/2029	1.....
36202D LW 9	G2 3041.....		09/01/2008	MBS PAYDOWN.....		1,990	1,990	2,033	1,993		(4)		(4)		1,990			0	99	12/01/2029	1.....
36202D MT 5	G2 3070.....		09/01/2008	MBS PAYDOWN.....		668	668	683	669		(1)		(1)		668			0	36	04/01/2030	1.....
36205R MA 2	GN 398253.....		09/01/2008	MBS PAYDOWN.....		1,886	1,886	1,905	1,887				0		1,886			0	94	03/01/2025	1.....
36206A LZ 4	GN 405444.....		09/01/2008	MBS PAYDOWN.....		2,684	2,684	2,833	2,704		(21)		(21)		2,684			0	144	06/01/2023	1.....
36206E 3N 3	GN 409505.....		09/01/2008	MBS PAYDOWN.....		864	864	917	866		(2)		(2)		864			0	40	12/01/2022	1.....
36209P NT 0	GN 477502.....		09/01/2008	MBS PAYDOWN.....		40,252	40,252	40,950	40,328		(77)		(77)		40,252			0	1,556	06/01/2026	1.....
36215K 2A 7	GN 137669.....		09/01/2008	MBS PAYDOWN.....		33	33	34	33				0		33			0	2	08/01/2013	1.....
36220W KJ 5	GN 290197.....		09/01/2008	MBS PAYDOWN.....		15,849	15,849	16,642	16,484		(635)		(635)		15,849			0	1,128	09/01/2008	1.....
36223H 6B 8	GN 308766.....		09/01/2008	MBS PAYDOWN.....		115	115	116	115				0		115			0	6	02/01/2022	1.....
36224L QA 8	GN 331749.....		09/01/2008	MBS PAYDOWN.....		277	277	273	277				0		277			0	14	08/01/2022	1.....
36224P ML 9	GN 334363.....		09/01/2008	MBS PAYDOWN.....		157	157	159	157				0		157			0	8	10/01/2022	1.....
36224Q XR 2	GN 335588.....		09/01/2008	MBS PAYDOWN.....		399	399	393	399				0		399			0	20	03/01/2020	1.....
36224U 5Z 6	GN 339364.....		09/01/2008	MBS PAYDOWN.....		191	191	188	191				0		191			0	10	04/01/2022	1.....
36225B HE 1	GN 781129.....		09/01/2008	MBS PAYDOWN.....		211	211	204	211				0		211			0	10	03/01/2028	1.....
36290S QF 1	GN 616154.....		09/01/2008	MBS PAYDOWN.....		2,082	2,082	2,072	2,081		1		1		2,082			0	69	01/01/2033	1.....
912827 4F 6	US TREASURY N/B.....		07/01/2008	PRIOR YEAR INCOME.....									0					0	(10,406)	05/15/2008	1.....
912828 CZ 1	TSY INFL IX N/B.....		07/15/2008	CITIGROUP GLOBAL.....		755,975	740,077	692,752	695,659		(1,482)		4,893		699,071		56,904	56,904	4,814	04/15/2010	1.....
912828 FM 7	US TREASURY N/B.....		08/01/2008	VARIOUS.....		550,000	550,000	552,320	550,860				(860)		550,000			0	27,500	07/31/2008	1.....
0399999	Total - Bonds - U.S. Government.....					6,075,429	6,059,531	6,052,611	6,004,933		(1,482)		15,071		6,018,525		56,904	56,904	229,573	XXX	XXX
<b>Bonds - Political Subdivisions of States</b>																					
167484 D9 2	CHICAGO ILL.....		06/09/2008	SALOMON SMITH BARNEY HI.....									0		(52,266)		52,266	52,266		01/01/2011	1FE.....
25476F GP 7	DISTRICT COLUMBIA.....		07/09/2008	MORGAN STANLEY DEAN WIT.....		4,300,000	4,300,000	4,300,000					0		4,300,000			0	9,029	06/01/2027	1FE.....
2499999	Total - Bonds - Political Subdivisions.....					4,300,000	4,300,000	4,300,000	0				0		4,247,734		52,266	52,266	9,029	XXX	XXX
<b>Bonds - Special Revenue and Special Assessment</b>																					
31282R 4E 1	FG M80821.....		09/01/2008	MBS PAYDOWN.....		47,839	47,839	48,990	48,003		(164)		(164)		47,839			0	1,437	05/01/2010	1.....
31282S AZ 5	FG M80924.....		09/01/2008	MBS PAYDOWN.....		302,110	302,110	305,037	302,476		(365)		(365)		302,110			0	8,875	06/01/2011	1.....
31283H S8 9	FG G01443.....		09/01/2008	MBS PAYDOWN.....		15,087	15,087	15,613	15,129		(42)		(42)		15,087			0	648	05/01/2031	1.....
31283H S9 7	FG G01444.....		09/01/2008	MBS PAYDOWN.....		5,019	5,019	5,227	5,038		(19)		(19)		5,019			0	214	03/01/2031	1.....
31287P CQ 4	FG C63679.....		09/01/2008	MBS PAYDOWN.....		1,359	1,359	1,348	1,358		1		1		1,359			0	52	12/01/2030	1.....
31287P E2 5	FG C63753.....		09/01/2008	MBS PAYDOWN.....		855	855	885	856		(2)		(2)		855			0	34	12/01/2030	1.....
31288A X2 6	FG C72497.....		09/01/2008	MBS PAYDOWN.....		15,918	15,918	16,473	15,970		(52)		(52)		15,918			0	664	06/01/2030	1.....
31288B LZ 4	FG C73044.....		09/01/2008	MBS PAYDOWN.....		23,929	23,929	24,546	23,974		(45)		(45)		23,929			0	924	10/01/2031	1.....
31288C M4 0	FG C73979.....		09/01/2008	MBS PAYDOWN.....		16,439	16,439	16,868	16,444		(5)		(5)		16,439			0	593	04/01/2032	1.....
3128GJ 2E 6	FG E82573.....		09/01/2008	MBS PAYDOWN.....		7,090	7,090	7,064	7,090		1		1		7,090			0	283	06/01/2015	1.....
3128GY MX 9	FG E93974.....		09/01/2008	MBS PAYDOWN.....		20,983	20,983	21,937	21,081		(98)		(98)		20,983			0	774	07/01/2017	1.....
3128H3 LP 4	FG E95734.....		09/01/2008	MBS PAYDOWN.....		49,646	49,646	51,260	49,806		(160)		(160)		49,646			0	1,634	08/01/2017	1.....
3128H4 XR 5	FG E96988.....		09/01/2008	MBS PAYDOWN.....		27,103	27,103	27,620	27,160		(57)		(57)		27,103			0	888	11/01/2017	1.....
3128JR PC 4	FH 847619.....		09/16/2008	VARIOUS.....		46,260	46,260	46,758	46,322		(63)		(63)		46,260			0	2,111	09/01/2011	1.....
3128K4 QX 6	FG A44070.....		09/01/2008	MBS PAYDOWN.....		40,499	40,499	37,765	40,345		154		154		40,499			0	1,354	10/01/2035	1.....
3128KK GC 7	FG A56495.....		09/01/2008	MBS PAYDOWN.....		22,214	22,214	21,994	22,182		32		32		22,214			0	797	08/01/2036	1.....
3128L0 DF 6	FG A68202.....		09/01/2008	MBS PAYDOWN.....		40,223	40,223	41,336			(154)		(154)		40,223			0	1,343	09/01/2037	1.....

