

QUARTERLY STATEMENT
OF THE
PRONATIONAL INSURANCE
COMPANY

Of

OKEMOS
in the state of MI

to the Insurance Department
of the State of

For the Period Ended
September 30, 2006

2006



QUARTERLY STATEMENT

As of September 30, 2006
of the Condition and Affairs of the

PRONATIONAL INSURANCE COMPANY

NAIC Group Code.....2698, 2698 (Current Period) (Prior Period)	NAIC Company Code..... 38954	Employer's ID Number..... 38-2317569
Organized under the Laws of MI	State of Domicile or Port of Entry MI	Country of Domicile US
Incorporated/Organized..... June 27, 1980	Commenced Business..... June 27, 1980	
Statutory Home Office	2600 PROFESSIONALS DRIVE..... OKEMOS MI 48864 <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>	517-349-6500 <i>(Area Code) (Telephone Number)</i>
Mail Address	100 BROOKWOOD PLACE..... BIRMINGHAM AL 35209 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	100 BROOKWOOD PLACE..... BIRMINGHAM AL 35209 <i>(Street and Number) (City or Town, State and Zip Code)</i>	205-877-4400 <i>(Area Code) (Telephone Number)</i>
Internet Website Address	proassurance.com	
Statutory Statement Contact	PHILIP NEWTON LEWIS <i>(Name)</i> plewis@proassurance.com <i>(E-Mail Address)</i>	205-445-2665 <i>(Area Code) (Telephone Number) (Extension)</i> 205-868-4025 <i>(Fax Number)</i>
Policyowner Relations Contact	2600 PROFESSIONALS DRIVE..... OKEMOS MI 48864 <i>(Street and Number) (City or Town, State and Zip Code)</i>	517-349-6500 <i>(Area Code) (Telephone Number) (Extension)</i>

OFFICERS

Name	Title	Name	Title
1. DARRYL KEITH THOMAS	PRESIDENT	2. KATHRYN ANNE NEVILLE	SECRETARY
3. JAMES JOSEPH MORELLO	TREASURER	4.	

OTHER

JEFFREY LYNN BOWLBY	VICE PRESIDENT	JAMES JOSEPH MORELLO	VICE PRESIDENT
FRANK BERRY O'NEIL	VICE PRESIDENT	EDWARD LEWIS RAND, JR.	VICE PRESIDENT
HAYES VANCE WHITESIDE	VICE PRESIDENT	HOWARD HARLEY FRIEDMAN	CHIEF UNDERWRITING OFFICER
DARRYL KEITH THOMAS	CHIEF CLAIMS OFFICER		

DIRECTORS OR TRUSTEES

VICTOR THOMAS ADAMO	JEFFREY LYNN BOWLBY	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) DARRYL KEITH THOMAS 1. (Printed Name) PRESIDENT (Title)	_____ (Signature) KATHRYN ANNE NEVILLE 2. (Printed Name) SECRETARY (Title)	_____ (Signature) JAMES JOSEPH MORELLO 3. (Printed Name) TREASURER (Title)
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Subscribed and sworn to before me
This _____ day of _____

a. Is this an original filing? Yes [X] No []
b. If no: 1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....	936,493,005		936,493,005	735,210,182
2. Stocks:				
2.1 Preferred stocks.....	9,964,664		9,964,664	15,613,438
2.2 Common stocks.....	3,257,576		3,257,576	244,100,717
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).....	3,981,652		3,981,652	4,113,136
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 (\$.....(2,808,976)), cash equivalents (\$.....40,584,382) and short-term investments (\$.....6,049,990).....	43,825,395		43,825,395	24,654,161
6. Contract loans (including \$.....0 premium notes).....			0	
7. Other invested assets.....	1,128,200		1,128,200	1,177,400
8. Receivables for securities.....	1,139,235		1,139,235	1,930
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	999,789,727	0	999,789,727	1,024,870,964
11. Title Plants less \$.....0 charged off (for Title insurers only).....			0	
12. Investment income due and accrued.....	9,800,505		9,800,505	8,804,135
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection.....	18,375,276	142,336	18,232,940	23,457,879
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	21,706,733		21,706,733	19,658,356
13.3 Accrued retrospective premiums.....			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	5,885,183		5,885,183	2,980,530
14.2 Funds held by or deposited with reinsured companies.....	15,910,226		15,910,226	18,772,676
14.3 Other amounts receivable under reinsurance contracts.....	22,522		22,522	28,271
15. Amounts receivable relating to uninsured plans.....			0	
16.1 Current federal and foreign income tax recoverable and interest thereon.....	161,978		161,978	
16.2 Net deferred tax asset.....	34,869,544	22,480,892	12,388,652	12,680,566
17. Guaranty funds receivable or on deposit.....			0	
18. Electronic data processing equipment and software.....	225,633		225,633	293,125
19. Furniture and equipment, including health care delivery assets (\$.....0).....	285,561	285,561	0	
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
21. Receivables from parent, subsidiaries and affiliates.....	83,838		83,838	15,742,749
22. Health care (\$.....0) and other amounts receivable.....			0	
23. Aggregate write-ins for other than invested assets.....	12,150,722	464,375	11,686,347	11,451,149
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	1,119,267,448	23,373,164	1,095,894,284	1,138,740,400
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
26. TOTALS (Lines 24 and 25).....	1,119,267,448	23,373,164	1,095,894,284	1,138,740,400

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. Intangible Assets.....	(55,735)		(55,735)	(55,735)
2302. Prepaid Expenses and Other Assets.....	464,376	464,375	1	
2303. Company Owned Life Insurance.....	11,593,929		11,593,929	11,265,906
2398. Summary of remaining write-ins for Line 23 from overflow page.....	148,152	0	148,152	240,978
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	12,150,722	464,375	11,686,347	11,451,149

PRONATIONAL INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$20,457,253).....	468,151,353	475,137,428
2. Reinsurance payable on paid losses and loss adjustment expenses.....	88,198	545,429
3. Loss adjustment expenses.....	260,998,750	233,674,650
4. Commissions payable, contingent commissions and other similar charges.....	3,758,948	3,597,148
5. Other expenses (excluding taxes, licenses and fees).....	1,977,903	1,966,892
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	1,055,087	435,407
7.1 Current federal and foreign income taxes (including \$0 on realized capital gains (losses)).....	1,716,908	553,999
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 \$3,887,618 and including warranty reserves of \$0).....	95,703,958	88,293,016
10. Advance premium.....	2,417,872	6,037,123
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	9,586,969	7,651,640
13. Funds held by company under reinsurance treaties.....		
14. Amounts withheld or retained by company for account of others.....	155,071	692,793
15. Remittances and items not allocated.....		
16. Provision for reinsurance.....	1,046,000	1,046,000
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	1,921,833	866,216
20. Payable for securities.....	441,573	
21. Liability for amounts held under uninsured plans.....		
22. Capital notes \$0 and interest thereon \$0.....		
23. Aggregate write-ins for liabilities.....	0	(1,917,063)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	849,020,423	818,580,678
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	849,020,423	818,580,678
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	3,188,145	3,188,145
29. Preferred capital stock.....		
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....	10,093,603	10,093,603
32. Gross paid in and contributed surplus.....	27,978,790	27,978,790
33. Unassigned funds (surplus).....	205,613,323	278,899,184
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).....	246,873,861	320,159,722
36. TOTALS.....	1,095,894,284	1,138,740,400

DETAILS OF WRITE-INS

2301. Retroactive Reinsurance Reserve Ceded.....		(1,917,066)
2302. Other Liabilities.....		3
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	(1,917,063)
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

