

**QUARTERLY STATEMENT**

**OF THE**

**NCRIC, INC.**

**Of**

**WASHINGTON**

**in the state of DC**

**to the Insurance Department**

**of the State of**

For the Period Ended

March 31, 2006

**2006**



# QUARTERLY STATEMENT

As of March 31, 2006  
of the Condition and Affairs of  
**NCRIC, INC.**

NAIC Group Code.....2698, 2698 (Current Period) (Prior Period)	NAIC Company Code..... 41149	Employer's ID Number..... 52-1194407
Organized under the Laws of DISTRICT OF COLUMBIA	State of Domicile or Port of Entry DISTRICT OF COLUMBIA	Country of Domicile US
Incorporated/Organized..... June 24, 1980	Commenced Business..... October 1, 1980	
Statutory Home Office	1115 30TH STREET, NW..... WASHINGTON ..... DC ..... 20007 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	1115 30TH STREET, NW..... WASHINGTON ..... DC ..... 20007 <i>(Street and Number) (City or Town, State and Zip Code)</i>	202-969-1866 <i>(Area Code) (Telephone Number)</i>
Mail Address	1115 30TH STREET, NW..... WASHINGTON ..... DC ..... 20007 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	1115 30TH STREET, NW..... WASHINGTON ..... DC ..... 20007 <i>(Street and Number) (City or Town, State and Zip Code)</i>	202-969-1866 <i>(Area Code) (Telephone Number)</i>
Internet Website Address	WWW.PROASSURANCE.COM	
Statutory Statement Contact	JAMES CHRISTOPHER LAMON <i>(Name)</i> clamon@proassurance.com <i>(E-Mail Address)</i>	202-969-1866 <i>(Area Code) (Telephone Number) (Extension)</i> 202-969-1881 <i>(Fax Number)</i>
Policyowner Relations Contact	1115 30TH STREET, NW..... WASHINGTON ..... DC ..... 20007 <i>(Street and Number) (City or Town, State and Zip Code)</i>	202-969-1866 <i>(Area Code) (Telephone Number) (Extension)</i>

## OFFICERS

Name	Title	Name	Title
1. HOWARD HARLEY FRIEDMAN	PRESIDENT	2. REBECCA BRYAN CRUNK	TREASURER
3. KATHRYN ANNE NEVILLE	SECRETARY	4.	

## OTHER

JEFFREY LYNN BOWLBY	VICE PRESIDENT	WILLIAM EDWARD BURGESS	VICE PRESIDENT
REBECCA BRYAN CRUNK	VICE PRESIDENT	JAMES JOSEPH MORELLO	VICE PRESIDENT
FRANK BERRY O'NEIL	VICE PRESIDENT	EDWARD LEWIS RAND, JR.	VICE PRESIDENT
HAYES VANCE WHITESIDE	VICE PRESIDENT	DARRYL KEITH THOMAS	CHIEF CLAIMS OFFICER

## DIRECTORS OR TRUSTEES

VICTOR THOMAS ADAMO	PAUL RICHARD BUTRUS	AUBREY DERRILL CROWE	HOWARD HARLEY FRIEDMAN
EDWARD LEWIS RAND, JR.	DARRYL KEITH THOMAS		

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

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

_____ (Signature) HOWARD HARLEY FRIEDMAN _____ 1. (Printed Name) PRESIDENT _____ (Title)	_____ (Signature) REBECCA BRYAN CRUNK _____ 2. (Printed Name) TREASURER _____ (Title)	_____ (Signature) KATHRYN ANNE NEVILLE _____ 3. (Printed Name) SECRETARY _____ (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.....	239,199,242		239,199,242	206,578,242
2. Stocks:				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....	1,240,865		1,240,865	1,156,780
3. Mortgage loans on real estate:				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....(1,366,435)), cash equivalents (\$.....3,462,107) and short-term investments (\$.....21,115,049).....	23,210,721		23,210,721	30,257,549
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Other invested assets.....			.0	
8. Receivables for securities.....			.0	20,091
9. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	263,650,828	.0	263,650,828	238,012,662
11. Title Plants less \$.....0 charged off (for Title insurers only).....			.0	
12. Investment income due and accrued.....	2,426,584		2,426,584	2,525,706
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection.....	2,451,735	226,130	2,225,605	4,353,764
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	1,604,541	113,653	1,490,888	1,641,147
13.3 Accrued retrospective premiums.....			.0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	402,972		402,972	3,573,373
14.2 Funds held by or deposited with reinsured companies.....			.0	
14.3 Other amounts receivable under reinsurance contracts.....	41,786		41,786	
15. Amounts receivable relating to uninsured plans.....			.0	
16.1 Current federal and foreign income tax recoverable and interest thereon.....			.0	1,228,448
16.2 Net deferred tax asset.....	20,181,804	13,419,559	6,762,245	4,223,176
17. Guaranty funds receivable or on deposit.....			.0	
18. Electronic data processing equipment and software.....	1,314,778	1,080,218	234,560	273,289
19. Furniture and equipment, including health care delivery assets (\$.....0).....	368,842	368,842	.0	
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
21. Receivables from parent, subsidiaries and affiliates.....	1,230,807		1,230,807	5,519,446
22. Health care (\$.....0) and other amounts receivable.....			.0	
23. Aggregate write-ins for other than invested assets.....	154,991	154,991	.0	.0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	293,829,668	15,363,393	278,466,275	261,351,011
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
26. TOTALS (Lines 24 and 25).....	293,829,668	15,363,393	278,466,275	261,351,011

### 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.....	124,635	124,635	.0	
2302. Other assets.....	30,356	30,356	.0	
2303.....			.0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	.0	.0	.0	.0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	154,991	154,991	.0	.0

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$...8,499,385).....	108,713,509	104,239,000
2. Reinsurance payable on paid losses and loss adjustment expenses.....		
3. Loss adjustment expenses.....	43,919,700	42,652,000
4. Commissions payable, contingent commissions and other similar charges.....	98,103	1,092,565
5. Other expenses (excluding taxes, licenses and fees).....	975,934	1,874,174
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	272,303	334,662
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	1,392,412	
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 \$...4,888,964 and including warranty reserves of \$.....0).....	44,204,668	34,977,470
10. Advance premium.....	16,913	3,956,499
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	7,685,021	4,017,619
13. Funds held by company under reinsurance treaties.....		476,057
14. Amounts withheld or retained by company for account of others.....	18,889	58,433
15. Remittances and items not allocated.....		
16. Provision for reinsurance.....	1,089,000	1,089,000
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	374,425	
20. Payable for securities.....	1,085,415	
21. Liability for amounts held under uninsured plans.....		
22. Capital notes \$.....0 and interest thereon \$.....0.....		
23. Aggregate write-ins for liabilities.....	19,500,000	19,500,000
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	229,346,292	214,267,479
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	229,346,292	214,267,479
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	1,000,000	1,000,000
29. Preferred capital stock.....		
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....		
32. Gross paid in and contributed surplus.....	50,434,666	50,434,666
33. Unassigned funds (surplus).....	(2,314,683)	(4,351,134)
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).....	49,119,983	47,083,532
36. TOTALS.....	278,466,275	261,351,011

### DETAILS OF WRITE-INS

2301. Litigation liability.....	19,500,000	19,500,000
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).....	19,500,000	19,500,000
2701. ....		
2702. ....		
2703. ....		
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
3001. ....		
3002. ....		
3003. ....		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

## STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct..... (written \$.....29,146,505).....	19,827,557	21,481,291	81,894,867
1.2 Assumed..... (written \$.....0).....			
1.3 Ceded..... (written \$.....2,301,629).....	2,740,041	3,638,275	14,025,992
1.4 Net..... (written \$.....26,844,876).....	17,087,516	17,843,016	67,868,875
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....8,499,385):			
2.1 Direct.....	10,453,780	10,023,500	53,346,864
2.2 Assumed.....			
2.3 Ceded.....	1,954,395	393,000	8,695,400
2.4 Net.....	8,499,385	9,630,500	44,651,464
3. Loss expenses incurred.....	6,374,581	4,815,514	25,036,618
4. Other underwriting expenses incurred.....	2,700,470	3,750,113	11,874,762
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	17,574,436	18,196,127	81,562,844
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	(486,920)	(353,111)	(13,693,969)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned.....	2,464,649	1,827,024	8,491,363
10. Net realized capital gains (losses) less capital gains tax of \$.....8,649.....	(16,061)	199,519	2,921,213
11. Net investment gain (loss) (Lines 9 + 10).....	2,448,588	2,026,543	11,412,576
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0	(10,548)	(49,484)
13. Finance and service charges not included in premiums.....		4,918	32,187
14. Aggregate write-ins for miscellaneous income.....	6,522	0	(19,507,044)
15. Total other income (Lines 12 through 14).....	6,522	(5,630)	(19,524,341)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	1,968,190	1,667,802	(21,805,734)
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).....	1,968,190	1,667,802	(21,805,734)
19. Federal and foreign income taxes incurred.....	2,629,509	154,404	(1,889,783)
20. Net income (Line 18 minus Line 19) (to Line 22).....	(661,319)	1,513,398	(19,915,951)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year.....	47,083,532	62,994,487	62,994,487
22. Net income (from Line 20).....	(661,319)	1,513,398	(19,915,951)
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or losses less capital gains tax of \$.....0.....	63,170	(183,660)	(2,221,761)
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....	1,933,210	99,718	7,768,127
27. Change in nonadmitted assets.....	701,390	(1,618,657)	(8,452,370)
28. Change in provision for reinsurance.....			(1,089,000)
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.....			8,000,000
33.2 Transferred to capital (Stock Dividend).....			
33.3 Transferred from capital.....			
34. Net remittances from or (to) Home Office.....			
35. Dividends to stockholders.....			
36. Change in treasury stock.....			
37. Aggregate write-ins for gains and losses in surplus.....	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37).....	2,036,451	(189,201)	(15,910,955)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	49,119,983	62,805,286	47,083,532
<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.....	6,520		(7,044)
1402. Litigation liability.....			(19,500,000)
1403. Other.....	2		
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).....	6,522	0	(19,507,044)
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.....	28,156,458	64,936,284
2. Net investment income.....	2,961,611	9,862,108
3. Miscellaneous income.....	6,522	(24,341)
4. Total (Lines 1 through 3).....	31,124,591	74,774,051
5. Benefit and loss related payments.....	6,003,142	18,048,154
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	4,655,531	28,386,186
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) \$.....0 net tax on capital gains (losses).....	17,298	(2,999,883)
10. Total (Lines 5 through 9).....	10,675,971	43,434,457
11. Net cash from operations (Line 4 minus Line 10).....	20,448,620	31,339,594
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	7,917,742	50,806,929
12.2 Stocks.....		29,895,385
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		4
12.7 Miscellaneous proceeds.....	1,105,506	
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	9,023,248	80,702,318
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	40,990,694	94,193,079
13.2 Stocks.....		5,480,274
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		2,018,993
13.7 Total investments acquired (Lines 13.1 to 13.6).....	40,990,694	101,692,346
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).....	(31,967,446)	(20,990,028)
<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.....	5,000,000	3,000,000
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	(528,002)	695,129
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	4,471,998	3,695,129
<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).....	(7,046,828)	14,044,695
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	30,257,549	16,212,854
19.2 End of period (Line 18 plus Line 19.1).....	23,210,721	30,257,549

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**

- A. The components of the deferred tax asset (DTA) or liability (DTL) at March 31, 2006 and December 31, 2005 are as follows:

	<u>3/31/2006</u>	<u>12/31/2005</u>
(1) Total of all DTAs (admitted and nonadmitted)	\$ 20,741,701	\$ 18,702,379
(2) Total of all DTLs	559,897	453,785
(3) Total DTAs nonadmitted in accordance with SSAP No. 10 – Income Taxes	13,419,559	14,025,418
(4) The Total of all DTAs admitted [(1)-(2)-(3)]	6,762,245	4,223,176
(5) (Increase) Decrease in the year of nonadmitted DTAs	\$ 605,859	\$ (9,080,782)

- B. As of March 31, 2006, the Company had no unrecognized deferred income tax liabilities.

- C. The components of income tax expense incurred and the change in DTAs and DTLs are as follows:

	Three months of <u>3/31/2006</u>	Year ended <u>12/31/2005</u>
(1) Federal income tax provision	<u>\$ 2,629,509</u>	<u>\$ (1,889,783)</u>
(2) Increase/(Decrease) in components of deferred taxes:		
Discounting of unpaid losses and LAE	1,697,003	1,109,099
Change in unearned premiums	671,532	(492,037)
Nonadmitted assets	(35,145)	(193,267)
Net operating loss carryforwards	(261,283)	688,980
Accrued litigation liability	-	6,825,000
Other	<u>(32,785)</u>	<u>(178,132)</u>
Change in deferred tax assets	2,039,322	7,759,643
Change in unrealized gain/loss	115,204	(893,830)
Other	<u>(9,092)</u>	<u>(8,484)</u>
Increase (Decrease) in DTLs	<u>106,112</u>	<u>(902,314)</u>
Increase (Decrease) in Net DTAs	<u>\$ 1,933,210</u>	<u>\$ 8,661,957</u>

- (3) No investment tax credits

- (4) At March 31, 2006 the Company had a federal tax net operating loss carryforward of \$5,488,872 that can be used to

## NOTES TO FINANCIAL STATEMENTS

offset future consolidated taxable income and an Alternative Minimum Tax Credit of \$633,502 that can be used to offset future consolidated taxes.

(5) No deferred tax adjustments for tax law changes

D. The Company's income tax expense and changes in its DTAs and DTLs differ from the amounts obtained by applying the federal income tax rate of 35% in 2006 and 2005 to statutory income from operations for the following reasons:

	Three months of <u>3/31/2006</u>	Year ended <u>12/31/2005</u>
Expected federal income tax expense (benefit)	\$ 685,839	\$ (7,081,471)
Tax exempt income	(201,914)	(980,486)
(Increase)/decrease in nonadmitted assets	35,145	219,945
Change in unrealized gain/loss	115,204	-
Income tax rate differential	-	(286,287)
Other amounts	<u>53,376</u>	<u>43,350</u>
Total income tax expense incurred	<u>\$ 687,650</u>	<u>\$ (8,084,949)</u>
Federal income tax provision (benefit)	\$ 2,629,509	\$ (1,889,783)
Tax expense on realized capital gain/losses	<u>(8,649)</u>	<u>1,572,961</u>
	2,620,860	(316,822)
Increase in net DTA	<u>(1,933,210)</u>	<u>(7,768,127)</u>
Total statutory income taxes	<u>\$ 687,650</u>	<u>\$ (8,084,949)</u>

- F. (1) The Company will file a consolidated Federal Income Tax return through December 31, 2006 with its ultimate parent, ProAssurance Corporation, and all of the entities listed in detail in Schedule Y with the exception of American Medical Insurance Exchange. Please refer to Schedule Y for a detailed listing.
- (2) The method of allocation between the companies is subject to written agreement, approved by the Board of Directors. Allocation is based upon the relationship of each company's taxable income to the total taxable income of the group.

### **Note 10 - Information Concerning Parent, Subsidiaries and Affiliates**

No significant change.

### **Note 11 - Debt**

No significant change.

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

No significant change.

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

No significant change.

### **Note 14 - Contingencies**

- D. On March 2, 2004, the District of Columbia Superior Court entered judgment in favor of Columbia Hospital for Women Medical Center, Inc. (CHW) and against NCRIC, Inc., in the approximate amount of \$18.2 million. The judgment resulted from litigation in which NCRIC sought to recover nearly \$3 million in premiums that NCRIC alleges CHW owes under a retrospective rating agreement that expired in 2000. CHW asserted counterclaims for various alleged business torts. The jury rejected NCRIC's claim for premium and awarded damages to CHW on its counterclaims. On September 30, 2005, the trial court denied NCRIC's motions for post-trial relief. NCRIC has appealed the case to the District of Columbia Court of Appeals.

NCRIC, Inc. has accrued \$19.5 million related to this litigation. NCRIC Corporation has indemnified NCRIC, Inc. for up to \$5.5 million of any final judgment from this litigation, with the \$5.5 million representing an after-tax amount. NCRIC Corporation or ProAssurance will continue to pay all post-trial legal costs. This accrual is made in accordance with SSAP 5.

To secure the CHW judgment during the appeal, NCRIC has posted a bond issued by The Medical Assurance Company, Inc. in the amount of \$20.5 million. The bond amount reflects the amount of the judgment plus interest. No letter of credit was required in connection with this bond.

### **Note 15 - Leases**

No significant change.

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## **NOTES TO FINANCIAL STATEMENTS**

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

No significant change.

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

C. The Company had no wash sales in the first quarter of 2006.

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

No significant change.

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

No significant change.

**Note 20 - September 11 Events**

No significant change.

**Note 21 - Other Items**

No significant change.

**Note 22 - Events Subsequent**

No significant change.

**Note 23 - Reinsurance**

No significant change.

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

No significant change.

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

No significant change.

**Note 26 - Intercompany Pooling Arrangements**

No significant change.

**Note 27 - Structured Settlements**

No significant change.

**Note 28 - Health Care Receivables**

No significant change.

**Note 29 - Participating Policies**

No significant change.