QE05

**SCHEDULE D - PART 4**

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

QE05.1

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	For e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator
3128LX DL 1	FG G01907		09/18/2008	VARIOUS		5,029,593	5,235,336	4,774,236	4,771,058		24,780		24,780		4,795,838		233,755	233,755	184,678	09/01/2033	1
3128LX FN 5	FG G01973		09/01/2008	MBS PAYDOWN		24,313	24,313	23,314	24,261		52		52		24,313				809	05/01/2035	1
3128LX MR 8	FG G02168		09/01/2008	MBS PAYDOWN		49,041	49,041	48,306	48,972		69		69		49,041				1,929	09/01/2035	1
3128LX PX 2	FG G02238		09/18/2008	VARIOUS		8,767,890	9,125,568	8,429,743	8,445,691		37,884		37,884		8,483,575		284,315	284,315	321,758	02/01/2035	1
3128LX QU 7	FG G02267		09/01/2008	MBS PAYDOWN		23,650	23,650	24,064	23,720		(69)		(69)		23,650				996	02/01/2036	1
3128LX QY 9	FG G02271		09/18/2008	VARIOUS		2,502,139	2,604,220	2,402,800	2,406,828		11,101		11,101		2,417,929		84,210	84,210	91,814	01/01/2035	1
3128M1 C3 1	FG G11990		09/01/2008	MBS PAYDOWN		23,002	23,002	22,564	22,952		51		51		23,002				821	07/01/2020	1
3128M1 DD 8	FG G12000		09/01/2008	MBS PAYDOWN		60,794	60,794	58,552	60,555		239		239		60,794				2,013	08/01/2020	1
3128M1 KY 4	FG G12211		09/01/2008	MBS PAYDOWN		61,238	61,238	59,525	61,057		181		181		61,238				2,033	09/01/2020	1
3128M1 PS 2	FG G12333		09/01/2008	MBS PAYDOWN		54,219	54,219	53,042	54,090		129		129		54,219				1,628	04/01/2020	1
3128M4 FM 0	FG G02572		09/01/2008	MBS PAYDOWN		20,456	20,456	20,621	20,486		(30)		(30)		20,456				811	08/01/2036	1
3128M5 L3 2	FG G03646		09/01/2008	MBS PAYDOWN		63,021	63,021	64,360		(261)		(261)		63,021				2,166	09/01/2037	1	
3128MJ D4 9	FG G08122		09/01/2008	MBS PAYDOWN		55,410	55,410	53,298	55,227		183		183		55,410				2,016	09/01/2035	1
3128MJ DW 7	FG G08116		09/01/2008	MBS PAYDOWN		45,987	45,987	44,173	45,839		149		149		45,987				1,695	08/01/2035	1
3128MM BN 2	FG G18044		09/01/2008	MBS PAYDOWN		105,129	105,129	104,455	105,074		55		55		105,129				3,168	10/01/2019	1
31292H Q3 1	FG C01374		09/01/2008	MBS PAYDOWN		6,396	6,396	6,624	6,418		(22)		(22)		6,396				257	04/01/2031	1
31292H UP 7	FG C01490		09/01/2008	MBS PAYDOWN		37,888	37,888	38,456	37,919		(31)		(31)		37,888				1,388	01/01/2032	1
31292H YU 2	FG C01623		09/01/2008	MBS PAYDOWN		78,371	78,371	77,747	78,338		34		34		78,371				2,849	11/01/2032	1
31294K FN 0	FG E01073		09/01/2008	MBS PAYDOWN		6,790	6,790	6,722	6,783		7		7		6,790				227	03/01/2016	1
31294K M5 1	FG E01280		09/01/2008	MBS PAYDOWN		48,475	48,475	50,035	48,637		(163)		(163)		48,475				1,597	05/01/2017	1
31294K WD 3	FG E01544		09/01/2008	MBS PAYDOWN		19,073	19,073	19,139	19,080		(7)		(7)		19,073				561	07/01/2018	1
312963 WK 3	FG B11550		09/01/2008	MBS PAYDOWN		128,544	128,544	130,532	128,725		(181)		(181)		128,544				4,011	09/01/2018	1
312967 6K 3	FG B15374		09/01/2008	MBS PAYDOWN		371,014	371,014	374,608	371,312		(298)		(298)		371,014				12,578	01/01/2019	1
31296L UE 9	FG A12381		09/01/2008	MBS PAYDOWN		10,212	10,212	9,995	10,205		7		7		10,212				356	12/01/2032	1
31296L ZH 7	FG A12544		09/01/2008	MBS PAYDOWN		21,667	21,667	21,457	21,656		11		11		21,667				730	07/01/2032	1
31296S WL 6	FG A17851		09/01/2008	MBS PAYDOWN		20,580	20,580	20,866	20,599		(19)		(19)		20,580				750	01/01/2033	1
31297A P6 5	FG A23145		09/01/2008	MBS PAYDOWN		12,517	12,517	12,372	12,510		7		7		12,517				484	08/01/2033	1
31297F J5 3	FG A27484		09/01/2008	MBS PAYDOWN		24,170	24,170	24,982	24,222		(52)		(52)		24,170				875	02/01/2034	1
31297S ZP 3	FG A37050		09/01/2008	MBS PAYDOWN		37,397	37,397	36,941	37,376		21		21		37,397				1,190	02/01/2035	1
31359U ZR 9	FNW 1998-W8 A6		09/01/2008	MBS PAYDOWN		2,105	2,105	2,105	2,105				0		2,105				78	11/01/2013	1
31371K 2V 2	FN 254688		09/01/2008	MBS PAYDOWN		46,160	46,160	47,927	46,296		(137)		(137)		46,160				1,676	08/01/2022	1
31371K 4K 4	FN 254726		09/01/2008	MBS PAYDOWN		14,672	14,672	14,922	14,686		(14)		(14)		14,672				530	05/01/2032	1
31371K BL 4	FN 253943		09/01/2008	MBS PAYDOWN		4,807	4,807	4,932	4,820		(13)		(13)		4,807				204	02/01/2016	1
31371K R3 7	FN 254406		09/01/2008	MBS PAYDOWN		9,318	9,318	9,556	9,334		(16)		(16)		9,318				386	08/01/2031	1
31371K U4 1	FN 254503		09/01/2008	MBS PAYDOWN		58,124	58,124	59,995	58,477		(352)		(352)		58,124				1,919	09/01/2009	1
31371K WK 3	FN 254550		09/01/2008	MBS PAYDOWN		6,295	6,295	6,515	6,306		(12)		(12)		6,295				267	11/01/2031	1
31371L CD 9	FN 254868		09/01/2008	MBS PAYDOWN		25,754	25,754	25,621	25,748		6		6		25,754				854	11/01/2032	1
31371L CE 7	FN 254869		09/01/2008	MBS PAYDOWN		10,893	10,893	10,907	10,894		(1)		(1)		10,893				403	11/01/2032	1
31371N J5 5	FN 256884		09/01/2008	MBS PAYDOWN		27,078	27,078	27,681	27,231		(152)		(152)		27,078				1,155	06/01/2037	1
31371N Q8 1	FN 257079		09/01/2008	MBS PAYDOWN		33,379	33,379	34,052	33,379		(141)		(141)		33,379				1,106	08/01/2022	1
31376K EK 8	FN 357538		09/17/2008	VARIOUS		4,503,750	4,552,347	4,287,031	4,272,111		22,991		22,991		4,295,102		208,648	208,648	178,182	05/01/2033	1
31376K FW 1	FN 357581		09/01/2008	MBS PAYDOWN		22,916	22,916	23,131	22,940		(24)		(24)		22,916				764	11/01/2018	1
31379J Z2 5	FN 421161		09/01/2008	MBS PAYDOWN		814	814	818	815		(1)		(1)		814				35	10/01/2012	1
31379R VS 4	FN 427325		09/01/2008	MBS PAYDOWN		6,836	6,836	6,868	6,842		(6)		(6)		6,836				296	01/01/2013	1
31379T TE 4	FN 429049		09/01/2008	MBS PAYDOWN		4,667	4,667	4,689	4,671		(4)		(4)		4,667				202	03/01/2013	1
31380M MS 2	FN 444169		09/01/2008	MBS PAYDOWN		142	142	141	142				0		142				6	05/01/2028	1
31380Y SL 5	FN 454223		09/01/2008	MBS PAYDOWN		280	280	277	280				0		280				11	07/01/2027	1
31381B V9 7	FN 456140		09/01/2008	MBS PAYDOWN		130	130	129	130				0		130				5	05/01/2028	1
31385J QV 3	FN 545968		09/01/2008	MBS PAYDOWN		15,693	15,693	15,987	15,730		(37)		(37)		15,693				566	11/01/2016	1