PRONATIONAL INSURANCE COMPANY

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct..... (written \$.....144,856,470).....	135,194,367	140,230,332	186,945,465
1.2 Assumed..... (written \$.....8,387,133).....	9,690,828	15,402,177	19,329,776
1.3 Ceded..... (written \$.....8,211,402).....	7,263,935	8,014,613	10,754,597
1.4 Net..... (written \$.....145,032,201).....	137,621,260	147,617,896	195,520,644
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....20,626,959):			
2.1 Direct.....	19,478,989	32,538,216	22,998,597
2.2 Assumed.....	3,716,073	5,544,779	2,590,260
2.3 Ceded.....	4,220,121	4,005,760	490,390
2.4 Net.....	18,974,941	34,077,235	25,098,467
3. Loss expenses incurred.....	89,232,635	88,796,344	135,632,887
4. Other underwriting expenses incurred.....	25,578,525	22,076,708	28,354,862
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	133,786,101	144,950,287	189,086,216
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	3,835,159	2,667,609	6,434,428
INVESTMENT INCOME			
9. Net investment income earned.....	315,044,657	24,600,630	33,414,321
10. Net realized capital gains (losses) less capital gains tax of \$.....(119,362).....	4,588,617	275,229	(184,352)
11. Net investment gain (loss) (Lines 9 + 10).....	319,633,274	24,875,859	33,229,969
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0		
13. Finance and service charges not included in premiums.....			
14. Aggregate write-ins for miscellaneous income.....	916,603	944,193	1,213,215
15. Total other income (Lines 12 through 14).....	916,603	944,193	1,213,215
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	324,385,036	28,487,661	40,877,612
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).....	324,385,036	28,487,661	40,877,612
19. Federal and foreign income taxes incurred.....	11,551,447	5,730,208	8,850,166
20. Net income (Line 18 minus Line 19) (to Line 22).....	312,833,589	22,757,453	32,027,446
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year.....	320,159,722	241,824,698	241,824,698
22. Net income (from Line 20).....	312,833,589	22,757,453	32,027,446
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or losses less capital gains tax of \$.....0.....	(166,090,116)	38,414,735	47,751,315
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....	482,662	88,514	(138,448)
27. Change in nonadmitted assets.....	(235,182)	6,791	(1,069,289)
28. Change in provision for reinsurance.....			(236,000)
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.....	(220,276,817)		
36. Change in treasury stock.....			
37. Aggregate write-ins for gains and losses in surplus.....	3	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37).....	(73,285,861)	61,267,493	78,335,024
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	246,873,861	303,092,191	320,159,722
DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0	0
1401. Increase in cash surrender value of life insurance.....	328,023	336,534	450,365
1402. Risk management income.....	524,490	643,959	728,199
1403. Other.....	64,090	(36,300)	34,651
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).....	916,603	944,193	1,213,215
3701.			
3702. Rounding.....	3		
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).....	3	0	0

PRONATIONAL INSURANCE COMPANY

CASH FLOW

	1 Current Year to Date	2 Prior Year Ended December 31
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	146,925,500	194,065,734
2. Net investment income.....	317,592,434	36,974,042
3. Miscellaneous income.....	916,603	1,213,215
4. Total (Lines 1 through 3).....	465,434,537	232,252,991
5. Benefit and loss related payments.....	88,363,236	91,900,447
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	24,786,034	31,524,057
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) \$.....0 net tax on capital gains (losses).....	10,431,154	12,713,522
10. Total (Lines 5 through 9).....	123,580,424	136,138,026
11. Net cash from operations (Line 4 minus Line 10).....	341,854,113	96,114,965
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	388,594,455	145,224,066
12.2 Stocks.....	63,823,143	4,250,000
12.3 Mortgage loans.....		402,436
12.4 Real estate.....		
12.5 Other invested assets.....	49,200	
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(10,312)	
12.7 Miscellaneous proceeds.....	441,573	
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	452,898,059	149,876,502
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	592,467,380	215,664,119
13.2 Stocks.....		5,016,850
13.3 Mortgage loans.....		
13.4 Real estate.....		900
13.5 Other invested assets.....		24,300
13.6 Miscellaneous applications.....	1,137,305	7,683,392
13.7 Total investments acquired (Lines 13.1 to 13.6).....	593,604,685	228,389,561
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).....	(140,706,626)	(78,513,059)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	200,000,000	
16.6 Other cash provided (applied).....	18,023,747	(8,785,297)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(181,976,253)	(8,785,297)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	19,171,234	8,816,609
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	24,654,161	15,837,552
19.2 End of period (Line 18 plus Line 19.1).....	43,825,395	24,654,161
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 Dividend to Parent of Investment in affiliate - See Note 1.....	20,276,817	

Dividends to stockholders reported on page 3 consisted of \$200,000,000 cash and \$20,276,817 for the value of the stock in an affiliate (See Note 1).

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies**Investment in MEMH Holdings, Inc.**

The Company owns 100% of MEMH Holdings, Inc. (MEMH), formerly MEEMIC Holdings, Inc. The Company's carrying value of its investment is based on the underlying equity of MEMH. On January 4, 2006 MEMH sold its two wholly owned subsidiaries (MEEMIC Insurance Company and MEEMIC Insurance Services) in a transaction valued at \$400 million.

The Company has received distributions of \$340,796,465 during 2006 from MEMH under a plan of liquidation adopted by MEMH.

The following summarizes the impact of the above:

	Investment in MEMH		
	Cost	Unrealized Gain	Carrying Value
Balance 12/31/2005	61,626,736	164,436,094	226,062,830
Change for 2006		117,976,033	117,976,033
Distributions from MEMH	(58,384,338)	(282,412,127)	(340,796,465)
Balance 6/30/2006	3,242,398	0	3,242,398

The change for 2006 is primarily due to the gain realized, after taxes, by MEMH on the sales of its subsidiaries. The change increased the value of the Company's investments and increased the Company's surplus but did not affect net income.

In accordance with SSAP #88, the distributions from MEMH are considered investment income to the extent the Company has unrealized gains related to the investment. Distributions above this amount are considered as reductions of the cost of the investment. Accordingly, the Company is reporting \$282,412,127 of the distributions as investment income and \$58,384,338 as reduction of the cost of the investment in MEMH. Surplus was not changed by the distributions as the amount of investment income was offset by a decrease to surplus for the decrease in unrealized gain.

Distributions of the remaining assets of MEMH will not affect the Company's surplus or net income as they will reduce the carrying value of the investment to zero.

Investment in Red Mountain Casualty Insurance Company, Inc. ("Red Mountain")

In August the Company transferred its 100% ownership of Red Mountain to Professionals Group, Inc. as a dividend (see Note 10). In accordance with SSAP #28 the dividend was valued at the fair value of the Red Mountain stock transferred. The cost of the investment in Red Mountain was \$15,466,528 and the fair value at the time of transfer was \$20,276,817. Accordingly, the Company has recorded a realized gain of \$4,812,289.

The following table illustrates the effect on surplus during 2006 related to the investment in Red Mountain:

Reversal of unrealized gain at 12/31/2005	\$ (2,556,378)
Gain realized on transfer	4,812,289
Value of dividend	<u>(20,276,817)</u>
Total	\$ (18,022,096)

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

Investment income includes \$282,412,127 for distributions received from a subsidiary (See Note 1).

NOTES TO FINANCIAL STATEMENTS

Note 8 - Derivative Instruments

No significant change.

Note 9 - Income Taxes

The Company's investment income includes \$282,412,127 for distributions received from a subsidiary (See Note 1). Under Internal Revenue Code Section 331 these are tax free liquidation payments. The Company realized a gain on a dividend to its parent (see Note 1) of \$4,812,289 which is not taxed to the Company.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

The Company has paid \$200,000,000 of cash dividends in 2006 (\$32,027,446 ordinary and \$167,972,554 extraordinary). The Company completed an extraordinary dividend of its investment in Red Mountain Casualty Insurance Company, Inc. to its parent, and the Alabama Department of Insurance approved a request to waive a Form A filing requirement for this transaction.

Note 11 - Debt

No significant change.

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

No significant change.

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

No significant change.

Note 14 - Contingencies

No significant change.

Note 15 - Leases

No significant change.

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.

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

NOTES TO FINANCIAL STATEMENTS

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.

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 [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 [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. 12/31/2003.....
- 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). 06/30/2005.....
- 6.4 By what department or departments?