**Note 30 - Premium Deficiency Reserves**

No significant change.

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## **NOTES TO FINANCIAL STATEMENTS**

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**Note 31 - High Deductibles**

No significant change.

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

No significant change.

**Note 33 - Asbestos/Environmental Reserves**

No significant change.

**Note 34 - Subscriber Savings Accounts**

No significant change.

**Note 35 - Multiple Peril Crop Insurance**

No significant change.

# GENERAL INTERROGATORIES

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

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]
- 2.2 If yes, date of change: .....
- 3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [X] No [ ]  
If yes, complete the Schedule Y-Part 1 - Organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [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 [ ] N/A [X]  
If yes, attach an explanation.  
\_\_\_\_\_

- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2005.....
- 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. 12/31/2003.....
- 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). 12/07/2004.....
- 6.4 By what department or departments?  
District of Columbia Department of Insurance, Securities and Banking

- 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

### FINANCIAL

- 9.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]
- 9.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....207,242

### INVESTMENT

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

## 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

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Statement Value
14.21 Bonds.....	\$.....0	\$.....0
14.22 Preferred Stock.....	\$.....0	\$.....0
14.23 Common Stock.....	\$.....1,156,780	\$.....1,240,865
14.24 Short-Term Investments.....	\$.....0	\$.....0
14.25 Mortgages, Loans or 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).....	\$.....1,156,780	\$.....1,240,865
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 Part 1-General, Section IV. H-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
Brown Brothers Harriman	140 Broadway, New York, NY 10005-1101

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
113972	Standish Mellon Asset Management	One Boston Place, Suite 3000, Boston, MA 02108-4408

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: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**GENERAL INTERROGATORIES (continued)**  
**PART 2**  
**PROPERTY & CASUALTY INTERROGATORIES**

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

---

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

---

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

3.2 If yes, give full and complete information thereto:

---

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

4.2 If yes, complete the following schedule:

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

## SCHEDULE A - VERIFICATION

### Real Estate

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	
2. Increase (decrease) by adjustment.....		
3. Cost of acquired.....		
4. Cost of additions to and permanent improvements.....		
5. Total profit (loss) on sales.....		
6. Increase (decrease) by foreign exchange adjustment.....		
7. Amount received on sales.....		
8. Book/adjusted carrying value at end of current period.....	0	0
9. Total valuation allowance.....		
10. Subtotal (Lines 8 plus 9).....	0	0
11. Total nonadmitted amounts.....		
12. Statement value, current period (Page 2, real estate lines, net admitted assets column).....	0	0

## SCHEDULE B - VERIFICATION

### Mortgage Loans

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

## SCHEDULE BA - VERIFICATION

### Other Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year.....	0	
2. Cost of acquisitions during period:		
2.1 Actual cost at time of acquisitions.....		
2.2 Additional investment made after acquisitions.....		
3. Accrual of discount.....		
4. Increase (decrease) by adjustment.....		
5. Total profit (loss) on sale.....		
6. Amounts paid on account or in full during the period.....		
7. Amortization of premium.....		
8. Increase (decrease) by foreign exchange adjustment.....		
9. Book adjusted/carrying value of long-term invested assets at end of current period.....	0	0
10. Total valuation allowance.....		
11. Subtotal (Lines 9 plus 10).....	0	0
12. Total nonadmitted amounts.....		
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3).....	0	0

## SCHEDULE D - VERIFICATION

### Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	207,735,022	189,415,704
2. Cost of bonds and stocks acquired.....	40,990,694	99,673,353
3. Accrual of discount.....	37,160	38,147
4. Increase (decrease) by adjustment.....	63,170	(3,115,592)
5. Increase (decrease) by foreign exchange adjustment.....		
6. Total profit (loss) on disposal.....	(24,711)	4,494,170
7. Consideration for bonds and stocks disposed of.....	7,917,742	80,702,314
8. Amortization of premium.....	443,486	2,068,446
9. Book/adjusted carrying value, current period.....	240,440,107	207,735,022
10. Total valuation allowance.....		
11. Subtotal (Lines 9 plus 10).....	240,440,107	207,735,022
12. Total nonadmitted amounts.....		
13. Statement value.....	240,440,107	207,735,022

## SCHEDULE D - PART 1B

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

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1.....	209,501,618	87,612,695	58,108,460	(2,760,246)	236,245,607			209,501,618
2. Class 2.....	20,273,770	2,623,127	102,806	2,360,700	25,154,791			20,273,770
3. Class 3.....								
4. Class 4.....								
5. Class 5.....								
6. Class 6.....								
7. Total Bonds.....	229,775,388	90,235,822	58,211,266	(399,546)	261,400,398	0	0	229,775,388
<b>PREFERRED STOCK</b>								
8. Class 1.....								
9. Class 2.....								
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock.....	229,775,388	90,235,822	58,211,266	(399,546)	261,400,398	0	0	229,775,388

## 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.....	21,115,049	XXX	21,115,049		

## SCHEDULE DA - PART 2 - Verification

### Short-Term Investments Owned

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	23,197,146	6,156,516
2. Cost of short-term investments acquired.....	45,874,132	78,885,929
3. Increase (decrease) by adjustment.....	6,778	93,336
4. Increase (decrease) by foreign exchange adjustment.....		
5. Total profit (loss) on disposal of short-term investments.....		
6. Consideration received on disposal of short-term investments.....	47,963,007	61,938,635
7. Book/adjusted carrying value, current period.....	21,115,049	23,197,146
8. Total valuation allowance.....		
9. Subtotal (Lines 7 plus 8).....	21,115,049	23,197,146
10. Total nonadmitted amounts.....		
11. Statement value (Lines 9 minus 10).....	21,115,049	23,197,146
12. Income collected during period.....	171,206	544,959
13. Income earned during period.....	201,396	590,507

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

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

## 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)
<b>U.S. Insurers</b>				
38636.....	13-3031176.....	Partner Reinsurance Company of the US.....	Greenwich, CT.....	YES.....
10357.....	52-1952955.....	Platinum Underwriters Reinsurance, Inc.....	New York, NY.....	YES.....
<b>All Other Insurers</b>				
.....	AA-3194129.....	Montpelier Reinsurance Ltd.....	Hamilton, Bermuda.....	NO.....

## SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date
1. Alabama.....AL	NO						
2. Alaska.....AK	NO						
3. Arizona.....AZ	NO						
4. Arkansas.....AR	NO						
5. California.....CA	NO						
6. Colorado.....CO	NO						
7. Connecticut.....CT	NO						
8. Delaware.....DE	YES	1,372,480	1,916,200	500,000	950,000	17,215,655	9,242,000
9. District of Columbia.....DC	YES	16,079,990	16,913,719	625,000	4,132,500	55,686,069	45,700,000
10. Florida.....FL	NO						
11. Georgia.....GA	NO						
12. Hawaii.....HI	NO						
13. Idaho.....ID	NO						
14. Illinois.....IL	NO						
15. Indiana.....IN	NO						
16. Iowa.....IA	NO						
17. Kansas.....KS	NO						
18. Kentucky.....KY	NO						
19. Louisiana.....LA	NO						
20. Maine.....ME	NO						
21. Maryland.....MD	YES	7,434,344	6,733,467		545,000	17,622,912	13,623,000
22. Massachusetts.....MA	NO						
23. Michigan.....MI	NO						
24. Minnesota.....MN	NO						
25. Mississippi.....MS	NO						
26. Missouri.....MO	NO						
27. Montana.....MT	NO						
28. Nebraska.....NE	NO						
29. Nevada.....NV	NO						
30. New Hampshire.....NH	NO						
31. New Jersey.....NJ	NO						
32. New Mexico.....NM	NO						
33. New York.....NY	NO						
34. North Carolina.....NC	NO						
35. North Dakota.....ND	NO						
36. Ohio.....OH	NO						
37. Oklahoma.....OK	NO						
38. Oregon.....OR	NO						
39. Pennsylvania.....PA	NO						
40. Rhode Island.....RI	NO						
41. South Carolina.....SC	NO						
42. South Dakota.....SD	NO						
43. Tennessee.....TN	NO						
44. Texas.....TX	NO						
45. Utah.....UT	NO						
46. Vermont.....VT	NO						
47. Virginia.....VA	YES	3,844,889	7,207,963	1,600,000	2,055,000	41,043,951	33,857,000
48. Washington.....WA	NO						
49. West Virginia.....WV	YES	414,802	1,583,047	400,000	15,000	8,144,194	7,650,000
50. Wisconsin.....WI	NO						
51. Wyoming.....WY	NO						
52. American Samoa.....AS	NO						
53. Guam.....GU	NO						
54. Puerto Rico.....PR	NO						
55. US Virgin Islands.....VI	NO						
56. Northern Mariana Islands.....MP	Invalid						
57. Canada.....CN	NO						
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0
59. Totals.....(a) 5		29,146,505	34,354,396	3,125,000	7,697,500	139,712,781	110,072,000