**SCHEDULE D - PART 4**

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

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value At Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Design- ation or Market Indicator
										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.							
31385W 2S 7	FN 555285		09/01/2008	MBS PAYDOWN		6,976	6,976	7,076	6,984	(8)	(8)	(8)	(8)	6,976			0	275	06/01/2031	1	
31385X FK 8	FN 555570		09/01/2008	MBS PAYDOWN		6,928	6,928	7,029	6,937	(8)	(8)	(8)	(8)	6,928			0	275	05/01/2031	1	
31385X GQ 4	FN 555607		09/01/2008	MBS PAYDOWN		14,287	14,287	14,292	14,289	(2)	(2)	(2)	(2)	14,287			0	425	11/01/2017	1	
31386S BW 6	FN 571653		09/01/2008	MBS PAYDOWN		1,503	1,503	1,493	1,503			0	0	1,503			0	60	02/01/2016	1	
31387N 2W 6	FN 589489		09/01/2008	MBS PAYDOWN		22,537	22,537	22,875	22,576	(39)	(39)	(39)	(39)	22,537			0	944	09/01/2015	1	
31388P XQ 9	FN 610987		09/01/2008	MBS PAYDOWN		33,696	33,696	33,840	33,716	(20)	(20)	(20)	(20)	33,696			0	1,268	03/01/2016	1	
31389N 4X 0	FN 630938		09/01/2008	MBS PAYDOWN		81,467	81,467	80,640	81,389	79	79	79	79	81,467			0	2,992	06/01/2016	1	
31389P MP 2	FN 631366		09/01/2008	MBS PAYDOWN		937	937	961	939	(2)	(2)	(2)	(2)	937			0	41	05/01/2016	1	
31389V SD 0	FN 636916		09/01/2008	MBS PAYDOWN		10,129	10,129	10,395	10,171	(42)	(42)	(42)	(42)	10,129			0	426	09/01/2016	1	
31390L RG 3	FN 649487		09/01/2008	MBS PAYDOWN		2,625	2,625	2,719	2,626	(1)	(1)	(1)	(1)	2,625			0	114	02/01/2032	1	
31391P UV 6	FN 672996		09/01/2008	MBS PAYDOWN		56,236	56,236	56,138	56,228	8	8	8	8	56,236			0	1,879	05/01/2017	1	
31391W 5R 8	FN 679556		09/01/2008	MBS PAYDOWN		18,944	18,944	19,359	18,978	(34)	(34)	(34)	(34)	18,944			0	641	10/01/2017	1	
31392F 5Y 9	FNR 2002-77 CG		09/01/2008	MBS PAYDOWN		15,832	15,832	16,002	15,876	(45)	(45)	(45)	(45)	15,832			0	420	04/01/2010	1	
31393B 2U 8	FNR 2003-60 NA		09/01/2008	MBS PAYDOWN		51,512	51,512	50,257	51,307	205	205	205	205	51,512			0	1,375	09/01/2013	1	
31393G CN 2	FHR 2545 EY		09/01/2008	MBS PAYDOWN		123,091	123,091	122,018	122,913	177	177	177	177	123,091			0	3,659	05/01/2011	1	
31393J NK 0	FHR 2557 OE		09/01/2008	MBS PAYDOWN		46,251	46,251	47,327	46,401	(150)	(150)	(150)	(150)	46,251			0	1,384	07/01/2009	1	
31393M FK 2	FHR 2591 WB		09/01/2008	MBS PAYDOWN		136,987	136,987	134,547	136,796	192	192	192	192	136,987			0	3,617	06/01/2014	1	
31393M Z2 0	FHR 2583 ND		09/01/2008	MBS PAYDOWN		9,721	9,721	9,879	9,754	(33)	(33)	(33)	(33)	9,721			0	297	05/01/2009	1	
31393N 2K 4	FHR 2583 TD		09/01/2008	MBS PAYDOWN		1,022	1,022	1,040	1,024	(2)	(2)	(2)	(2)	1,022			0	31	10/01/2012	1	
31393P GN 8	FHR 2595 WJ		09/01/2008	MBS PAYDOWN		96,334	96,334	93,538	96,042	292	292	292	292	96,334			0	2,789	12/01/2010	1	
31393V SN 2	FHSF SF2 GD		09/01/2008	MBS PAYDOWN		1,301,389	1,301,389	1,223,966	1,288,802	12,586	12,586	12,586	12,586	1,301,389			0	28,224	10/01/2009	1	
31393Y 3A 1	FNR 2004-55 LA		09/01/2008	MBS PAYDOWN		112,272	112,272	108,272	111,744	528	528	528	528	112,272			0	3,348	08/01/2014	1	
31394A S2 3	FNR 2004-74 BA		09/01/2008	MBS PAYDOWN		107,280	107,280	106,794	107,254	26	26	26	26	107,280			0	3,209	04/01/2016	1	
31394C 7A 4	FNR 2005-30 BC		09/01/2008	MBS PAYDOWN		93,181	93,181	93,472	93,226	(45)	(45)	(45)	(45)	93,181			0	3,102	03/01/2018	1	
31394C N3 2	FNR 2005-33 VA		09/01/2008	MBS PAYDOWN		30,514	30,514	30,785	30,545	(31)	(31)	(31)	(31)	30,514			0	1,017	03/01/2016	1	
31394E GN 2	FNR 2005-63 HA		09/01/2008	MBS PAYDOWN		84,416	84,416	82,226	84,115	301	301	301	301	84,416			0	2,785	02/01/2015	1	
31395A XT 7	FHR 2824 EG		09/01/2008	MBS PAYDOWN		114,474	114,474	111,039	113,855	619	619	619	619	114,474			0	3,396	10/01/2012	1	
31395G FP 2	FHR 2856 TE		09/01/2008	MBS PAYDOWN		29,199	29,199	28,145	29,023	175	175	175	175	29,199			0	867	05/01/2014	1	
31395J R6 5	FHR 2890 AB		09/01/2008	MBS PAYDOWN		74,298	74,298	73,044	74,022	275	275	275	275	74,298			0	1,849	03/01/2011	1	
31395L KX 8	FHR 2920 LA		09/01/2008	MBS PAYDOWN		104,002	104,002	104,295	104,059	(57)	(57)	(57)	(57)	104,002			0	3,443	02/01/2015	1	
31395P ZE 5	FHR 2949 BE		09/01/2008	MBS PAYDOWN		245,731	245,731	244,963	245,656	75	75	75	75	245,731			0	7,397	05/01/2010	1	
31395R DL 9	FHR 2960 QN		09/01/2008	MBS PAYDOWN		344,557	344,557	345,095	344,774	(217)	(217)	(217)	(217)	344,557			0	10,251	01/01/2010	1	
31395T HU 1	FHR 2964 NG		09/01/2008	MBS PAYDOWN		60,449	60,449	60,439	60,452	(3)	(3)	(3)	(3)	60,449			0	1,796	11/01/2010	1	
31395T HV 9	FHR 2964 NH		09/01/2008	MBS PAYDOWN		108,808	108,808	109,250	108,934	(126)	(126)	(126)	(126)	108,808			0	3,413	11/01/2010	1	
31395V RC 5	FHR 2986 GC		09/01/2008	MBS PAYDOWN		105,628	105,628	105,727	105,680	(52)	(52)	(52)	(52)	105,628			0	3,126	08/01/2010	1	
31400F PB 7	FN 686318		09/01/2008	MBS PAYDOWN		24,566	24,566	25,319	24,628	(61)	(61)	(61)	(61)	24,566			0	829	08/01/2017	1	
31400Q TN 3	FN 694557		09/01/2008	MBS PAYDOWN		5,389	5,389	5,480	5,395	(6)	(6)	(6)	(6)	5,389			0	199	04/01/2032	1	
31400R CF 6	FN 694970		09/01/2008	MBS PAYDOWN		36,509	36,509	38,060	36,649	(140)	(140)	(140)	(140)	36,509			0	1,339	10/01/2017	1	
31400Y ET 9	FN 701346		09/01/2008	MBS PAYDOWN		15,283	15,283	15,770	15,296	(13)	(13)	(13)	(13)	15,283			0	539	01/01/2032	1	
31400Y FU 5	FN 701379		09/01/2008	MBS PAYDOWN		10,867	10,867	10,915	10,872	(5)	(5)	(5)	(5)	10,867			0	326	10/01/2017	1	
31401B P6 6	FN 703445		09/01/2008	MBS PAYDOWN		181,517	181,517	184,353	181,810	(293)	(293)	(293)	(293)	181,517			0	6,108	11/01/2017	1	
31401H UX 8	FN 708998		09/01/2008	MBS PAYDOWN		27,026	27,026	26,794	27,003	23	23	23	23	27,026			0	1,050	11/01/2032	1	
31401W G2 9	FN 720317		09/01/2008	MBS PAYDOWN		15,269	15,269	15,611	15,304	(35)	(35)	(35)	(35)	15,269			0	509	11/01/2017	1	
31401X BJ 5	FN 721041		09/01/2008	MBS PAYDOWN		8,028	8,028	8,245	8,039	(11)	(11)	(11)	(11)	8,028			0	321	12/01/2032	1	
31402F DL 6	FN 727407		09/01/2008	MBS PAYDOWN		41,657	41,657	41,123	41,617	40	40	40	40	41,657			0	1,254	02/01/2018	1	
31402R SH 3	FN 735920		09/01/2008	MBS PAYDOWN		28,610	28,610	27,353	28,483	126	126	126	126	28,610			0	854	01/01/2020	1	
31403C VJ 7	FN 745017		09/01/2008	MBS PAYDOWN		84,926	84,926	83,134	84,730	196	196	196	196	84,926			0	2,530	12/01/2018	1	
31403C VP 9	FN 745150		09/01/2008	MBS PAYDOWN		51,233	51,233	50,152	51,113	120	120	120	120	51,233			0	1,540	10/01/2018	1	
31403D C5 6	FN 745392		09/01/2008	MBS PAYDOWN		693,398	693,398	674,004	691,313	2,085	2,085	2,085	2,085	693,398			0	20,643	07/01/2019	1	