MICHIGAN OFFICE OF FINANCIAL AND INSURANCE SERVICES

- 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. \$.....470

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.....	\$.....244,085,737	\$.....3,242,398
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).....	\$.....244,085,737	\$.....3,242,398
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
U.S. BANK	BIRMINGHAM, AL

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation.

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
NONE		

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
NONE		

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: _____

**PRONATIONAL INSURANCE COMPANY
GENERAL INTERROGATORIES (continued)
PART 2
PROPERTY & CASUALTY INTERROGATORIES**

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

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

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

3.2 If yes, give full and complete information thereto:

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

4.2 If yes, complete the following schedule:

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

**PRONATIONAL INSURANCE COMPANY
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.....	4,113,136	4,287,547
2. Increase (decrease) by adjustment.....	(131,484)	(175,311)
3. Cost of acquired.....		
4. Cost of additions to and permanent improvements.....		900
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.....	3,981,652	4,113,136
9. Total valuation allowance.....		
10. Subtotal (Lines 8 plus 9).....	3,981,652	4,113,136
11. Total nonadmitted amounts.....		
12. Statement value, current period (Page 2, real estate lines, net admitted assets column).....	3,981,652	4,113,136

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	402,436
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.....		402,436
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.....	1,177,400	1,153,100
2. Cost of acquisitions during period:		
2.1 Actual cost at time of acquisitions.....		24,300
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.....	49,200	
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.....	1,128,200	1,177,400
10. Total valuation allowance.....		
11. Subtotal (Lines 9 plus 10).....	1,128,200	1,177,400
12. Total nonadmitted amounts.....		
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3).....	1,128,200	1,177,400

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.....	994,924,337	880,314,024
2. Cost of bonds and stocks acquired.....	592,467,380	220,680,969
3. Accrual of discount.....	236,535	506,249
4. Increase (decrease) by adjustment.....	(166,568,324)	47,751,316
5. Increase (decrease) by foreign exchange adjustment.....		
6. Total profit (loss) on disposal.....	4,908,261	(283,619)
7. Consideration for bonds and stocks disposed of.....	472,694,415	149,474,066
8. Amortization of premium.....	3,558,529	4,570,536
9. Book/adjusted carrying value, current period.....	949,715,245	994,924,337
10. Total valuation allowance.....		
11. Subtotal (Lines 9 plus 10).....	949,715,245	994,924,337
12. Total nonadmitted amounts.....		
13. Statement value.....	949,715,245	994,924,337

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity

During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1.....	890,611,494	529,269,521	485,500,713	3,814,202	750,212,859	890,611,494	938,194,504	703,362,230
2. Class 2.....	31,049,718	1,177,707	1,607,310	(4,324,222)	29,363,602	31,049,718	26,295,893	31,696,320
3. Class 3.....	16,719,004	131,860	5,143,662	(6,179,164)	16,636,264	16,719,004	5,528,038	14,527,894
4. Class 4.....	4,743,457	14,135	46,380	5,214,281	4,816,096	4,743,457	9,925,493	5,840,898
5. Class 5.....	846,378	1,990	586,318	1,212,788	887,701	846,378	1,474,838	832,601
6. Class 6.....	1,617,745	2,036	39,326	128,156	1,650,168	1,617,745	1,708,611	1,115,194
7. Total Bonds.....	945,587,796	530,597,249	492,923,709	(133,959)	803,566,690	945,587,796	983,127,377	757,375,137
PREFERRED STOCK								
8. Class 1.....	9,949,858		3,000,000	14,806	10,024,476	9,949,858	6,964,664	12,485,001
9. Class 2.....	3,000,000			(3,000,000)	3,000,000	3,000,000		3,128,438
10. Class 3.....				3,000,000			3,000,000	
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock.....	12,949,858	0	3,000,000	14,806	13,024,476	12,949,858	9,964,664	15,613,439
15. Total Bonds and Preferred Stock.....	958,537,654	530,597,249	495,923,709	(119,153)	816,591,166	958,537,654	993,092,041	772,988,576

PRONATIONAL INSURANCE COMPANY

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.....	6,049,990	XXX	6,050,029	4,640	1,514

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.....	6,772,852	12,929,935
2. Cost of short-term investments acquired.....	50,587,288	248,430,607
3. Increase (decrease) by adjustment.....	(23,730)	18,645
4. Increase (decrease) by foreign exchange adjustment.....		
5. Total profit (loss) on disposal of short-term investments.....	(10,006)	
6. Consideration received on disposal of short-term investments.....	51,276,414	254,606,335
7. Book/adjusted carrying value, current period.....	6,049,990	6,772,852
8. Total valuation allowance.....		
9. Subtotal (Lines 7 plus 8).....	6,049,990	6,772,852
10. Total nonadmitted amounts.....		
11. Statement value (Lines 9 minus 10).....	6,049,990	6,772,852
12. Income collected during period.....	439,091	526,398
13. Income earned during period.....	345,125	634,654

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

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

PRONATIONAL INSURANCE COMPANY

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)
U.S. Insurers				
14460.....	58-1403235.....	Podiatry Insurance Company of America.....	Springfield, IL.....	YES.....

PRONATIONAL INSURANCE COMPANY

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	1,652,123	1,622,068			1,925,815	1,895,638
2. Alaska.....AK	NO						
3. Arizona.....AZ	NO						
4. Arkansas.....AR	NO						
5. California.....CA	NO	858,085				60,399	
6. Colorado.....CO	NO						
7. Connecticut.....CT	NO						
8. Delaware.....DE	YES	12,980,278	2,716,497	842		1,710,144	567,144
9. District of Columbia.....DC	NO						
10. Florida.....FL	YES	39,230,163	43,495,408	13,946,344	4,367,598	216,766,756	234,525,246
11. Georgia.....GA	YES	47,966	573,970			526,353	430,706
12. Hawaii.....HI	NO						
13. Idaho.....ID	NO						
14. Illinois.....IL	YES	20,827,464	21,688,719	2,866,075	3,848,647	69,822,219	73,088,246
15. Indiana.....IN	YES	835,261	579,653	627,208	141,859	14,634,512	13,709,161
16. Iowa.....IA	YES	1,293,413	1,157,833		4,587	804,214	493,082
17. Kansas.....KS	YES						
18. Kentucky.....KY	YES	15,438,068	14,920,037	67,448	816,159	25,614,829	22,828,773
19. Louisiana.....LA	NO						
20. Maine.....ME	NO						
21. Maryland.....MD	YES						
22. Massachusetts.....MA	NO						
23. Michigan.....MI	YES	35,815,561	36,640,766	9,847,088	5,170,563	128,439,880	136,721,156
24. Minnesota.....MN	NO						
25. Mississippi.....MS	NO						
26. Missouri.....MO	YES						
27. Montana.....MT	NO						
28. Nebraska.....NE	NO						
29. Nevada.....NV	NO						
30. New Hampshire.....NH	NO						
31. New Jersey.....NJ	YES	11,423,932	13,001,431	3,441,740	406,587	18,159,736	18,130,346
32. New Mexico.....NM	NO						
33. New York.....NY	NO						
34. North Carolina.....NC	NO						
35. North Dakota.....ND	NO						
36. Ohio.....OH	YES	3,896,705	3,543,485	590,110	2,814,586	19,458,521	23,973,098
37. Oklahoma.....OK	NO						
38. Oregon.....OR	NO						
39. Pennsylvania.....PA	YES	458,976	4,012,509	3,534,720	3,802,444	30,462,006	35,420,388
40. Rhode Island.....RI	NO						
41. South Carolina.....SC	YES						
42. South Dakota.....SD	NO						
43. Tennessee.....TN	YES						
44. Texas.....TX	NO						
45. Utah.....UT	NO						
46. Vermont.....VT	NO						
47. Virginia.....VA	YES						
48. Washington.....WA	NO						
49. West Virginia.....WV	YES						
50. Wisconsin.....WI	YES	98,475	47,292			46,696	18,943
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	NO						
57. Canada.....CN	NO						
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0
59. Totals.....(a) 19		144,856,470	143,999,668	34,921,575	21,373,030	528,432,080	561,801,927