**DETAILS OF WRITE-INS**

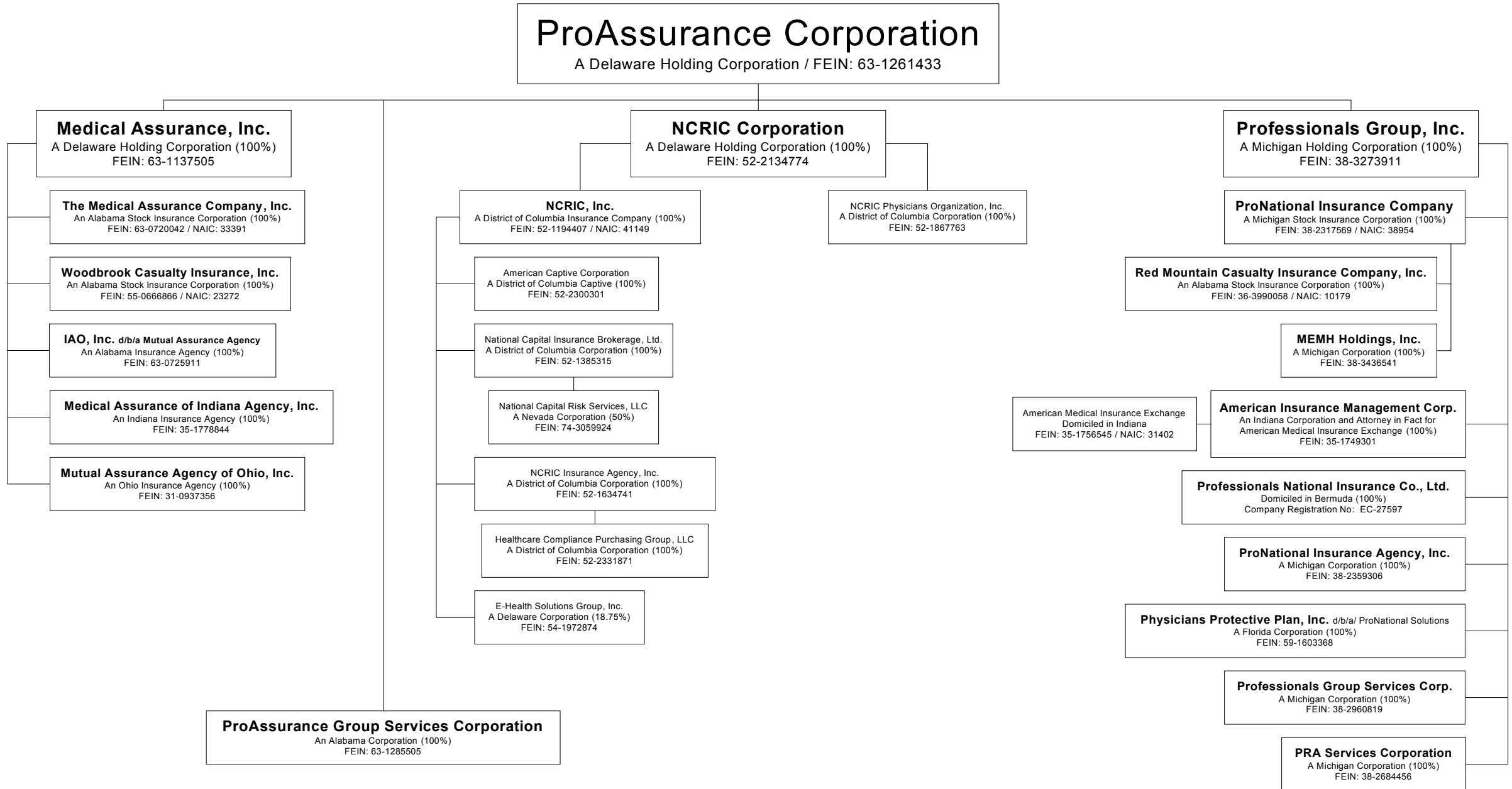
5801.....	XXX						
5802.....	XXX						
5803.....	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page.....	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803 + Line 5898) (Line 58 above).....	XXX	0	0	0	0	0	0

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

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

## PART 1 – ORGANIZATIONAL CHART

16



### PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire.....			0.0	
2. Allied lines.....			0.0	
3. Farmowners multiple peril.....			0.0	
4. Homeowners multiple peril.....			0.0	
5. Commercial multiple peril.....			0.0	
6. Mortgage guaranty.....			0.0	
8. Ocean marine.....			0.0	
9. Inland marine.....			0.0	
10. Financial guaranty.....			0.0	
11.1. Medical malpractice-occurrence.....	1,386,885	731,506	52.7	66.0
11.2. Medical malpractice-claims made.....	18,383,135	9,696,095	52.7	45.2
12. Earthquake.....			0.0	
13. Group accident and health.....			0.0	
14. Credit accident and health.....			0.0	
15. Other accident and health.....			0.0	
16. Workers' compensation.....			0.0	
17.1. Other liability-occurrence.....			0.0	
17.2. Other liability-claims made.....	57,537	26,179	45.5	
18.1. Products liability-occurrence.....			0.0	
18.2. Products liability-claims made.....			0.0	
19.1, 19.2 Private passenger auto liability.....			0.0	
19.3, 19.4 Commercial auto liability.....			0.0	
21. Auto physical damage.....			0.0	
22. Aircraft (all perils).....			0.0	
23. Fidelity.....			0.0	
24. Surety.....			0.0	
26. Burglary and theft.....			0.0	
27. Boiler and machinery.....			0.0	
28. Credit.....			0.0	
29. International.....			0.0	
30. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX	XXX
31. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX	XXX
33. Aggregate write-ins for other lines of business.....	0	0	0.0	
<b>34. Totals.....</b>	<b>19,827,557</b>	<b>10,453,780</b>	<b>52.7</b>	<b>46.7</b>

**DETAILS OF WRITE-INS**

3301.....			0.0	
3302.....			0.0	
3303.....			0.0	
3398. Sum. of remaining write-ins for Line 33 from overflow page.....	0	0	0.0	XXX
<b>3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33).....</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	

### PART 2 - DIRECT PREMIUMS WRITTEN

Lines of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
	1. Fire.....		
2. Allied lines.....			
3. Farmowners multiple peril.....			
4. Homeowners multiple peril.....			
5. Commercial multiple peril.....			
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....			
10. Financial guaranty.....			
11.1. Medical malpractice-occurrence.....	1,386,885	1,386,885	1,735,314
11.2. Medical malpractice-claims made.....	27,694,026	27,694,026	32,472,028
12. Earthquake.....			
13. Group accident and health.....			
14. Credit accident and health.....			
15. Other accident and health.....			
16. Workers' compensation.....			
17.1. Other liability-occurrence.....			
17.2. Other liability-claims made.....	65,594	65,594	147,054
18.1. Products liability-occurrence.....			
18.2. Products liability-claims made.....			
19.1, 19.2 Private passenger auto liability.....			
19.3, 19.4 Commercial auto liability.....			
21. Auto physical damage.....			
22. Aircraft (all perils).....			
23. Fidelity.....			
24. Surety.....			
26. Burglary and theft.....			
27. Boiler and machinery.....			
28. Credit.....			
29. International.....			
30. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX
31. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX
33. Aggregate write-ins for other lines of business.....	0	0	0
<b>34. Totals.....</b>	<b>29,146,505</b>	<b>29,146,505</b>	<b>34,354,396</b>

**DETAILS OF WRITE-INS**

3301.....			
3302.....			
3303.....			
3398. Sum. of remaining write-ins for Line 33 from overflow page.....	0	0	0
<b>3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33).....</b>	<b>0</b>	<b>0</b>	<b>0</b>

**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)	2006 Loss and LAE Payments on Claims Reported as of Prior Year-End	2006 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2006 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. 2003 + Prior	47,551	.671	48,222	5,068	.82	5,150	47,154	.105	(4,187)	43,072	4,671	(4,671)	.0
2. 2004	48,664	(1,721)	46,943	2,667	.82	2,749	42,820	.451	.923	44,194	(3,177)	3,177	.0
3. Subtotals 2004 + Prior	96,215	(1,050)	95,165	7,735	.164	7,899	89,974	.556	(3,264)	87,266	1,494	(1,494)	.0
4. 2005	43,565	8,161	51,726	946	.132	1,078	43,500	.868	6,280	50,648	.881	(881)	.0
5. Subtotals 2005 + Prior	139,780	7,111	146,891	8,681	.296	8,977	133,474	1,424	3,016	137,914	2,375	(2,375)	.0
6. 2006	XXX	XXX	XXX	XXX	.154	.154	XXX	6,054	8,665	14,719	XXX	XXX	XXX
7. Totals	139,780	7,111	146,891	8,681	.450	9,131	133,474	7,478	11,681	152,633	2,375	(2,375)	.0
8. Prior Year-End's Surplus As Regards Policyholders	47,084										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. ....1.7 %	2. ....(33.4)%	3. ....0.0 %
													Col. 13, Line 7 Line 8
													4. ....0.0 %