QE05.2

**SCHEDULE D - PART 4**

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	For eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator
31403D EM 7	FN 745440		09/01/2008	MBS PAYDOWN		89,196	89,196	87,315	88,986		211		211		89,196			0	2,666	11/01/2018	1
31403D WD 7	FN 745944		09/17/2008	VARIOUS		2,915,521	2,947,005	2,859,976	2,856,601		6,339		6,339		2,862,940		52,581	52,581	115,415	09/01/2032	1
31403Y G6 4	FN 761721		09/01/2008	MBS PAYDOWN		25,536	25,536	25,273	25,525		10		10		25,536			0	818	09/01/2032	1
31404B VC 3	FN 763911		09/01/2008	MBS PAYDOWN		47,314	47,314	47,521	47,335		(21)		(21)		47,314			0	1,385	07/01/2018	1
31404N WB 8	FN 773842		09/01/2008	MBS PAYDOWN		80,158	80,158	81,310	80,173		(15)		(15)		80,158			0	3,205	06/01/2033	1
31404R MD 6	FN 776256		09/01/2008	MBS PAYDOWN		3,145	3,145	3,151	3,145				0		3,145			0	115	09/01/2033	1
31404U CL 2	FN 778675		09/01/2008	MBS PAYDOWN		12,725	12,725	12,566	12,713		12		12		12,725			0	374	12/01/2018	1
31404Y KL 5	FN 782499		09/01/2008	MBS PAYDOWN		37,492	37,492	37,325	37,450		42		42		37,492			0	1,136	05/01/2009	1
31405C HF 9	FN 785130		09/01/2008	MBS PAYDOWN		336,775	336,775	341,721	337,171		(396)		(396)		336,775			0	11,932	02/01/2019	1
31405R 7F 7	FN 797494		09/18/2008	VARIOUS		7,774,685	8,066,057	7,381,702	7,375,262		39,063		39,063		7,414,325		360,360	360,360	284,996	07/01/2034	1
31406W US 1	FN 822393		09/01/2008	MBS PAYDOWN		81,379	81,379	82,205	81,441		(62)		(62)		81,379			0	2,983	11/01/2034	1
31406Y 4L 1	FN 824427		09/01/2008	MBS PAYDOWN		89,257	89,257	90,080	89,302		(44)		(44)		89,257			0	3,067	01/01/2035	1
31407C AE 7	FN 826305		09/17/2008	VARIOUS		10,004,685	10,112,540	9,449,861	9,416,323		54,353		54,353		9,470,676		534,008	534,008	396,108	01/01/2035	1
31407H 5Y 8	FN 831663		09/01/2008	MBS PAYDOWN		91,424	91,424	91,581	91,477		(53)		(53)		91,424			0	3,636	02/01/2036	1
31407H ZH 2	FN 831544		09/01/2008	MBS PAYDOWN		32,489	32,489	31,900	32,400		89		89		32,489			0	1,281	12/01/2035	1
31407Y RS 0	FN 844797		09/01/2008	MBS PAYDOWN		26,931	26,931	25,458	26,872		59		59		26,931			0	801	04/01/2035	1
31409J PA 2	FN 872617		09/01/2008	MBS PAYDOWN		21,046	21,046	21,161	21,064		(18)		(18)		21,046			0	921	12/01/2035	1
31409W NY 3	FN 880707		09/01/2008	MBS PAYDOWN		19,274	19,274	19,184	19,267		7		7		19,274			0	740	01/01/2036	1
31410G AE 3	FN 888405		09/17/2008	VARIOUS		7,163,036	7,240,600	6,897,803	6,892,793		27,836		27,836		6,920,630		242,407	242,407	283,719	09/01/2035	1
31412L CL 2	FN 928075		09/01/2008	MBS PAYDOWN		21,798	21,798	21,955	21,837		(39)		(39)		21,798			0	857	10/01/2036	1
31412X 2W 3	FN 938289		09/01/2008	MBS PAYDOWN		73,358	73,358	72,168	73,221		137		137		73,358			0	2,628	03/01/2037	1
31413B 4N 8	FN 941029		09/01/2008	MBS PAYDOWN		69,536	69,536	69,981	69,647		(111)		(111)		69,536			0	2,822	05/01/2037	1
31413F 4V 1	FN 944636		09/01/2008	MBS PAYDOWN		15,922	15,922	15,328	15,835		87		87		15,922			0	571	03/01/2037	1
31413F GL 0	FN 944003		09/01/2008	MBS PAYDOWN		92,449	92,449	91,806	92,387		62		62		92,449			0	3,841	05/01/2037	1
31413K C5 8	FN 947492		09/01/2008	MBS PAYDOWN		18,309	18,309	18,492	18,356		(47)		(47)		18,309			0	658	09/01/2012	1
31414H VF 1	FN 966914		09/01/2008	MBS PAYDOWN		67,710	67,710	69,170	69,170		(238)		(238)		67,710			0	2,104	12/01/2014	1
36228F C3 8	GSAA 2004-NC1 AF6		09/01/2008	MBS PAYDOWN		7,692	7,692	7,691	7,692		0		0		7,692			0	247	01/01/2032	1FE
36295H Y9 5	GN 671336		09/01/2008	MBS PAYDOWN		21,907	21,907	22,126	21,936		(29)		(29)		21,907			0	781	05/01/2037	1
38374H 7K 0	GNR 2004-69 AN		09/01/2008	MBS PAYDOWN		173,076	173,076	168,749	172,086		990		990		173,076			0	4,872	04/01/2014	1
41473E EX 5	HARRISBURG PA AUTH RES		09/02/2008	CALLED BY ISSUER at 101.000		984,750	975,000	973,031	975,000		9,750		9,750		984,750			0	46,800	09/01/2008	1FE
45200F HP 7	ILLINOIS FIN AUTH REV		07/24/2008	MORGAN STANLEY DEAN WIT		5,000,000	5,000,000	5,000,000	5,000,000		0		0		5,000,000			0	6,236	05/15/2038	1FE
45505T BQ 3	INDIANA ST HSG & CMNTY DEV AUT		07/01/2008	CALLED BY ISSUER at 100.000		80,000	80,000	80,000	80,000		0		0		80,000			0	3,320	01/01/2015	1FE
45505T BR 1	INDIANA ST HSG & CMNTY DEV AUT		07/01/2008	CALLED BY ISSUER at 100.000		130,000	130,000	130,000	130,000		0		0		130,000			0	5,395	07/01/2015	1FE
46246L UK 4	IOWA FIN AUTH SINGLE FAMILY RE		07/01/2008	CALLED BY ISSUER at 100.000		140,000	140,000	143,150	140,000		(3,150)		(3,150)		140,000			0	3,500	01/01/2036	1FE
546398 MD 7	LOUISIANA PUB FACS AUTH REV		07/01/2008	CALLED BY ISSUER at 100.000		55,000	55,000	55,127	55,077		(77)		(77)		55,000			0	2,200	07/01/2011	1FE
57419N SC 4	MARYLAND ST CMNTY DEV ADMIN		09/02/2008	CALLED BY ISSUER at 100.000		55,000	55,000	58,565	57,826		(2,826)		(2,826)		55,000			0	3,071	03/01/2032	1FE
64605L DE 5	NEW JERSEY ST EDL FACS AUTH		09/01/2008	MATURITY		1,050,000	1,050,000	1,077,563	1,058,277		(8,277)		(8,277)		1,050,000			0	52,500	09/01/2008	1FE
646133 BY 3	NEW JERSEY ST TRAN CORP CTFS		07/31/2008	1STALBAN		3,121,620	3,000,000	3,068,790	3,014,999		(5,047)		(5,047)		3,009,952		111,668	111,668	153,333	09/15/2009	1FE
677660 TA 0	OHIO ST WTR DEV AUTH POLLUTION		07/09/2008	MORGAN STANLEY DEAN WIT		2,400,000	2,400,000	2,400,000	2,400,000		0		0		2,400,000			0	9,420	06/01/2033	1FE
791638 RA 9	ST LOUIS MO ARPT REV		06/11/2008	SALOMON SMITH BARNEY HL		0	0	0	0		0		0		0		19,482	19,482	88,115	07/01/2011	1FE
80207G AD 9	SANTA FE N MEX CIVIC HSG AUTH		08/01/2008	CALLED BY ISSUER at 100.000		5,000	5,000	5,188	5,020		(20)		(20)		5,000			0	336	08/01/2012	1FE
80218M DX 6	SANTA FE SPRINGS CALIF CMNTY D		09/01/2008	MATURITY		175,000	175,000	174,830	174,969		31		31		175,000			0	6,125	09/01/2008	1FE
821692 PK 0	SHELBY CNTY TENN HEALTH EDL &		08/01/2008	MATURITY		3,550,000	3,550,000	3,877,914	3,570,079		(20,079)		(20,079)		3,550,000			0	221,875	08/01/2008	1FE
873825 CB 7	TAHOE FOREST CALIF HOSP DIST R		07/01/2008	CALLED BY ISSUER at 100.000		20,000	20,000	20,000	20,000		0		0		20,000			0	1,536	07/01/2009	2FE
915137 T6 0	UNIVERSITY TEX UNIV REVS		08/04/2008	VARIOUS		5,000,000	5,000,000	5,000,000	5,000,000		0		0		5,000,000			0	6,127	08/01/2034	1FE
3199999	Total - Bonds - Special Revenue & Assessment					79,243,048	80,334,052	77,261,501	64,172,768	0	210,052	0	210,052	0	77,111,614	0	2,131,434	2,131,434	2,740,202	XXX	XXX
<b>Bonds - Public Utilities</b>																					
209115 AB 0	CONSOLIDATED EDISON INC		08/01/2008	MATURITY		1,000,000	1,000,000	1,024,400	1,003,445		(3,445)		(3,445)		1,000,000			0	36,250	08/01/2008	2FE
3899999	Total - Bonds - Public Utilities					1,000,000	1,000,000	1,024,400	1,003,445	0	(3,445)	0	(3,445)	0	1,000,000	0	0	0	36,250	XXX	XXX