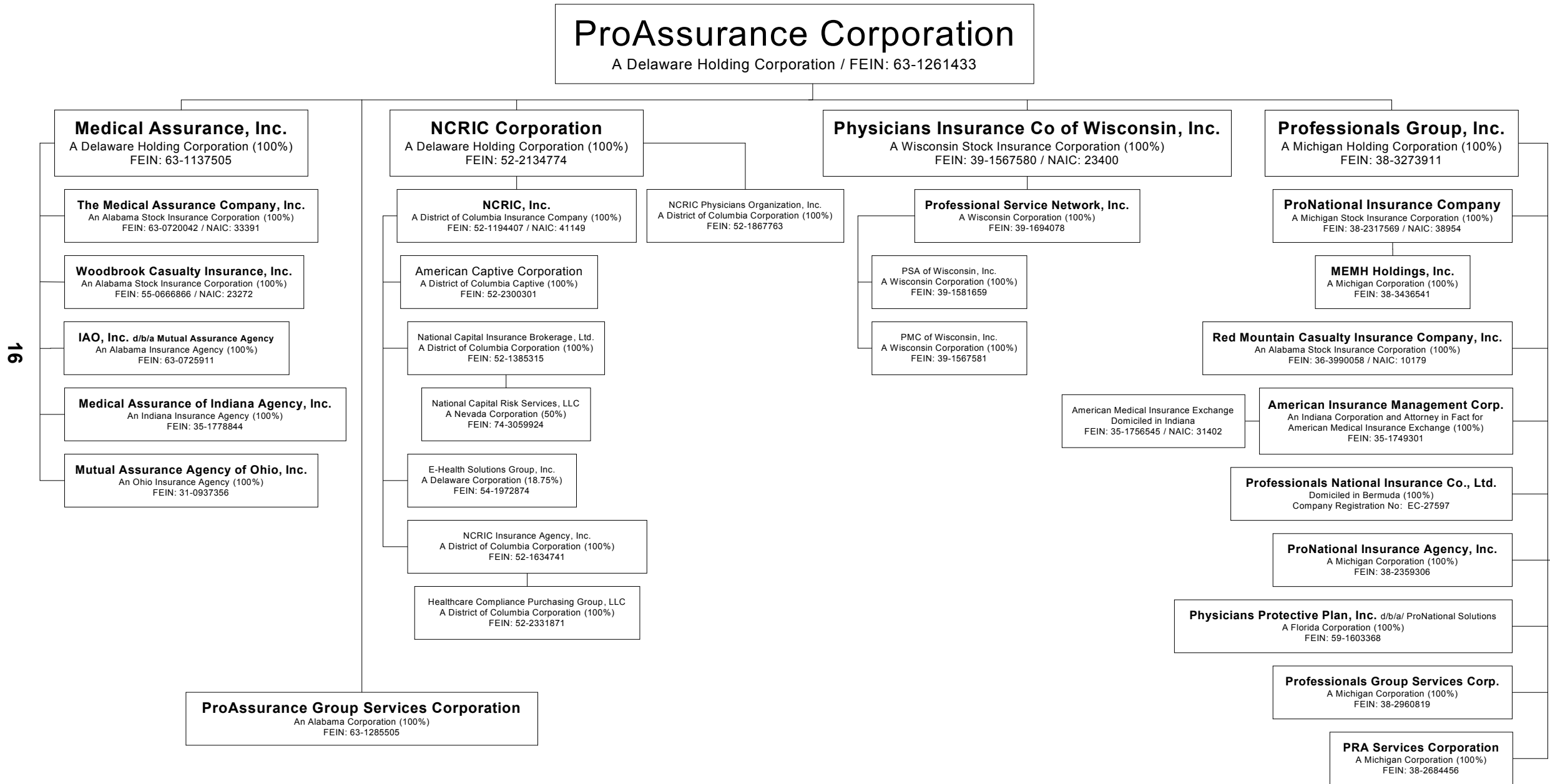
DETAILS OF WRITE-INS

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



PRONATIONAL INSURANCE COMPANY

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.....	6,105,357	862,483	14.1	22.9
11.2. Medical malpractice-claims made.....	122,469,586	17,300,871	14.1	22.9
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.....	45,816	9,106	19.9	28.6
17.2. Other liability-claims made.....	6,573,608	1,306,529	19.9	28.6
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	
34. Totals.....	135,194,367	19,478,989	14.4	23.2

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
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33).....	0	0	0.0	

PART 2 - DIRECT PREMIUMS WRITTEN

Lines of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire.....			
2. Allied lines.....			
3. Farmowners multiple peril.....			
4. Homeowners multiple peril.....			
5. Commercial multiple peril.....			
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....			
10. Financial guaranty.....			
11.1. Medical malpractice-occurrence.....	1,567,053	6,105,357	7,598,326
11.2. Medical malpractice-claims made.....	52,536,771	131,234,715	129,927,495
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.....	11,121	45,816	73,716
17.2. Other liability-claims made.....	2,563,188	7,470,582	6,400,131
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
34. Totals.....	56,678,133	144,856,470	143,999,668

DETAILS OF WRITE-INS

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

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	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	329,470	63,271	392,741	62,276	4,640	66,916	280,326	1,637	36,862	318,825	13,132	(20,132)	(7,000)
2. 2004	53,736	101,205	154,941	9,316	2,046	11,362	67,567	1,258	74,754	143,579	23,147	(23,147)	0
3. Subtotals 2004 + Prior	383,206	164,476	547,682	71,592	6,686	78,278	347,893	2,895	111,616	462,404	36,279	(43,279)	(7,000)
4. 2005	33,615	127,515	161,130	4,531	1,557	6,088	52,178	4,009	98,855	155,042	23,094	(23,094)	0
5. Subtotals 2005 + Prior	416,821	291,991	708,812	76,123	8,243	84,366	400,071	6,904	210,471	617,446	59,373	(66,373)	(7,000)
6. 2006	XXX	XXX	XXX	XXX	3,503	3,503	XXX	20,031	91,674	111,705	XXX	XXX	XXX
7. Totals	416,821	291,991	708,812	76,123	11,746	87,869	400,071	26,935	302,145	729,151	59,373	(66,373)	(7,000)
8. Prior Year-End's Surplus As Regards Policyholders	320,160										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. ....14.2 %	2. ....(22.7)%	3. ....(1.0)%
													Col. 13, Line 7 Line 8
													4. ....(2.2)%

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

Response

1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?

NO

2. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed with this statement?

YES

Explanation:

Bar Code:



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. Note receivable.....	148,152		148,152	240,980
2305. Other Assets.....			0	(2)
2397. Summary of remaining write-ins for Line 23.....	148,152	0	148,152	240,978