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

**Explanation:**

**Bar Code:**



**Overflow Page  
NONE**

**Sch. A-Part 2  
NONE**

**Sch. A-Part 3  
NONE**

**Sch. B-Part 1  
NONE**

**Sch. B-Part 2  
NONE**

**Sch. BA-Part 1  
NONE**

**Sch. BA-Part 2  
NONE**

**SCHEDULE D - PART 3**

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

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Government</b>									
38373M SH 4	GNR 2006-3 A 04/01/2011 4.212		01/05/2006	BANK AMERICA		548,800	560,000	1,900	1
912828 BH 2	US TREASURY N/B 08/15/2013 4.250		01/06/2006	VARIOUS		2,928,768	2,950,000	49,297	1
912828 DL 1	US TREASURY N/B 02/15/2010 3.500		01/04/2006	UBS WARBURG		1,454,883	1,500,000	20,401	1
912828 DM 9	US TREASURY N/B 02/15/2015 4.000		01/06/2006	BARCLAYS AMERICAN		970,938	1,000,000	15,978	1
0399999	Total - Bonds - U.S. Government					5,903,389	6,010,000	87,576	XXX
<b>Bonds - Political Subdivisions of States</b>									
207757 5B 7	CONNECTICUT ST SPL TAX 02/01/2022 3.450		03/02/2006	LEHMAN BROTHERS		2,000,000	2,000,000	163	1FE
25476A J6 7	DISTRICT COLUMBIA UNRE 06/01/2011 6.000		03/29/2006	BEAR STEARNS & CO		550,390	500,000	10,000	1FE
696550 FA 5	PALM BCH CNTY FLA SCH 08/01/2011 5.500		01/06/2006	DAIN RAUSCHER		1,769,168	1,600,000	39,111	1FE
2499999	Total - Bonds - Political Subdivision					4,319,558	4,100,000	49,274	XXX
<b>Bonds - Special Revenue and Special Assessment</b>									
058508 AL 6	BALL ST UNIV IND UNIV 07/01/2016 5.000		01/19/2006	PIPER JAFFRAY		758,558	695,000		1FE
34073X AA 6	FLORIDA GULF COAST UNI 12/01/2033 3.450		03/02/2006	LEHMAN BROTHERS		2,000,000	2,000,000	175	1FE
341507 QF 1	FLORIDA ST BRD ED LOTT 07/01/2011 5.250		03/29/2006	BB&T		1,072,290	1,000,000	13,125	1FE
31407C JC 5	FN 826585 05/01/2035 5.000		02/21/2006	MORGAN STANLEY DEAN WITTER		1,166,167	1,205,730	3,852	1
31408A TC 4	FN 845747 08/01/2034 5.000		02/08/2006	J.P. MORGAN		937,179	970,542	1,618	1
31408J MU 2	FN 852771 01/01/2036 5.000		02/21/2006	NOMURA SECURITIES IN		1,208,398	1,250,000	3,993	1
38374J E9 3	GNR 2004-97 AB 01/01/2010 3.084		03/20/2006	NOMURA SECURITIES IN		409,892	428,226	770	1
38373M PT 1	GNR 2005-29 A 07/01/2011 4.016		03/20/2006	NOMURA SECURITIES IN		297,505	306,854	719	1
38373M PK 0	GNR 2005-32 B 02/01/2022 4.385		03/20/2006	NOMURA SECURITIES IN		317,992	325,000	831	1
38373M SX 9	GNR 2006-5 A 07/01/2011 4.241		01/25/2006	GREENWICH CAPITAL		612,493	625,000	1,988	1
38373M SP 6	GNR 2006-6 A 10/01/2023 4.045		01/23/2006	J.P. MORGAN		279,300	285,000	865	1
38373M TD 2	GNR 2006-9 A 10/01/2022 4.201		03/02/2006	NOMURA SECURITIES IN		897,250	925,000	3,130	1
442436 T8 4	HOUSTON TEX WTR & SWR 12/01/2010 5.250		01/12/2006	MORGAN STANLEY DEAN WITTER		1,905,480	1,775,000	12,166	1FE
59465M LV 5	MI ST HSG DEV AUTH REN 10/01/2013 4.150		03/03/2006	SALOMON SMITH BARNEY HLD		506,470	500,000	9,049	1FE
626207 CS 1	MUNICIPAL ELEC AUTH GA 01/01/2026 3.350		03/02/2006	LEHMAN BROTHERS		1,000,000	1,000,000	80	1FE
91335V CJ 3	UNIV PITTSBURGH OF COM 09/15/2039 3.420		03/02/2006	LEHMAN BROTHERS		2,000,000	2,000,000	164	1FE
3199999	Total - Bonds - Special Revenue & Special Assessments					15,368,974	15,291,352	52,525	XXX
<b>Bonds - Industrial and Miscellaneous</b>									
02639M AG 1	AGFMT 2006-1 A1 03/01/2008 5.750		02/16/2006	J.P. MORGAN		575,086	575,000	2,388	1FE
039583 AA 7	ARCHSTONE-SMITH OPR TR 08/15/2007 5.000		03/16/2006	WARBURG, S.G.		498,875	500,000	2,500	2FE
073902 CE 6	BEAR STEARNS CO INC 10/28/2010 4.500		02/06/2006	BEAR STEARNS & CO		560,205	575,000	7,259	1FE
12498N AA 1	CBASS 2006 CB2 AF1 12/01/2036 5.717		02/24/2006	J.P. MORGAN		299,995	300,000	1,286	1FE
17275R AB 8	CISCO SYSTEMS INC 02/22/2011 5.250		02/14/2006	MORGAN STANLEY DEAN WITTER		573,902	575,000		1FE
172967 DH 1	CITIGROUP INC 02/14/2011 5.125		03/16/2006	GOLDMAN SACHS		1,247,145	1,250,000	3,951	1FE
17307G 4F 2	CMLTI 2006-WF1 A2A 03/01/2036 5.701		03/22/2006	SALOMON		1,250,000	1,250,000	5,741	1FE
26884A AN 3	ERP OPERATING LIMITED 03/15/2012 6.625		02/21/2006	WACHOVIA/FIRST UNION		561,661	525,000	15,362	1FE
349631 AM 3	FORTUNE BRANDS INC 01/15/2011 5.125		01/05/2006	CREDIT SUISSE FIRST BOSTON		524,402	525,000		2FE
37247X AC 6	GENWORTH GLOBAL FUNDIN 03/15/2011 5.125		03/16/2006	BANK AMERICA		623,244	625,000		1FE
40429C CX 8	HSBC FINANCE CRP 01/14/2011 5.250		02/01/2006	JP MORGAN SECURITIES INC		574,632	575,000	1,845	1FE
478366 AQ 0	JOHNSON CONTROLS INC 01/15/2011 5.250		01/09/2006	J.P. MORGAN		374,951	375,000		1FE
571834 AE 0	MARSHALL & ILSLEY CORP 08/01/2009 4.375		02/23/2006	GOLDMAN SACHS		560,953	575,000	1,887	1FE
617451 CN 7	MSC 2006-T21 A2 01/01/2011 5.090		01/20/2006	MORGAN STANLEY DEAN WITTER		351,918	350,000	1,435	1FE
655844 AP 3	NORFOLK SOUTHERN CORP 02/15/2011 6.750		03/16/2006	WACHOVIA/FIRST UNION		639,894	600,000	4,050	2FE
69121P CG 6	OWNIT 2006-1 AF1 10/01/2007 5.424		01/13/2006	MERRILL LYNCH		899,997	900,000	3,932	1FE
69347U AC 4	PNC FUNDING CORP 12/14/2010 5.125		01/18/2006	J.P. MORGAN		857,557	850,000	4,719	1FE
759950 GU 6	RAMC 2006-1 AF2 05/01/2036 5.612		03/06/2006	SALOMON SMITH BARNEY HLD		999,993	1,000,000	4,457	1FE
852060 AC 6	SPRINT CAPITAL CORP 11/15/2008 6.125		02/22/2006	WACHOVIA/FIRST UNION		485,749	475,000	8,243	2FE
84751P LM 9	SURF 2006-BC2 A2B 02/01/2037 5.572		03/22/2006	MERRILL LYNCH		599,999	600,000	2,693	1FE
91324P AP 7	UNITEDHEALTH GROUP 03/15/2011 5.250		02/27/2006	J.P. MORGAN		624,000	625,000		1FE
929903 BJ 0	WACHOVIA CORP 03/15/2011 5.350		03/06/2006	WACHOVIA/FIRST UNION		499,970	500,000		1FE
939322 AH 6	WASHINGTON MUTUAL INC 01/15/2008 4.375		03/17/2006	WACHOVIA/FIRST UNION		740,438	750,000	6,107	1FE