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**SCHEDULE D - PART 4**

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	For e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
<b>Bonds - Industrial and Miscellaneous</b>																					
02666Q WZ 2	AMERICAN HONDA FINANCE.....		09/05/2008	MATURITY.....		1,000,000	1,000,000	999,447	999,859		141		141		1,000,000			0	27,987	09/05/2008	1FE.....
03877@ AB 8	ARBORS AT GEORGETOWN LP 144A....		09/24/2008	SINKING FUND REDEMPTION.....		103,293	103,293	107,611	103,535		(242)		(242)		103,293			0	6,972	09/24/2014	1FE.....
05947U LH 9	B of A Comml Mtge 2003-1 A1.....		09/01/2008	MBS PAYDOWN.....		42,103	42,103	41,568	42,026		77		77		42,103			0	1,025	11/01/2011	1FE.....
05947U VA 3	B of A Comml Mtge 2004-3 A3.....		09/01/2008	MBS PAYDOWN.....		50,717	50,717	49,841	50,416		301		301		50,717			0	1,642	05/01/2009	1FE.....
05949A PF 1	B of A Mtge Secs 2004-7 5A10.....		09/01/2008	MBS PAYDOWN.....		51,068	51,068	50,518	51,039		29		29		51,068			0	1,760	06/01/2023	1FE.....
05949A PN 4	B of A Mtge Secs 2004-7 6A1.....		09/01/2008	MBS PAYDOWN.....		78,271	78,271	77,696	78,223		48		48		78,271			0	2,404	07/01/2019	1FE.....
07384M W7 3	Bear Stearns ARM Trust 2004-6 2A2.....		09/01/2008	MBS PAYDOWN.....		119,767	119,767	119,130	119,702		65		65		119,767			0	3,858	08/01/2034	1FE.....
07384Y CU 8	Bear Stearns ABS Trust 2002-1 1A5.....		09/01/2008	MBS PAYDOWN.....		9,647	9,647	10,105	9,656		(9)		(9)		9,647			0	420	02/01/2016	1FE.....
110122 AJ 7	BRISTOL-MYERS SQUIBB.....		08/15/2008	MATURITY.....		500,000	500,000	501,440	500,195		(195)		(195)		500,000			0	20,000	08/15/2008	1FE.....
12189P AF 9	BURLINGTN NO SF 99-2 TR.....		07/02/2008	MBS PAYDOWN.....		1,928	1,928	2,169	1,934		(6)		(6)		1,928			0	146	01/02/2021	1FE.....
126380 AB 0	Credit Suisse Mtge Cap Cfs 2006-9 2A1.....		09/01/2008	MBS PAYDOWN.....		54,261	54,261	52,871	54,215		47		47		54,261			0	1,850	04/01/2036	1FE.....
126671 PV 2	CWL Countrywide ABS Cert 2002-S1 A5.....		09/01/2008	MBS PAYDOWN.....		20,107	20,107	20,452	20,107		0		0		20,107			0	903	04/01/2031	1FE.....
12669F J8 7	Countrywide Home Ln Mtge 2004-13 2A1.....		09/01/2008	MBS PAYDOWN.....		96,281	96,281	96,236	96,285		(3)		(3)		96,281			0	3,127	05/01/2015	1FE.....
161551 FS 0	Chase Fndg Mtge Ln ABS Cif 2002-2 1A5.....		09/01/2008	MBS PAYDOWN.....		141,920	141,920	148,019	142,698		(778)		(778)		141,920			0	5,601	03/01/2020	1FE.....
16162W NE 5	Chase Mtge Fin Crp 2005-S3 A4.....		09/01/2008	MBS PAYDOWN.....		84,027	84,027	83,817	84,025		1		1		84,027			0	2,940	11/01/2017	1FE.....
172973 P3 7	Citi Mtge Secs 2005-1 2A1.....		09/01/2008	MBS PAYDOWN.....		173,478	173,478	169,649	173,216		262		262		173,478			0	5,652	02/01/2020	1FE.....
172973 YT 0	Citi Mtge Secs 2004-5 1A3.....		09/01/2008	MBS PAYDOWN.....		49,485	49,485	49,025	49,456		29		29		49,485			0	1,727	09/01/2021	1FE.....
17309N AA 9	Citi Res Mtge Secs 2006-1 A1.....		09/01/2008	MBS PAYDOWN.....		80,902	80,902	80,901	80,883		19		19		80,902			0	3,251	10/01/2008	1FE.....
17310E AA 6	Citi Res Mtge Secs 2006-2 A1A.....		09/01/2008	MBS PAYDOWN.....		411,295	411,295	411,291	411,192		103		103		411,295			0	15,965	10/01/2008	1FE.....
17784# AA 0	WEATHERWOOD PLACE-HUNTINGTON.....		08/29/2008	MATURITY.....		2,964,891	2,964,891	2,964,891	2,964,891		0		0		2,964,891			0	179,672	08/29/2008	1FE.....
17784# AB 8	CONSTITUTION GARDENS-HBAN.....		09/24/2008	MATURITY.....		3,384,860	3,384,860	3,384,860	3,384,860		0		0		3,384,860			0	206,476	09/24/2008	1FE.....
17788# AA 6	WEATHERWOOD PLACE.....		08/29/2008	MATURITY.....		2,816,647	2,816,647	2,816,647	2,816,647		0		0		2,816,647			0	168,999	08/29/2008	1FE.....
17788# AB 4	JERRY JUNCTION.....		09/05/2008	MATURITY.....		1,567,587	1,567,587	1,567,587	1,567,587		0		0		1,567,587			0	94,055	09/05/2008	1FE.....