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)
Bonds - U.S. Government									
31359M G4 9	FANNIE MAE 02/27/2008 5.000		09/07/2006	BARCLAYS CAPITAL		2,591,134	2,600,000	5,417	1
31359M L3 5	FANNIE MAE 04/13/2009 5.400		09/07/2006	CITICORP SECURITIES		4,995,440	5,000,000	111,750	1
31359M W3 3	FANNIE MAE 08/24/2009 5.550		09/19/2006	J.P. MORGAN		3,753,000	3,750,000	15,031	1
3133XG L5 1	FED HOME LN BANK 08/28/2008 5.500		08/18/2006	BANK AMERICA		1,799,579	1,800,000		1
3133XG VX 9	FED HOME LN BANK 09/19/2008 5.250		09/07/2006	BONDS DIRECT		5,000,000	5,000,000		1
3133XF JX 5	FEDERAL HOME LOAN BANK 06/13/2008 5.125		08/30/2006	CITICORP SECURITIES		1,274,490	1,275,000	21,418	1
912810 FR 4	TSY INFL IX N/B 01/15/2025 2.375		07/21/2006	VARIOUS		524,601	536,460	6,253	1
912827 3T 7	TSY INFL IX N/B 01/15/2008 3.625		09/30/2006	CAPITALIZED INTEREST		16,506	16,506		1
912827 4Y 5	TSY INFL IX N/B 01/15/2009 3.875		09/30/2006	VARIOUS		3,141,551	3,043,999	15,515	1
912827 6R 8	TSY INFL IX N/B 01/15/2011 3.500		09/30/2006	VARIOUS		961,019	917,323	6,253	1
912828 AF 7	TSY INFL IX N/B 07/15/2012 3.000		09/30/2006	CAPITALIZED INTEREST		19,635	19,635		1
912828 BW 9	TSY INFL IX N/B 01/15/2014 2.000		09/30/2006	CAPITALIZED INTEREST		41,355	41,355		1
912828 CZ 1	TSY INFL IX N/B 04/15/2010 0.875		09/30/2006	CAPITALIZED INTEREST		32,160	32,160		1
912828 EA 4	TSY INFL IX N/B 07/15/2015 1.875		09/30/2006	VARIOUS		653,489	674,574	2,397	1
912828 ET 3	TSY INFL IX N/B 01/15/2016 2.000		09/30/2006	VARIOUS		2,745,082	2,837,094	15,500	1
912828 FL 9	TSY INFL IX N/B 07/15/2016 2.500		09/30/2006	VARIOUS		3,026,837	3,019,317	2,060	1
912810 FS 2	US TREASURY N/B 01/15/2026 2.000		08/01/2006	VARIOUS		589,345	637,669	554	1
912828 FF 2	US TREASURY N/B 05/15/2016 5.125		07/06/2006	MORGAN STANLEY DEAN WITTER		1,493,203	1,500,000	11,072	1
912828 FQ 8	US TREASURY N/B 08/15/2016 4.875		09/25/2006	FIRST TENNESSEE		2,564,063	2,500,000	13,910	1
0399999	Total - Bonds - U.S. Government					35,222,489	35,201,092	227,130	XXX
Bonds - Political Subdivisions of States									
702282 KQ 6	PASADENA USD REF 11/01/2018 5.000		07/31/2006	CITIGROUP GLOBAL MARKETS		3,224,280	3,000,000	38,333	1FE
882721 LR 2	TX ST-TRN COMMN-MOBIL 04/01/2018 5.000		08/11/2006	FIRST ALBANY CORP		5,317,850	5,000,000	52,083	1FE
2499999	Total - Bonds - Political Subdivision					8,542,130	8,000,000	90,416	XXX
Bonds - Special Revenue and Special Assessment									
13033K C5 6	CA HFA VAR-MFH-SER C 08/01/2037 3.400		09/29/2006	LEHMAN BROTHERS		3,100,000	3,100,000	17,459	1FE
196479 HP 7	CO HSG-ADJ-AMT-SFM-B3 11/01/2026 3.610		09/21/2006	LEHMAN BROTHERS		1,000,000	1,000,000	14,236	1FE
20774W LK 5	CT HFA VAR-SUBSER B-2 11/15/2038 3.540		09/26/2006	MERRILL LYNCH		5,000,000	5,000,000	66,179	1FE
3128LX FN 5	FG G01973 08/01/2035 5.000		09/11/2006	J.P. MORGAN		2,686,024	2,801,133	4,669	1
3128LX P3 8	FG G02242 04/01/2036 5.500		07/10/2006	HSBC SECURITIES LIMITED		957,802	997,548	3,048	1
3128LX QU 7	FG G02267 05/01/2036 6.500		09/06/2006	DAIN RAUSCHER		1,021,001	1,003,441	2,174	1
3128MJ D4 9	FG G08122 02/01/2036 5.500		08/03/2006	VARIOUS		1,824,520	1,890,226	3,543	1
3128M1 GT 0	FG G12110 02/01/2021 5.500		08/04/2006	MORGAN STANLEY DEAN WITTER		492,495	496,373	1,213	1
31371M HJ 9	FN 255933 08/01/2035 5.500		07/05/2006	HSBC SECURITIES LIMITED		947,942	992,123	1,819	1
31371M VA 2	FN 256309 05/01/2036 6.500		08/03/2006	GREENWICH CAPITAL		502,777	496,953	1,166	1
31403C 4Y 4	FN 745239 03/01/2015 6.000		07/06/2006	MORGAN STANLEY		1,000,937	1,000,000	2,833	1
31407H ZH 2	FN 831544 03/01/2036 6.000		08/03/2006	HSBC SECURITIES LIMITED		1,961,292	1,985,324	4,136	1
31407Y ES 4	FN 844445 10/01/2035 5.500		07/18/2006	GREENWICH CAPITAL		739,083	770,129	2,353	1
31408E RU 8	FN 849299 11/01/2035 5.500		09/07/2006	GREENWICH CAPITAL		4,865,701	4,955,520	9,085	1
31408G J5 7	FN 850884 10/01/2035 5.000		08/03/2006	JP MORGAN SECURITIES INC		1,889,955	1,993,032	3,599	1
31408J DR 9	FN 852512 11/01/2035 5.000		07/07/2006	GREENWICH CAPITAL		1,837,432	1,964,512	3,274	1
467578 BW 9	JACKSON SPL OBLG-HARR 12/01/2020 5.000		08/08/2006	LEHMAN BROTHERS		5,314,300	5,000,000	6,944	1FE
49130P QU 1	KY HSG CORP VAR-SER I 07/01/2035 3.570		08/21/2006	MERRILL LYNCH		3,900,000	3,900,000	19,706	1FE
49130P XQ 2	KY HSG VAR-AMT-SER F 07/01/2029 3.570		08/25/2006	MERRILL LYNCH		5,900,000	5,900,000	11,862	1FE
59465M KZ 7	MI HSG VAR-AMT-SER A 10/01/2039 3.570		07/28/2006	MERRILL LYNCH		5,000,000	5,000,000	57,899	1FE
594520 JL 3	MICHIGAN HIGHER ED STU 09/01/2033 3.670		09/06/2006	DAIN RAUSCHER		2,500,000	2,500,000	1,275	1FE
605360 ME 3	MISSISSIPPI HOSP EQUIP 05/15/2016 3.650		07/12/2006	GOLDMAN SACHS		8,000,000	8,000,000		1FE
612130 HA 5	MONTANA ST HIGHER ED S 12/01/2035 3.670		09/06/2006	DAIN RAUSCHER		2,500,000	2,500,000	25,366	1FE
646080 GN 5	NEW JERSEY ST HIGHER E 05/28/2038 3.700		09/06/2006	DAIN RAUSCHER		2,500,000	2,500,000	24,797	1FE
647111 EG 4	NEW MEXICO EDL ASSISTA 11/01/2025 3.670		09/06/2006	DAIN RAUSCHER		2,500,000	2,500,000	32,976	1FE
649902 AR 4	NY DORM-REF-ED-B 03/15/2021 5.500		08/08/2006	MERRILL LYNCH		5,117,400	4,500,000	100,375	1FE
64986M SL 0	NY HFA-VAR-A-AVALON 11/01/2036 3.560		09/25/2006	MERRILL LYNCH		1,000,000	1,000,000	2,331	1FE