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### SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
94973V AJ 6	WELLPOINT INC 01/15/2011 5.000		01/05/2006	BANK AMERICA		474,207	475,000		2FE
4599999	Total - Bonds - Industrial & Miscellaneous					15,398,773	15,350,000	77,855	XXX
6099997	Total - Bonds - Part 3					40,990,694	40,751,352	267,230	XXX
6099999	Total - Bonds					40,990,694	40,751,352	267,230	XXX
7499999	Total - Bonds, Preferred and Common Stocks					40,990,694	XXX	267,230	XXX

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

# SCHEDULE D - PART 4

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

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value At Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Designation or Market Indicator (a)	
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.								
<b>Bonds - U.S. Government</b>																						
3128X2 E4 3	FREDDIE MAC		02/28/2006	MATURITY.....		1,240,000	1,240,000	1,240,000	1,240,000						1,240,000			0	12,400	02/28/2006	1.....	
38373M SH 4	GNR 2006-3 A		03/01/2006	MBS PAYDOWN.....		2,275	2,275	2,229			.45		.45		2,275				0	04/01/2011	1.....	
912827 6X 5	US TREASURY N/B		01/04/2006	DEUTSCHE BANK.....		2,152,100	2,150,000	2,336,109	2,174,452		(735)		(735)		2,173,717		(21,618)	(21,618)	14,009	05/15/2006	1.....	
912828 BX 7	US TREASURY N/B		01/31/2006	MATURITY.....		1,260,000	1,260,000	1,251,367	1,259,543		457		457		1,260,000				0	01/31/2006	1FE.....	
0399999.	Total - Bonds - U.S. Government.....						4,654,375	4,652,275	4,829,705	4,673,995		0		(233)		4,675,992		(21,618)	(21,618)	38,234	03/31/2006	XXX.....
<b>Bonds - States, Territories and Possessions</b>																						
36202K 2A 2	G2 8869		03/01/2006	MBS PAYDOWN.....		3,210	3,210	3,282	3,271		(61)		(61)		3,210				0	09/01/2021	1.....	
362207 YU 0	GN 299623		03/01/2006	MBS PAYDOWN.....		812	812	820	820		(8)		(8)		812				0	10/01/2022	1.....	
36203G QN 6	GN 348861		03/01/2006	MBS PAYDOWN.....		4,400	4,400	4,447	4,443		(43)		(43)		4,400				0	10/01/2021	1.....	
36203K A4 6	GN 351127		03/01/2006	MBS PAYDOWN.....		390	390	394	394		(4)		(4)		390				0	02/01/2022	1.....	
36203L LQ 3	GN 352335		03/01/2006	MBS PAYDOWN.....		9	9	9	9		0		0		9				0	05/01/2023	1.....	
36203T BY 0	GN 358355		03/01/2006	MBS PAYDOWN.....		397	397	401	401		(4)		(4)		397				0	06/01/2021	1.....	
36204F FG 4	GN 368367		03/01/2006	MBS PAYDOWN.....		310	310	327	322		(13)		(13)		310				0	07/01/2022	1.....	
36208D M5 1	GN 447780		03/01/2006	MBS PAYDOWN.....		783	783	800	801		(18)		(18)		783				0	07/01/2025	1.....	
36209A R8 5	GN 465911		03/01/2006	MBS PAYDOWN.....		78	78	75	75		3		3		78				0	05/01/2026	1.....	
36209P SP 3	GN 477626		03/01/2006	VARIOUS.....		1,743	1,743	1,771	1,772		(28)		(28)		1,744		(1)	(1)	29	08/01/2027	1.....	
36210C NT 6	GN 488302		03/01/2006	MBS PAYDOWN.....		27	27	26	26		1		1		27				0	10/01/2028	1.....	
38374B QM 8	GNR 2003-72 A		03/01/2006	MBS PAYDOWN.....		26,212	26,212	26,212	26,212		0		0		26,212				0	05/01/2009	1.....	
38373M RU 6	GNR 2005-87 A		03/01/2006	MBS PAYDOWN.....		2,677	2,677	2,624	2,625		53		53		2,677				0	12/01/2010	1.....	
38373M SB 7	GNR 2005-90 A		03/01/2006	MBS PAYDOWN.....		3,667	3,667	3,539	3,539		128		128		3,667				0	07/01/2011	1.....	
1799999.	Total - Bonds - States, Territories & Possessions.....						44,715	44,715	44,727	44,710		6		6		44,716		(1)	(1)	319	03/31/2011	XXX.....
<b>Bonds - Special Revenue and Special Assessment</b>																						
167664 RP 8	CHICAGO ILL PUB BLDG COMM BLDG		01/03/2006	CALL BY ISSUER 100.000.....		5,000	5,000	5,691	5,430				0		5,430		(430)	(430)	175	01/01/2015	1FE.....	
31296K LQ 4	FG A11235		03/01/2006	MBS PAYDOWN.....		2,973	2,973	3,037	3,019		(46)		(46)		2,973				0	12/01/2032	1.....	
31296N ZY 6	FG A14359		03/01/2006	MBS PAYDOWN.....		23,226	23,226	23,747	23,745		(519)		(519)		23,226				0	04/01/2033	1.....	
31288G 3S 9	FG C78009		03/01/2006	MBS PAYDOWN.....		309	309	311	310		(1)		(1)		309				0	11/01/2031	1.....	
31288J RK 4	FG C79490		03/01/2006	MBS PAYDOWN.....		5,075	5,075	5,321	5,316		(241)		(241)		5,075				0	10/01/2032	1.....	
313970 SC 0	FG D32315		03/01/2006	MBS PAYDOWN.....		689	689	744	735		(47)		(47)		689				0	05/01/2016	1.....	
3128H3 ZP 9	FG E96150		03/01/2006	MBS PAYDOWN.....		76,989	76,989	80,718	80,350		(3,361)		(3,361)		76,989				0	12/01/2017	1.....	
3128H4 WA 3	FG E96941		03/01/2006	MBS PAYDOWN.....		63,100	63,100	64,677	64,574		(1,473)		(1,473)		63,100				0	12/01/2017	1.....	
31282N BJ 1	FG M70041		03/01/2006	MBS PAYDOWN.....		1,828	1,828	1,899	1,843		(15)		(15)		1,828				0	01/01/2008	1.....	
31353G PG 1	FH 884023		03/15/2006	VARIOUS.....		576	576	624	623		(47)		(47)		576				0	03/01/2018	1.....	
31370L GE 4	FN 234297		03/01/2006	MBS PAYDOWN.....		8,882	8,882	9,353	8,921		(39)		(39)		8,882				0	08/01/2007	1.....	
31371L 4L 0	FN 255627		03/01/2006	MBS PAYDOWN.....		18,794	18,794	18,959	18,956		(161)		(161)		18,794				0	02/01/2025	1.....	
31371L 4M 8	FN 255628		03/01/2006	MBS PAYDOWN.....		22,992	22,992	23,567	23,563		(571)		(571)		22,992				0	11/01/2024	1.....	
31371L 6C 8	FN 255667		03/01/2006	MBS PAYDOWN.....		45,000	45,000	45,112	45,110		(109)		(109)		45,000				0	12/01/2024	1.....	
31371L 6D 6	FN 255668		03/01/2006	MBS PAYDOWN.....		26,365	26,365	26,962	26,952		(587)		(587)		26,365				0	12/01/2024	1.....	
31371S QU 1	FN 260667		03/01/2006	MBS PAYDOWN.....		135	135	131	132		3		3		135				0	05/01/2022	1.....	
31372A ZM 7	FN 267248		03/01/2006	MBS PAYDOWN.....		15,780	15,780	15,336	15,367		413		413		15,780				0	04/01/2012	1.....	
31372C AX 6	FN 268322		03/01/2006	MBS PAYDOWN.....		274	274	266	268		6		6		274				0	11/01/2021	1.....	
31372C MN 5	FN 268665		03/01/2006	MBS PAYDOWN.....		547	547	532	532		15		15		547				0	10/01/2020	1.....	
31372D TM 8	FN 269756		03/01/2006	MBS PAYDOWN.....		29	29	29	29		1		1		29				0	04/01/2023	1.....	
31372H RM 1	FN 273292		03/01/2006	MBS PAYDOWN.....		210	210	205	205		6		6		210				0	11/01/2022	1.....	
31372J KM 4	FN 274000		03/01/2006	MBS PAYDOWN.....		38,188	38,188	37,114	37,339		850		850		38,188				0	03/01/2022	1.....	
31372J 6Z 1	FN 274588		03/01/2006	MBS PAYDOWN.....		20	20	19	19		1		1		20				0	03/01/2021	1.....	
31372P JR 1	FN 278472		03/01/2006	MBS PAYDOWN.....		217	217	217	216		1		1		217				0	01/01/2024	1.....	
31372P ZD 4	FN 278940		03/01/2006	MBS PAYDOWN.....		15	15	15	15		0		0		15				0	08/01/2021	1.....	
31372X ZK 1	FN 286146		03/01/2006	VARIOUS.....		10	10	10	10		0		0		10				0	05/01/2024	1.....	