17788# AC 2	PRAIRIE APTS FIFTH THIRD.....		09/12/2008	MATURITY.....		4,292,475	4,292,475	4,292,475	4,292,475		0		0		4,292,475			0	258,254	09/12/2008	1FE.....
17788# AD 0	CLARY CROSSING.....		09/18/2008	MATURITY.....		3,759,295	3,759,295	3,759,295	3,759,295		0		0		3,759,295			0	226,176	09/18/2008	1FE.....
20047P AB 3	Comml Mtge Pass Thru 2005-LP5 A2.....		09/01/2008	MBS PAYDOWN.....		29,149	29,149	28,599	29,060		88		88		29,149			0	897	05/01/2010	1FE.....
201730 AC 2	Comml Mtge Asset Trst 1999-C1 A3.....		09/11/2008	MBS PAYDOWN.....		1,187,451	1,187,451	1,367,331	1,206,315		(18,864)		(18,864)		1,187,451			0	50,557	02/11/2010	1FE.....
22541N UH 0	CS First Boston Mtge Secs 2002-CP5 A1.....		09/01/2008	MBS PAYDOWN.....		43,879	43,879	42,350	43,647		232		232		43,879			0	1,272	05/01/2012	1FE.....
22541S 2P 2	CS First Boston Mtge Secs 2004-C5 A2.....		09/01/2008	MBS PAYDOWN.....		36,699	36,699	35,967	36,612		87		87		36,699			0	1,031	12/01/2009	1FE.....
22541S HS 0	CS First Boston Mtge Secs 2004-C2 A1.....		09/01/2008	VARIOUS.....		45,539	45,539	43,717	45,335		204		204		45,539			0	1,201	12/01/2013	1FE.....
225458 CV 8	Home Eq Mtge Trst 2005-1 M4.....		09/01/2008	MBS PAYDOWN.....		298,572	298,572	298,565	298,572		0		0		298,572			0	10,122	10/01/2013	1FE.....
25470# AA 2	DISCOVERY COMMUNICATIONS HOLDIN.....		09/30/2008	CALLED BY ISSUER at 100.00.....		2,500	2,500	2,500	2,431		69		69		2,500			0	104	05/14/2014	3.....
31396C 3C 2	FHRR Freddie Mac Ref REMIC R003 AG.....		09/01/2008	MBS PAYDOWN.....		62,427	62,427	61,501	62,280		148		148		62,427			0	2,121	03/01/2014	1.....
31846L BT 2	1st Alliance Mtge Ln Trst 1998-1F NOTE.....		09/01/2008	MBS PAYDOWN.....		31	31	31	31		0		0		31			0	1	12/01/2014	1FE.....
337378 AB 9	1st Union Comml Mtge 1999-C4 A2.....		09/01/2008	MBS PAYDOWN.....		5,653	5,653	6,745	5,731		(78)		(78)		5,653			0	276	10/01/2009	1FE.....
36158Y FS 3	GE Cap Comml Mtge 2002-2A A2.....		09/01/2008	MBS PAYDOWN.....		556,170	556,170	548,131	554,617		1,553		1,553		556,170			0	18,413	12/01/2011	1FE.....
361849 DY 5	GMACC 1998-C2 A2.....		07/01/2008	MBS PAYDOWN.....		657,524	657,524	735,066	665,743		(8,219)		(8,219)		657,524			0	24,625	07/01/2008	1FE.....
36828Q DM 5	GE Cap Comml Mtge 2004-C1 A2.....		09/01/2008	MBS PAYDOWN.....		936,365	936,365	917,637	933,358		3,006		3,006		936,365			0	27,494	08/01/2011	1FE.....
396789 EQ 8	Greenwich Cap Comml Fndg 2003-C2 A2.....		09/01/2008	MBS PAYDOWN.....		765,146	765,146	736,274	759,656		5,490		5,490		765,146			0	18,286	07/01/2010	1FE.....
40430G AJ 9	HFC Home Eq Ln ABS Cif 2005-3 M1.....		09/20/2008	MBS PAYDOWN.....		34,673	34,673	34,673	34,673		0		0		34,673			0	832	08/20/2011	1FE.....
45254T MV 3	Impac Sec Assets 2003-2 A4.....		09/01/2008	MBS PAYDOWN.....		46,679	46,679	43,802	46,501		178		178		46,679			0	1,081	07/01/2033	1FE.....
46625M PL 7	JP Morgan Comml Mtge Sec 2002-C2 A1.....		09/01/2008	MBS PAYDOWN.....		16,979	16,979	16,455	16,895		84		84		16,979			0	487	11/01/2011	1FE.....
46625M WW 5	JP Morgan Comml Mtge Sec 2003-CB6 A1.....		09/01/2008	MBS PAYDOWN.....		40,097	40,097	40,269	40,123		(26)		(26)		40,097			0	1,170	12/01/2012	1FE.....
501773 CS 2	LB Comml Mtge Trst 1999-C1 A2.....		09/01/2008	MBS PAYDOWN.....		366,334	366,334	416,262	370,604		(4,270)		(4,270)		366,334			0	17,062	03/01/2009	1FE.....
52108H 6S 8	LB-UBS Comml Mtge Trst 2005-C5 A1.....		09/11/2008	MBS PAYDOWN.....		382,923	382,923	384,827	383,314		(391)		(391)		382,923			0	12,070	03/11/2010	1FE.....
52108H FK 5	LB-UBS Comml Mtge Trst 2001-C3 A1.....		09/11/2008	MBS PAYDOWN.....		88,863	88,863	91,467	89,409		(546)		(546)		88,863			0	3,399	12/11/2010	1FE.....
52108H RA 4	LB-UBS Comml Mtge Trst 2003-C3 A2.....		09/11/2008	MBS PAYDOWN.....		72,113	72,113	70,085	70,990		1,123		1,123		72,113			0	1,486	01/11/2009	1FE.....
52517P VV 0	LEHMAN BROTHERS HOLDINGS.....		09/15/2008	J.P. MORGAN.....		340,000	1,000,000	989,110	991,864		865		865		992,729		(652,729)	(652,729)	24,000	03/13/2014	6FE.....