E04

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)
70917R EM 3	PA HGR ED TEMPLE UNIV 04/01/2019 5.000		08/03/2006	FIRST ALBANY CORP		5,356,814	5,040,000	46,900	1FE
708793 CY 8	PA HSG-VAR-AMT-82B 04/01/2034 3.550		07/28/2006	MERRILL LYNCH		5,000,000	5,000,000	57,988	1FE
709163 FJ 3	PENNSYLVANIA ST HIGHER 05/01/2046 5.350		08/30/2006	MORGAN STANLEY DEAN WITTER		4,500,000	4,500,000		1FE
73358T RF 0	PORT AUTH NY/NJ 142ND 07/15/2016 5.000		07/17/2006	MERRILL LYNCH		5,278,200	5,000,000	3,472	1FE
759249 AC 9	REID HOSP & HEALTH CAR 01/01/2045 3.500		07/26/2006	CITIGROUP GLOBAL MARKETS		3,800,000	3,800,000		1FE
83755G S4 0	SD HSG-VAR-HMOWNR-C 05/01/2035 3.580		08/24/2006	MERRILL LYNCH		5,000,000	5,000,000	57,152	1FE
837114 FP 7	SOUTH CAROLINA ST ED A 09/01/2015 3.670		09/06/2006	DAIN RAUSCHER		2,300,000	2,300,000	1,182	1FE
97689P U8 9	WI HSG-VAR-D 09/01/2035 3.480		07/31/2006	MERRILL LYNCH		1,500,000	1,500,000	21,875	1FE
98322P D7 1	WY DEV-VAR-AMT-6 12/01/2035 3.580		08/21/2006	MERRILL LYNCH		4,000,000	4,000,000	7,815	1FE
983483 BR 8	WYOMING STUDENT LN COR 06/01/2037 3.680		09/06/2006	DAIN RAUSCHER		2,500,000	2,500,000	25,039	1FE
3199999.	Total - Bonds - Special Revenue & Special Assessments					113,293,675	112,386,314	645,740	XXX
Bonds - Industrial and Miscellaneous									
004421 BK 8	ACE 2002-HE3 M3 03/25/2008 8.840		07/18/2006	DIRECT		110,013	110,013		2FE
00441R AJ 6	ACERV 2001-RV1 E 09/20/2021 8.700		08/20/2006	CAPITALIZED INTEREST		407	407		3FE
00252F AR 2	AMIT 2004-1 B2 10/25/2013 8.330		09/25/2006	CAPITALIZED INTEREST		1,391	1,391		2FE
03072S FA 8	AMSI 2003-1 MV3 11/25/2009 9.030		09/29/2006	DIRECT		103,881	103,881		2FE
031733 AQ 1	ARC 2004-1 B1 144A 06/25/2032 5.000		09/25/2006	CAPITALIZED INTEREST		18,307	18,307		3FE
12506Y BC 2	CDCMC 2003-HE1 B2 FLTR 09/25/2008 8.483		08/25/2006	CAPITALIZED INTEREST		108	108		3FE
12506Y BT 5	CDCMC 2003-HE3 B3 02/25/2010 8.831		07/25/2006	CAPITALIZED INTEREST		289	289		2FE
172850 BB 4	CITRV 1999-A B 04/15/2010 8.717		09/15/2006	CAPITALIZED INTEREST		7,240	7,240		4FE
194262 AZ 4	COLLE 2002-2 A23 03/01/2042		08/24/2006	GOLDMAN SACHS		4,000,000	4,000,000		1FE
194262 BQ 3	COLLE 2003-1 A5 03/01/2042 5.300		09/26/2006	GOLDMAN SACHS		5,000,000	5,000,000		1FE
22540V HG 0	CSFB 2001-HE25 B 07/25/2009 8.630		09/25/2006	CAPITALIZED INTEREST		1,446	1,446		5FE
22540V UM 2	CSFB 2002-HE1 B 02/25/2010 8.180		09/25/2006	CAPITALIZED INTEREST		302	302		3FE
301965 CH 0	FFCA 2000-1 B 144A 08/01/2019 8.180		09/18/2006	CAPITALIZED INTEREST		660	660		4FE
35729P FA 3	FHLT 2004-C M8 04/25/2034 9.330		09/25/2006	CAPITALIZED INTEREST		1,133	1,133		3FE
36228F R9 9	GSAMP 204-HE1 B3 03/25/2011 9.330		09/25/2006	CAPITALIZED INTEREST		477	477		2FE
36242D SC 8	GSMAP 2005-HE1 B4 09/01/2009 6.000		09/25/2006	CAPITALIZED INTEREST		1,921	1,921		3FE
393505 FK 3	GT 1995-1 B2 04/15/2025 9.200		09/15/2006	CAPITALIZED INTEREST		2,036	2,036		6FE
393505 SK 9	GT 1997-1 M1 02/15/2027 7.220		09/15/2006	CAPITALIZED INTEREST		374	374		5FE
393505 VY 5	GT 1997-5 M1 11/15/2022 6.950		09/15/2006	CAPITALIZED INTEREST		170	170		5FE
456606 BJ 0	INHEL 2000-C MF1 10/01/2009 8.740		09/25/2006	CAPITALIZED INTEREST		711	711		2FE
52519S AW 3	LABMH 2002-A B2 10/15/2011 12.580		09/18/2006	CAPITALIZED INTEREST		4,416	4,416		4FE
50180A AB 0	LBSBN 2005-2A N2 09/27/2030 7.860		09/25/2006	CAPITALIZED INTEREST		1,654	1,654		4FE
59018Y TA 9	MERRILL LYNCH MTN FLTR 03/02/2009 5.310		08/03/2006	SOUTHWEST SECURITIES INC		682,914	706,000	722	1FE
589929 YA 0	MLMI 2002-AFC1 BF1 11/01/2013 7.920		09/25/2006	DIRECT		84,525	84,525		3FE
59001F AZ 4	MMLT 2004-1 B1 FLTR 11/25/2009 8.830		08/25/2006	CAPITALIZED INTEREST		1,458	1,458		3FE
61746W RT 9	MSDWC 2002-HE2 B1 FLTR 01/25/2008 7.480		08/25/2006	CAPITALIZED INTEREST		165	165		4FE
86358E ES 1	SAIL 2003-BC11 B FLTR 02/25/2025 8.330		09/25/2006	CAPITALIZED INTEREST		2,134	2,134		2FE
86358E FT 8	SAIL 2003-BC12 M6 FLTR 04/25/2028 8.330		09/25/2006	CAPITALIZED INTEREST		2,797	2,797		2FE
86358E GG 5	SAIL 2004-1 B 04/25/2025 6.000		09/25/2006	CAPITALIZED INTEREST		12,706	12,706		3FE
86358E XW 1	SAIL 2005-8 M7 06/25/2013 6.000		07/19/2006	LEHMAN BROTHERS		336,328	350,000	1,692	2FE
86359A CS 0	SASC 2002-HF2 B1 FLTR 06/25/2008 7.330		09/25/2006	CAPITALIZED INTEREST		4,294	4,294		3FE
86359A CT 8	SASC 2002-HF2 B2 07/25/2032 7.330		09/25/2006	CAPITALIZED INTEREST		6,699	6,699		3FE
86359A 2T 9	SASC 2003-BC3 M4 03/25/2013 8.330		09/25/2006	VARIOUS		613,793	613,793		2FE
86359D LY 1	SASC 2005-S4 B 11/01/2008 6.500		09/25/2006	CAPITALIZED INTEREST		5,893	5,893		2FE
78442F BS 6	SLM CORP FLTR 01/31/2014 6.270		09/27/2006	SOUTHWEST SECURITIES INC		337,225	350,000	60	1FE
89233P WS 1	TOYOTA MTR CRED MTN 02/05/2016 6.570		09/25/2006	SOUTHWEST SECURITIES INC		121,250	125,000	525	1FE
4599999.	Total - Bonds - Industrial & Miscellaneous					11,469,117	11,522,400	2,999	XXX
6099997.	Total - Bonds - Part 3					168,527,411	167,109,806	966,285	XXX
6099999.	Total - Bonds					168,527,411	167,109,806	966,285	XXX
7499999.	Total - Bonds, Preferred and Common Stocks					168,527,411	XXX	966,285	XXX