E05

**SCHEDULE D - PART 4**

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

1	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	F o r 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 Designa- tion or Market Indicator (a)
31378T P2 5	FN 408241		03/01/2006	MBS PAYDOWN		714	714	698	699		15		15		714			0	7	01/01/2017	1
313615 TW 6	FN 50965		03/01/2006	MBS PAYDOWN		201	201	195	195		5		5		201			0	2	06/01/2022	1
31383S JZ 4	FN 511580		03/01/2006	MBS PAYDOWN		11,117	11,117	10,936	10,941		176		176		11,117			0	120	05/01/2012	1
31390L GN 0	FN 649205		03/01/2006	MBS PAYDOWN		5,465	5,465	5,746	5,752		(287)		(287)		5,465			0	38	02/01/2031	1
31390R E7 4	FN 653658		03/01/2006	MBS PAYDOWN		53,542	53,542	56,290	56,324		(2,782)		(2,782)		53,542			0	529	08/01/2031	1
31391S TF 7	FN 675650		03/01/2006	VARIOUS		21,960	21,960	22,948	22,950		(915)		(915)		22,035		(75)	(75)	303	05/01/2032	1
31391S U7 3	FN 675706		03/01/2006	MBS PAYDOWN		71,424	71,424	74,392	74,423		(2,999)		(2,999)		71,424			0	463	02/01/2032	1
31391U W6 8	FN 677569		03/01/2006	MBS PAYDOWN		467	467	478	473		(5)		(5)		467			0	5	03/01/2032	1
31391U YM 1	FN 677616		03/01/2006	MBS PAYDOWN		831	831	849	844		(14)		(14)		831			0	8	09/01/2032	1
31400C AL 8	FN 683211		03/01/2006	MBS PAYDOWN		20,883	20,883	21,451	21,451		(568)		(568)		20,883			0	191	11/01/2031	1
31400D X4 9	FN 684799		03/01/2006	MBS PAYDOWN		59,345	59,345	61,779	61,812		(2,467)		(2,467)		59,345			0	593	07/01/2032	1
31400H HJ 5	FN 687933		03/01/2006	MBS PAYDOWN		46,035	46,035	47,806	47,820		(1,785)		(1,785)		46,035			0	247	09/01/2032	1
31400T GU 5	FN 696911		03/01/2006	MBS PAYDOWN		1,779	1,779	1,817	1,817		(38)		(38)		1,779			0	15	08/01/2032	1
31401C FB 4	FN 704062		03/01/2006	MBS PAYDOWN		479	479	490	490		(10)		(10)		479			0	5	09/01/2032	1
31401H L9 1	FN 708752		03/01/2006	MBS PAYDOWN		30,484	30,484	31,989	31,862		(1,378)		(1,378)		30,484			0	232	01/01/2018	1
31401H 3J 9	FN 709201		03/01/2006	MBS PAYDOWN		8,116	8,116	8,085	8,086		30		30		8,116			0	66	11/01/2032	1
31401J AC 2	FN 709303		03/01/2006	MBS PAYDOWN		23,881	23,881	24,638	24,629		(748)		(748)		23,881			0	201	03/01/2033	1
31401L NU 3	FN 711503		03/01/2006	MBS PAYDOWN		4,355	4,355	4,397	4,389		(34)		(34)		4,355			0	45	01/01/2033	1
31401L P8 0	FN 711547		03/01/2006	MBS PAYDOWN		78,331	78,331	81,660	81,639		(3,308)		(3,308)		78,331			0	888	08/01/2032	1
31401L V5 9	FN 711736		03/01/2006	MBS PAYDOWN		2,479	2,479	2,493	2,491		(12)		(12)		2,479			0	17	11/01/2032	1
31401N GR 4	FN 713108		03/01/2006	MBS PAYDOWN		2,936	2,936	2,953	2,949		(14)		(14)		2,936			0	32	08/01/2032	1
31401Y VD 4	FN 722512		03/01/2006	MBS PAYDOWN		3,820	3,820	3,806	3,806		14		14		3,820			0	49	12/01/2032	1
31402A RB 4	FN 723282		03/01/2006	MBS PAYDOWN		109,416	109,416	114,388	113,888		(4,472)		(4,472)		109,416			0	1,065	05/01/2017	1
31402D XU 9	FN 726191		03/01/2006	MBS PAYDOWN		2,960	2,960	2,969	2,967		(7)		(7)		2,960			0	28	02/01/2018	1
31402D 5A 4	FN 726341		03/01/2006	MBS PAYDOWN		4,256	4,256	4,269	4,266		(10)		(10)		4,256			0	36	03/01/2018	1
31402G SW 4	FN 728733		03/01/2006	MBS PAYDOWN		1,427	1,427	1,451	1,451		(24)		(24)		1,427			0	12	01/01/2033	1
31402G WU 3	FN 728859		03/01/2006	MBS PAYDOWN		5,412	5,412	5,443	5,433		(22)		(22)		5,412			0	28	04/01/2033	1
31402H N8 0	FN 729515		03/01/2006	MBS PAYDOWN		17,730	17,730	17,910	17,903		(173)		(173)		17,730			0	148	09/01/2032	1
31402H PX 3	FN 729538		03/01/2006	MBS PAYDOWN		3,464	3,464	3,540	3,525		(61)		(61)		3,464			0	21	12/01/2032	1
31402Y T5 3	FN 742272		03/01/2006	MBS PAYDOWN		354	354	349	349		4		4		354			0	3	07/01/2033	1
31403F JX 3	FN 747378		03/01/2006	MBS PAYDOWN		12,042	12,042	11,954	11,954		88		88		12,042			0	124	01/01/2033	1
31403V ZZ 1	FN 759592		03/01/2006	MBS PAYDOWN		11,016	11,016	11,279	11,278		(263)		(263)		11,016			0	135	08/01/2033	1
31404B 3A 8	FN 764093		03/01/2006	MBS PAYDOWN		2,857	2,857	2,923	2,922		(66)		(66)		2,857			0	25	06/01/2033	1
31404S H3 2	FN 777050		03/01/2006	MBS PAYDOWN		7,904	7,904	7,808	7,808		96		96		7,904			0	56	11/01/2033	1
31404V TS 7	FN 780061		03/01/2006	MBS PAYDOWN		26,487	26,487	26,246	26,247		240		240		26,487			0	230	07/01/2033	1
31406B CY 4	FN 804787		03/01/2006	MBS PAYDOWN		15,369	15,369	15,715	15,717		(348)		(348)		15,369			0	116	09/01/2034	1
31406E DM 3	FN 807508		03/01/2006	MBS PAYDOWN		32,708	32,708	33,444	33,440		(732)		(732)		32,708			0	292	11/01/2034	1
31406E LL 6	FN 807731		03/01/2006	MBS PAYDOWN		10,004	10,004	10,234	10,236		(232)		(232)		10,004			0	73	07/01/2034	1
31407C J6 5	FN 826585		03/01/2006	MBS PAYDOWN		9,643	9,643	9,327			316		316		9,643			0	40	05/01/2035	1
31408A TC 4	FN 845747		03/01/2006	MBS PAYDOWN		6,650	6,650	6,421			229		229		6,650			0		08/01/2034	1
31408J MU 2	FN 852771		03/01/2006	MBS PAYDOWN		1,322	1,322	1,278			44		44		1,322			0	6	01/01/2036	1
38373M SX 9	GNR 2006-5 A		03/01/2006	MBS PAYDOWN		1,130	1,130	1,107			23		23		1,130			0	4	07/01/2011	1
38373M SP 6	GNR 2006-6 A		03/01/2006	MBS PAYDOWN		798	798	782			16		16		798			0		10/01/2023	1
60415N EB 4	MINNESOTA ST HSG FIN AGY	5.20	01/13/2006	CALL BY ISSUER	100.000	30,000	30,000	31,050	30,864		(5)		(5)		30,860		(860)	(860)	784	01/01/2017	1FE
3199999	Total - Bonds - Special Revenue & Assessment					1,118,816	1,118,816	1,150,379	1,129,669	0	(28,404)	0	(28,404)	0	1,120,181	0	(1,365)	(1,365)	10,348	XXX	XXX
<b>Bonds - Public Utilities</b>																					
040555 CD 4	ARIZONA PUB SERVICE CO	6.500	01/03/2006	BANK AMERICA		101,079	95,000	104,202	102,821		(15)		(15)		102,806		(1,727)	(1,727)	2,144	03/01/2012	2FE
3899999	Total - Bonds - Public Utilities					101,079	95,000	104,202	102,821	0	(15)	0	(15)	0	102,806	0	(1,727)	(1,727)	2,144	XXX	XXX