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**SCHEDULE D - PART 4**

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22		
										11	12	13	14	15									
CUSIP Identification	Description	For eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator		
57164U AC 9	Marriot Trust 2006-2A C		09/01/2008	MBS PAYDOWN		55,840	55,840	55,839	55,840				0		55,840			0	2,114	03/01/2026	1FE		
60935B DZ 9	TMSHE Money St Home Eq Tr 1998-B AFS		09/01/2008	MBS PAYDOWN		1,712	1,712	1,780	1,712				0		1,712			0	73	11/01/2014	1FE		
61532T AA 3	MONUMENTAL GLOB FUND II		07/15/2008	MATURITY		490,000	490,000	469,180	487,363		2,637		2,637		490,000			0	13,720	07/15/2008	1FE		
62621D AA 8	MUNI CORRECTIONS FINANCE		08/05/2008	SINKING FUND REDEMPTION		28,875	28,875	28,875	28,875				0		28,875			0	2,446	08/01/2016	2FE		
634902 JB 7	NATIONAL CITY BANK		08/24/2008	SINKING FUND REDEMPTION		227,278	227,278	226,610	226,873		405		405		227,278			0	6,137	08/24/2009	1FE		
63540# BD 2	MARYWOOD APARTMENT HOMES LP N		08/28/2008	SINKING FUND REDEMPTION		900,000	900,000	931,448	904,469		(4,469)		(4,469)		900,000			0	67,500	08/28/2010	1FE		
64352V GW 5	New Cent HE Ln Trust 2004-A AII9		09/01/2008	MBS PAYDOWN		16,760	16,760	12,408	12,377		31		31		12,408		4,351	4,351	612	12/01/2031	2FE		
655356 JF 1	Nomura Asset Secs 1998-D6 A1B		09/11/2008	MBS PAYDOWN		63,253	63,253	70,649	63,843		(589)		(589)		63,253			0	2,602	04/11/2009	1FE		
68338S EW 4	Onyx Accept Trst 2005-B A3		09/15/2008	MBS PAYDOWN		166,194	166,194	164,791	165,525		669		669		166,194			0	4,609	10/15/2008	2FE		
76110H DB 2	Res Acc Ln 2003-QS10 A13		09/01/2008	MBS PAYDOWN		28,148	28,148	27,541	28,106		42		42		28,148			0	765	03/01/2021	1FE		
76110W ZP 4	Res Asset Secs 2004-KS6 A16		09/01/2008	MBS PAYDOWN		25,478	25,478	24,716	25,410		68		68		25,478			0	920	09/01/2022	1FE		
76111X ZR 7	Res Fndg Mtge Secs 2005-S7 A1		09/01/2008	MBS PAYDOWN		57,633	57,633	57,012	57,594		39		39		57,633			0	2,261	10/01/2021	1FE		
78442F BC 1	SLM CORP		08/15/2008	MATURITY		2,950,000	2,950,000	2,949,027	2,949,869		131		131		2,950,000			0	116,525	08/15/2008	2FE		
79549A JJ 9	SB Mtge Secs 2001-C2 A3		09/01/2008	MBS PAYDOWN		159,729	159,729	165,072	160,473		(744)		(744)		159,729			0	6,927	08/01/2011	1FE		
826502 AA 4	Sierra Rec Fndg 2007-1A A1		09/20/2008	MBS PAYDOWN		327,145	327,145	327,118	326,327		818		818		327,145			0	11,465	01/20/2016	2FE		
86359D MU 8	LXS Lehman XS Trust 2005-2 2A1A		09/25/2008	MBS PAYDOWN		302,408	302,408	302,514	302,406		2		2		302,408			0	6,251	04/25/2009	1FE		
87302* AA 0	TSV L P 144A		07/09/2008	SINKING FUND REDEMPTION		115,000	115,000	120,471	115,263		(263)		(263)		115,000			0	6,900	07/09/2013	1FE		
929766 AB 9	Wachovia Commi Mtge Trust 2002-C1 A2		07/01/2008	MBS PAYDOWN		34,732	34,732	35,524	36,273		(1,542)		(1,542)		34,732			0	2,019	07/01/2008	1FE		
929766 CR 2	Wachovia Commi Mtge Trust 2002-C2 A3		09/01/2008	MBS PAYDOWN		41,785	41,785	42,254	41,857		(71)		(71)		41,785			0	1,234	02/01/2012	1FE		
929771 AH 6	WACHOVIA CORP		08/04/2008	MATURITY		1,000,000	1,000,000	1,138,610	1,016,472		(16,472)		(16,472)		1,000,000			0	62,500	08/04/2008	1FE		
931142 AH 6	WAL-MART PASS THR TRUST		07/09/2008	CALLED BY ISSUER at 100.000		201,000	201,000	206,779	201,000				0		201,000			0	8,919	06/29/2011	1FE		
94355# AA 8	WAVELAND NCP ALABAMA VENTURES		08/15/2008	SINKING FUND REDEMPTION		253,716	253,716	253,716	253,716				0		253,716			0	6,617	03/01/2019	1FE		
94356# AA 7	WAVELAND NCP ALABAMA CAPCO NOT		08/15/2008	SINKING FUND REDEMPTION		127,829	127,829	127,829	127,829				0		127,829			0	8,243	03/01/2014	3FE		
949762 AA 6	Well Frgo MBS Trst 2003-10 A1		09/01/2008	MBS PAYDOWN		29,374	29,374	28,713	29,317		57		57		29,374			0	882	08/01/2018	1FE		
94979F AC 0	Well Frgo MBS Trst 2003-12 A3		09/01/2008	MBS PAYDOWN		88,720	88,720	87,358	88,582		138		138		88,720			0	2,943	10/01/2018	1FE		
94981A AA 1	Well Frgo MBS Trst 2003-14 1A1		09/01/2008	MBS PAYDOWN		68,945	68,945	67,240	68,790		155		155		68,945			0	2,118	11/01/2018	1FE		
94982E AA 2	Well Frgo MBS Trst 2005-1 1A1		09/01/2008	MBS PAYDOWN		40,830	40,830	40,833	40,833		(3)		(3)		40,830			0	1,288	01/01/2020	1FE		
997652 95 3	BANK ONE CD		09/22/2008	MATURITY		20,000	20,000	20,000	20,000				0		20,000			0	696	09/22/2008	1		
LN2090 08 9	DIRECTV HOLDINGS LLC		09/30/2008	CALLED BY ISSUER at 100.000		5,102	5,102	4,917	4,926		176		176		5,102			0	176	04/13/2013	2FE		
LN2294 81 4	CINCINNATI BELL INC		09/30/2008	VARIOUS		9,434	9,434	9,160	9,151	10	273		283		9,434			0	361	08/31/2012	3FE		
LN2430 43 4	INTELSAT CORP		07/03/2008	CALLED BY ISSUER at 100.000		5,063	5,063	4,452	4,452		611		611		5,063			0	73	01/03/2014	3FE		
LN2821 40 0	VERSO PAPER		09/30/2008	CALLED BY ISSUER at 100.000		2,794	2,794	2,652	2,652		142		142		2,794			0	21	08/01/2013	3FE		
LN3039 03 6	MOMENTUM PERFORMANCE		04/03/2008	CANCEL AND REPLACE		1,815,000	2,000,000	1,815,000	1,815,000				0		1,815,000			0		12/10/2013	3FE		
LN3136 89 9	BALDOR ELECTRIC		09/18/2008	CALLED BY ISSUER at 100.000		30,048	30,048	29,629	29,629		420		420		30,048			0	642	01/31/2014	3FE		
LN3249 94 0	EDUCATION MANAGEMENT LLC		09/30/2008	CALLED BY ISSUER at 100.000		2,588	2,588	2,495	2,495		93		93		2,588			0	84	02/13/2014	4FE		
LN3291 93 4	HCA INC		09/30/2008	CALLED BY ISSUER at 100.000		5,038	5,038	4,950	4,874	78	86		164		5,038			0	218	11/18/2013	3FE		
LN3312 84 7	GRAPHIC PACKAGING INTERNATIONAL		09/17/2008	CALLED BY ISSUER at 100.000		9,186	9,186	9,186	8,864	322			322		9,186			0	423	05/16/2014	3FE		
LN3366 53 8	BIG WEST OIL,LLC		09/30/2008	CALLED BY ISSUER at 100.000		2,500	2,500	2,500	2,441	59			59		2,500			0	100	05/15/2014	3FE		
LN3563 49 8	LKQ CORPORATION		09/30/2008	CALLED BY ISSUER at 100.000		7,691	7,691	7,633	7,614	21	56		77		7,691			0	319	10/12/2013	3FE		
LN3181 12 7	GREAT CANADIAN GAMING CORP		08/13/2008	CALLED BY ISSUER at 100.000		2,507	2,506	2,429	2,432		74		74		2,506			0	89	02/14/2014	2FE		
75968N AA 9	RENAISSANCERE HLDGS LTD	F	07/15/2008	MATURITY		1,900,000	1,900,000	1,933,896	1,906,824		(6,824)		(6,824)		1,900,000			0	133,000	07/15/2008	2FE		
767201 AB 2	RIO TINTO FIN USA LTD	F	09/30/2008	MATURITY		1,000,000	1,000,000	999,950	999,993		7		7		1,000,000			0	26,250	09/30/2008	1FE		
4599999	Total - Bonds - Industrial & Miscellaneous					40,489,406	41,334,405	41,581,661	39,102,204	559	(43,294)		(42,735)		41,137,782			0	(648,378)	(648,378)	1,969,891	XXX	XXX
6099997	Total - Bonds - Part 4					131,107,883	133,027,988	130,220,173	110,283,350	(923)	178,384		177,461		129,515,655			0	1,592,226	1,592,226	4,984,945	XXX	XXX
6099999	Total - Bonds					131,107,883	133,027,988	130,220,173	110,283,350	(923)	178,384		177,461		129,515,655			0	1,592,226	1,592,226	4,984,945	XXX	XXX
7499999	Total - Bonds, Preferred and Common Stocks					131,107,883	XXX	130,220,173	110,283,350	(923)	178,384		177,461		129,515,655			0	1,592,226	1,592,226	4,984,945	XXX	XXX