E04.1

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)
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(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.							
Bonds - U.S. Government																					
3128X1 G5 0	FREDDIE MAC		09/19/2006	CALL BY ISSUER 100.000		1,000,000	1,000,000	998,638			1,362		1,362		1,000,000			0	22,500	09/19/2013	1
36202D C9 0	G2 2796		09/01/2006	MBS PAYDOWN		12,537	12,537	12,232	12,278		259		259		12,537			0	572	06/01/2028	1
36203L DN 9	GN 352109		09/01/2006	MBS PAYDOWN		4,479	4,479	4,575	4,544		(66)		(66)		4,479			0	190	03/01/2022	1
36205N M8 6	GN 395583		09/01/2006	MBS PAYDOWN		54	54	55	55		(1)		(1)		54			0	3	07/01/2027	1
36207K GS 3	GN 434109		09/01/2006	MBS PAYDOWN		1,541	1,541	1,546	1,545		(4)		(4)		1,541			0	67	12/01/2027	1
36207K JJ 0	GN 434165		09/01/2006	MBS PAYDOWN		12,168	12,168	12,213	12,201		(33)		(33)		12,168			0	570	07/01/2027	1
36208V CE 0	GN 462669		09/01/2006	MBS PAYDOWN		8,301	8,301	8,439	8,401		(100)		(100)		8,301			0	411	02/01/2027	1
36208W DE 0	GN 462801		09/01/2006	MBS PAYDOWN		35,928	35,928	35,951	35,950		(22)		(22)		35,928			0	1,519	09/01/2026	1
36208W ES 8	GN 462845		09/01/2006	MBS PAYDOWN		480	480	498	493		(13)		(13)		480			0	24	03/01/2028	1
36208X D7 3	GN 463726		09/01/2006	MBS PAYDOWN		574	574	583	580		(6)		(6)		574			0	27	08/01/2027	1
36210A VS 3	GN 486725		09/01/2006	MBS PAYDOWN		31,425	31,425	32,107	31,912		(488)		(488)		31,425			0	1,466	02/01/2028	1
36210E X6 1	GN 490401		09/01/2006	MBS PAYDOWN		217,636	217,636	216,378	216,727		909		909		217,636			0	10,139	09/01/2028	1
36213U DK 3	GN 564506		09/01/2006	MBS PAYDOWN		15,488	15,488	15,686	15,649		(162)		(162)		15,488			0	691	03/01/2031	1
36200X LT 4	GN 575538		09/01/2006	MBS PAYDOWN		47,052	47,052	48,051	47,825		(773)		(773)		47,052			0	1,805	09/01/2031	1
36201F T7 2	GN 582074		09/01/2006	MBS PAYDOWN		31,368	31,368	31,422	31,413		(44)		(44)		31,368			0	1,304	02/01/2031	1
36291P ZE 9	GN 634441		09/01/2006	MBS PAYDOWN		28,588	28,588	29,168	29,113		(525)		(525)		28,588			0	993	07/01/2034	1
36225A UH 1	GN 780584		09/01/2006	MBS PAYDOWN		13,736	13,736	13,874	13,844		(108)		(108)		13,736			0	646	01/01/2026	1
912810 FR 4	TSY INFL IX N/B		07/21/2006	UBS SECURITIES		526,737	536,460	524,601			(6)		(6)	524,595		2,142	2,142	7,698	01/15/2025	1	
912827 3T 7	TSY INFL IX N/B		08/22/2006	VARIOUS		2,489,424	2,447,336	2,516,745			(7,608)		(7,608)	2,472,112		17,313	17,313	102,584	01/15/2008	1	
912827 4Y 5	TSY INFL IX N/B		09/26/2006	VARIOUS		2,940,373	2,848,682	2,953,913			(4,166)		(4,166)	2,922,109		18,264	18,264	59,419	01/15/2009	1	
912828 BW 9	TSY INFL IX N/B		09/18/2006	VARIOUS		1,339,041	1,374,088	1,344,513			601		601	1,324,441		14,599	14,599	48,515	01/15/2014	1	
912828 CZ 1	TSY INFL IX N/B		09/29/2006	LEHMAN BROTHERS		762,767	805,695	765,569			1,963		1,963	755,315		7,452	7,452	27,006	04/15/2010	1	
912828 EA 4	TSY INFL IX N/B		09/29/2006	FIRST TENNESSEE		354,071	366,202	353,035			206		206	346,627		7,444	7,444	14,879	07/15/2015	1	
912828 ET 3	TSY INFL IX N/B		09/26/2006	VARIOUS		3,952,577	4,086,465	3,887,536			356		356	3,873,686		78,891	78,891	80,937	01/15/2016	1	
912828 FL 9	TSY INFL IX N/B		09/30/2006	VARIOUS		1,380,477	1,356,992	1,351,966			19		19	1,351,985		28,492	28,492	9,521	07/15/2016	1	
912810 FS 2	US TREASURY N/B		07/31/2006	LEHMAN BROTHERS		595,573	637,669	589,337			5		5	589,342		6,231	6,231	589	01/15/2026	1	
912827 6X 5	US TREASURY N/B		07/26/2006	PRIOR YEAR INCOME														0	1,966	05/15/2006	1
912828 CA 6	US TREASURY N/B		07/06/2006	DEUTSCHE BANK		1,389,082	1,500,000	1,395,439			1,633		1,633	1,397,072		(7,990)	(7,990)	23,536	02/15/2014	1	
912828 FF 2	US TREASURY N/B		07/26/2006	VARIOUS		2,756,406	2,750,000	2,738,906			33		33	2,738,939		17,467	17,467	25,033	05/15/2016	1	
0399999	Total - Bonds - U.S. Government					19,947,883	20,170,944	19,882,976	462,530	0	(6,779)	0	(6,779)	19,757,578	0	190,305	190,305	444,610	XXX	XXX	
Bonds - States, Territories and Possessions																					
68607L H8 3	OREGON ST		09/06/2006	BEAR STEARNS & CO		1,337,075	1,250,000	1,403,097	1,378,977		(14,826)		(14,826)	1,364,151		(27,076)	(27,076)	72,917	08/01/2011	1FE	
1799999	Total - Bonds - States, Territories & Possessions					1,337,075	1,250,000	1,403,097	1,378,977	0	(14,826)	0	(14,826)	1,364,151	0	(27,076)	(27,076)	72,917	XXX	XXX	
Bonds - Political Subdivisions of States																					
04057P CQ 9	ARIZONA SCH FACS BRD CTFS	4.00	09/06/2006	AG EDWARDS		1,010,460	1,000,000	1,040,580	1,030,260		(5,467)		(5,467)	1,024,793		(14,333)	(14,333)	41,111	09/01/2009	1FE	
277695 DX 7	EASTON SD-VAR-2005	3.670	07/17/2006	DAIN RAUSCHER		5,000,000	5,000,000	5,000,000			0		0	5,000,000				51,471	04/01/2021	1FE	
495260 SM 4	KING CNTY WASH SCH DIST	5.750	09/06/2006	SOUTHWEST SECURITIES IN		1,111,340	1,000,000	1,192,630	1,157,152		(14,277)		(14,277)	1,142,875		(31,535)	(31,535)	44,722	12/01/2013	1FE	
641460 XU 9	NV ST-REF/IMPT-A	5.000	09/07/2006	MERRILL LYNCH		3,286,085	3,170,000	3,458,946	3,381,638		(39,431)		(39,431)	3,342,207		(56,121)	(56,121)	176,551	08/01/2009	1FE	
2499999	Total - Bonds - Political Subdivisions					10,407,885	10,170,000	10,692,156	5,569,050	0	(59,175)	0	(59,175)	10,509,875	0	(101,989)	(101,989)	313,855	XXX	XXX	
Bonds - Special Revenue and Special Assessment																					
01728A XY 7	ALLEGHENY CNTY PA HOSP DEV	3.1	09/01/2006	VARIOUS		16,000,000	16,000,000	16,000,000			0		0	16,000,000				131,150	09/15/2032	1FE	
13033K 2M 0	CA HFA-VAR-AMT-MFH-B	3.430	07/17/2006	MERRILL LYNCH		1,500,000	1,500,000	1,500,000			0		0	1,500,000				23,301	08/01/2038	1FE	
13066Y AK 5	CA WTR-VAR-SER C-4	3.540	07/14/2006	LEHMAN BROTHERS		500,000	500,000	500,000			0		0	500,000				4,925	05/01/2022	1FE	
199564 BK 0	COLUMBUS OHIO WTR SYS REV	5.0	09/06/2006	PIPER JAFFRAY		1,039,550	1,000,000	1,102,720	1,077,277		(13,385)		(13,385)	1,063,892		(24,342)	(24,342)	43,056	11/01/2009	1FE	
283487 TE 6	EL PASO SFM FLTG-P20	3.650	07/17/2006	LEHMAN BROTHERS		5,000,000	5,000,000	5,000,000			0		0	5,000,000				40,141	06/01/2039	1FE	
31371L 3S 6	FB 255609	4.500	09/01/2006	MBS PAYDOWN		13,309	13,309	13,103	13,120		189		189	13,309				0	407	09/01/2024	1
31296J ZA 7	FG A10737	5.500	09/01/2006	MBS PAYDOWN		235,828	235,828	240,103	239,678		(3,849)		(3,849)	235,828				0	8,443	05/01/2032	1
31297H PN 3	FG A29429	4.500	09/01/2006	MBS PAYDOWN		35,098	35,098	33,903	33,983		1,115		1,115	35,098				0	998	07/01/2034	1