E05.1

## SCHEDULE D - PART 4

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

1	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 or eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
<b>Bonds - Industrial and Miscellaneous</b>																					
02639M AG 1	AGFMT 2006-1 A1		03/01/2006	MBS PAYDOWN		20,094	20,094	20,097			(3)		(3)		20,094			0	96	03/01/2008	1FE
03072S QL 2	AMSI 2004-FR1 A3		01/01/2006	MBS PAYDOWN		4,199	4,199	4,199	4,199				0		4,199			0	9	01/01/2006	1FE
12498N AA 1	CBASS 2006 CB2 AF1		03/01/2006	MBS PAYDOWN		2,490	2,490	2,490					0		2,490			0	12	12/01/2036	1FE
16150S BY 7	CCMSC 1998-1 A2		03/01/2006	MBS PAYDOWN		1,885	1,885	2,129	1,981		(96)		(96)		1,885			0	20	05/01/2008	1FE
23383V BZ 2	DCAT 2003-A A4		03/08/2006	MBS PAYDOWN		205,052	205,052	206,103	205,309		(257)		(257)		205,052			0	979	09/08/2007	1FE
23383V CD 0	DCAT 2003-B A3		03/08/2006	MBS PAYDOWN		115,276	115,276	114,569	114,748		528		528		115,276			0	430	06/08/2006	1FE
25466K AY 5	DCMT 1996-3 A		02/15/2006	MBS PAYDOWN		695,000	695,000	765,070	698,022		(3,022)		(3,022)		695,000			0	21,024	02/15/2006	1FE
23322B EF 1	DLJCM 1999-CG1 A1A		03/01/2006	MBS PAYDOWN		4,141	4,141	4,467	4,281		(139)		(139)		4,141			0	44	03/01/2008	1FE
441798 AW 5	HAMNT 2003-2 B		02/15/2006	MBS PAYDOWN		300,000	300,000	300,211	300,012		(12)		(12)		300,000			0	1,255	02/15/2006	1FE
43812H AC 4	HAROT 2003-4 A3		03/15/2006	MBS PAYDOWN		106,712	106,712	106,701	106,711		1		1		106,712			0	385	05/15/2006	1FE
46625Y XL 2	JPMCC 2005-LDP5 A1		03/01/2006	MBS PAYDOWN		7,111	7,111	7,129	7,129		(17)		(17)		7,111			0	64	06/01/2010	1FE
55445R AA 5	MACH 2004-1A A1		03/01/2006	MBS PAYDOWN		446	446	446	446		1		1		446			0	4	02/01/2008	1FE
59018Y DN 8	MERRILL LYNCH & CO		01/26/2006	MATURITY		220,000	220,000	240,563	220,532		(532)		(532)		220,000			0	6,765	01/26/2006	1FE
59022H KZ 4	MLMT 2005-CK11 A1		03/01/2006	MBS PAYDOWN		13,059	13,059	13,091	13,090		(31)		(31)		13,059			0	117	09/01/2010	1FE
61745M ES 8	MSC 1998-WF1 A2		03/01/2006	MBS PAYDOWN		42,701	42,701	47,809	44,242		(1,540)		(1,540)		42,701			0	645	12/01/2007	1FE
61745M MX 8	MSC 1999-CAM1 A2		03/01/2006	MBS PAYDOWN		19,389	19,389	21,364	20,177		(788)		(788)		19,389			0	685	08/01/2007	1FE
61745M KY 8	MSC 1999-RM1 A2		03/01/2006	MBS PAYDOWN		13,705	13,705	15,466	14,340		(635)		(635)		13,705			0	154	10/01/2008	1FE
61746W ES 5	MSDWC 2001-PPM A2		03/01/2006	MBS PAYDOWN		5,446	5,446	6,025	5,839		(393)		(393)		5,446			0	49	09/01/2011	1FE
61746W ET 3	MSDWC 2001-PPM A3		03/01/2006	MBS PAYDOWN		19,065	19,065	21,540	20,447		(1,382)		(1,382)		19,065			0	174	09/01/2011	1FE
61746W PE 4	MSDWC 2002-TOP7 A1		03/01/2006	MBS PAYDOWN		7,128	7,128	7,745	7,543		(415)		(415)		7,128			0	76	05/01/2011	1FE
69121P CG 6	OWNIT 2006-1 AF1		03/01/2006	MBS PAYDOWN		10,662	10,662	10,662					0		10,662			0	77	10/01/2007	1FE
76098S ZZ 7	RAMP 2003-RS9 A13		03/01/2006	MBS PAYDOWN		26,299	26,300	26,280	26,240		59		59		26,299			0	113	10/01/2028	1FE
76112B AB 6	RAMP 2004-RS8 A12		03/01/2006	MBS PAYDOWN		55,899	55,899	55,893	55,775		124		124		55,899			0	332	05/01/2006	1FE
92926M AD 1	WESTO 2003-2 A4		03/20/2006	MBS PAYDOWN		47,629	47,629	47,685	47,644		(15)		(15)		47,629			0	264	04/20/2008	1FE
92927T AE 3	WESTO 2004-4 B		03/17/2006	MBS PAYDOWN		55,369	55,370	55,361	55,365		5		5		55,369			0	284	03/17/2008	1FE
4599999	Total - Bonds - Industrial & Miscellaneous					1,998,757	1,998,759	2,103,095	1,974,072	0	(8,559)	0	(8,559)	0	1,998,757	0	0	0	34,057	XXX	XXX
6099997	Total - Bonds - Part 4					7,917,742	7,909,565	8,232,108	7,925,267	0	(37,205)	0	(37,205)	0	7,942,452	0	(24,711)	(24,711)	85,102	XXX	XXX
6099999	Total - Bonds					7,917,742	7,909,565	8,232,108	7,925,267	0	(37,205)	0	(37,205)	0	7,942,452	0	(24,711)	(24,711)	85,102	XXX	XXX
7499999	Total - Bonds, Preferred and Common Stocks					7,917,742	XXX	8,232,108	7,925,267	0	(37,205)	0	(37,205)	0	7,942,452	0	(24,711)	(24,711)	85,102	XXX	XXX

E05.2

(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>								
WACHOVIA BANK.....	BIRMINGHAM, AL.....	.....	.....	.....	.....(962,121)	.....19,146,032	.....(1,585,204)	XXX
BANK OF AMERICA.....	ATLANTA, GA.....	.....	.....	.....	.....67,433	.....11,600	.....	XXX
SUNTRUST BANK.....	WASHINGTON, DC.....	.....	.....	.....	.....14,181,148	.....359,798	.....207,169	XXX
0199999. Total Open Depositories.....	XXX.....	XXX.....	.....0	.....0	.....13,219,027	.....19,573,263	.....(1,366,435)	XXX
0399999. Total Cash on Deposit.....	XXX.....	XXX.....	.....0	.....0	.....13,219,027	.....19,573,263	.....(1,366,435)	XXX
0599999. Total Cash.....	XXX.....	XXX.....	.....0	.....0	.....13,219,027	.....19,573,263	.....(1,366,435)	XXX

## SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned at End of Current Quarter

1 CUSIP Identification	2 Description	3 Code	4 Date Acquired	5 Rate of Interest	6 Maturity Date	7 Book/Adjusted Carrying Value	8 Amount of Interest Due & Accrued	9 Gross Investment Income
<b>Cash Equivalents</b>								
99S016 10 7	Wells Fargo - Grand Cayman.....		.....03/30/2006		.....04/15/2006	.....1,086,107	.....	.....4,241
31408F GW 3	FNMA CL 30 YR PL # 849913.....		.....03/31/2006	.....5.000	.....04/03/2006	.....2,376,000	.....	.....115,313
0199999.	Totals.....					.....3,462,107	.....0	.....119,554