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(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	
<b>Open Depositories</b>								
BANK OF AMERICA.....	ATLANTA, GA.....	.....	.....	.....	.....728,003	.....855,003	.....1,043,557	XXX
FEDERAL HOME LOAN BANK.....	ATLANTA, GA.....	.....	.....	.....	.....71,314	.....71,407	.....71,516	XXX
VOYAGER BANK.....	EDEN PRAIRIE, MN.....	.....	.....	.....	.....40,163	.....32,159	.....32,184	XXX
US BANK.....	BIRMINGHAM, AL.....	.....	.....	.....	.....(2,907,057)	.....(5,030,659)	.....(1,348,583)	XXX
0199999. Total Open Depositories.....	XXX.....	XXX.....	.....0	.....0	.....(2,067,576)	.....(4,072,090)	.....(201,326)	XXX
0399999. Total Cash on Deposit.....	XXX.....	XXX.....	.....0	.....0	.....(2,067,576)	.....(4,072,090)	.....(201,326)	XXX
0499999. Cash in Company's Office.....	XXX.....	XXX.....	XXX.....	XXX.....	.....6,108	.....6,108	.....6,108	XXX
0599999. Total Cash.....	XXX.....	XXX.....	.....0	.....0	.....(2,061,469)	.....(4,065,982)	.....(195,218)	XXX

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned End of Current Quarter

1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year
<b>U.S. Government Bonds - Issuer Obligations</b>							
FED HOME LN DISCOUNT NT 10/02/2008.....		09/26/2008	0.500	10/02/2008	2,699,963		188
FED HOME LN DISCOUNT NT 10/07/2008.....		09/26/2008	2.001	10/07/2008	7,885,407		1,561
FED HOME LN DISCOUNT NT 10/16/2008.....		09/24/2008	2.363	10/16/2008	999,017		393
FED HOME LN DISCOUNT NT 10/24/2008.....		09/24/2008	2.405	10/24/2008	2,695,860		1,260
0199999. U.S. Government Bonds - Issuer Obligations.....					14,280,247	0	3,402
0399999. Total - U.S. Government Bonds.....					14,280,247	0	3,402
<b>Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations</b>							
CAMPBELL SOUP CO 10/07/2008.....		09/30/2008	1.941	10/07/2008	433,860		23
FED HOME LN DISCOUNT NT 10/21/2008.....		09/24/2008	2.454	10/21/2008	1,997,278		817
MITSUI FUDODAN CO 10/27/2008.....		09/04/2008	2.660	10/27/2008	1,380,353		2,749
NOKIA CORP 10/16/2008.....		09/30/2008	3.004	10/16/2008	2,996,250		250
PEPSICO INC 10/28/2008.....		09/30/2008	1.752	10/28/2008	3,086,942		150
3999999. Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations.....					9,894,682	0	3,989
4599999. Total - Industrial and Miscellaneous (Unaffiliated).....					9,894,682	0	3,989
<b>Total Bonds</b>							
5499999. Subtotals - Issuer Obligations.....					24,174,929	0	7,391
6099999. Subtotals - Bonds.....					24,174,929	0	7,391
8799999. Total - Cash Equivalents.....					24,174,929	0	7,391

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