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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 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 Designa- tion 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.							
31297H X4 6	FG A29699		09/01/2006	MBS PAYDOWN		145,022	145,022	145,079	145,075		(53)		(53)		145,022			0	4,846	10/01/2034	1
31297K 7G 1	FG A30895		09/01/2006	MBS PAYDOWN		50,443	50,443	50,057	50,084		359		359		50,443			0	1,681	10/01/2034	1
31297S ZP 3	FG A37050		09/01/2006	MBS PAYDOWN		33,400	33,400	32,993	33,006		395		395		33,400			0	1,142	06/01/2035	1
31335H 5U 3	FG C90859		09/01/2006	MBS PAYDOWN		5,500	5,500	5,200	5,200		(3,633)		(3,633)		5,500			0	5,377	07/01/2024	1
3128H3 LP 4	FG E95734		09/01/2006	MBS PAYDOWN		74,106	74,106	76,514	76,010		(1,905)		(1,905)		74,106			0	2,530	09/01/2017	1
3128LX MR 8	FG G02168		09/01/2006	MBS PAYDOWN		6,000	6,000	5,733	5,733		160		160		6,000			0	234	12/01/2035	1
3128LX P3 8	FG G02242		09/01/2006	MBS PAYDOWN		5,500	5,500	5,396	5,396		224		224		5,500			0	43	04/01/2036	1
3128MJ BE 9	FG G08036		09/01/2006	MBS PAYDOWN		5,500	5,500	5,216	5,216		(333)		(333)		5,500			0	928	08/01/2034	1
3128MJ D4 9	FG G08122		09/01/2006	MBS PAYDOWN		5,500	5,500	5,216	5,216		474		474		5,500			0	91	02/01/2036	1
3128M1 GT 0	FG G12110		09/01/2006	MBS PAYDOWN		5,500	5,500	5,216	5,216		34		34		5,500			0	20	02/01/2021	1
3133TL UH 9	FHR 2178 PB		09/01/2006	MBS PAYDOWN		7,000	7,000	6,713	6,713		(2,134)		(2,134)		7,000			0	7,334	08/01/2029	1
31393M 6V 8	FHR 2580 QL		09/01/2006	MBS PAYDOWN		4,500	4,500	4,213	4,213		(790)		(790)		4,500			0	3,137	01/01/2009	1
31393M Z2 0	FHR 2583 ND		09/01/2006	MBS PAYDOWN		4,250	4,250	4,063	4,063		(33)		(33)		4,250			0	102	07/01/2009	1
31393N 2K 4	FHR 2583 TD		09/01/2006	MBS PAYDOWN		4,500	4,500	4,307	4,307		(11)		(11)		4,500			0	27	02/01/2013	1
31371K BR 1	FN 253948		09/01/2006	MBS PAYDOWN		6,000	6,000	5,714	5,714		816		816		6,000			0	2,916	05/01/2030	1
31371K MK 4	FN 254262		09/01/2006	MBS PAYDOWN		6,000	6,000	5,714	5,714		62		62		6,000			0	314	04/01/2031	1
31371K VA 6	FN 254509		09/01/2006	MBS PAYDOWN		5,000	5,000	4,714	4,714		(493)		(493)		5,000			0	1,360	04/01/2017	1
31371K VC 2	FN 254511		09/01/2006	MBS PAYDOWN		5,500	5,500	5,216	5,216		(297)		(297)		5,500			0	405	04/01/2017	1
31371K WJ 6	FN 254549		09/01/2006	MBS PAYDOWN		6,000	6,000	5,714	5,714		(276)		(276)		6,000			0	416	03/01/2032	1
31371L CE 7	FN 254869		09/01/2006	MBS PAYDOWN		5,500	5,500	5,216	5,216		(129)		(129)		5,500			0	4,455	02/01/2033	1
31371L WN 5	FN 255453		09/01/2006	MBS PAYDOWN		5,000	5,000	4,714	4,714		(243)		(243)		5,000			0	595	07/01/2019	1
31371L ZP 7	FN 255550		09/01/2006	MBS PAYDOWN		5,500	5,500	5,216	5,216		(450)		(450)		5,500			0	815	09/01/2024	1
31371L 2P 3	FN 255582		09/01/2006	MBS PAYDOWN		5,000	5,000	4,714	4,714		(199)		(199)		5,000			0	1,105	10/01/2024	1
31371M HJ 9	FN 255933		09/01/2006	MBS PAYDOWN		5,500	5,500	5,216	5,216		747		747		5,500			0	116	08/01/2035	1
31371M VA 2	FN 256309		09/01/2006	MBS PAYDOWN		6,500	6,500	6,213	6,213		(59)		(59)		6,500			0	27	05/01/2036	1
31376K KG 0	FN 357695		08/01/2006	MBS PAYDOWN		4,500	4,500	4,216	4,216		15		15		4,500			0	481	01/01/2019	1
31382J WY 3	FN 484063		09/01/2006	MBS PAYDOWN		6,500	6,500	6,213	6,213		5		5		6,500			0	74	01/01/2028	1
31383M VS 9	FN 507425		09/01/2006	MBS PAYDOWN		7,500	7,500	7,216	7,216		(5)		(5)		7,500			0	30	01/01/2028	1
31384H 6L 2	FN 524775		09/01/2006	MBS PAYDOWN		7,000	7,000	6,714	6,714		90		90		7,000			0	1,388	04/01/2014	1
31385J RT 7	FN 545998		09/01/2006	MBS PAYDOWN		6,000	6,000	5,714	5,714		(206)		(206)		6,000			0	602	06/01/2031	1
31385X BN 6	FN 555445		09/01/2006	MBS PAYDOWN		5,000	5,000	4,714	4,714		(25)		(25)		5,000			0	397	11/01/2017	1
31386U ZC 9	FN 574139		09/01/2006	MBS PAYDOWN		6,500	6,500	6,213	6,213		4		4		6,500			0	105	04/01/2029	1
31387C P4 7	FN 580143		09/01/2006	MBS PAYDOWN		6,000	6,000	5,714	5,714		25		25		6,000			0	474	01/01/2030	1
31387Q XP 0	FN 591186		09/01/2006	MBS PAYDOWN		6,500	6,500	6,213	6,213		(211)		(211)		6,500			0	770	09/01/2015	1
31387Y YT 4	FN 598422		09/01/2006	MBS PAYDOWN		5,500	5,500	5,216	5,216		71		71		5,500			0	373	06/01/2016	1
31388D LJ 5	FN 601629		09/01/2006	MBS PAYDOWN		6,500	6,500	6,213	6,213		(121)		(121)		6,500			0	652	03/01/2030	1
31388V WH 7	FN 616348		09/01/2006	MBS PAYDOWN		6,500	6,500	6,213	6,213		(2)		(2)		6,500			0	16	09/01/2030	1
31389E 5T 8	FN 623758		09/01/2006	MBS PAYDOWN		6,000	6,000	5,714	5,714		(76)		(76)		6,000			0	449	05/01/2016	1
31389K CN 9	FN 627477		09/01/2006	MBS PAYDOWN		6,000	6,000	5,714	5,714		(10)		(10)		6,000			0	47	12/01/2016	1
31389S GZ 1	FN 633916		09/01/2006	MBS PAYDOWN		6,000	6,000	5,714	5,714		13		13		6,000			0	131	09/01/2016	1
31390K 5R 5	FN 648956		09/01/2006	MBS PAYDOWN		5,500	5,500	5,216	5,216		(4,377)		(4,377)		5,500			0	5,927	09/01/2017	1
31390W 6C 1	FN 658867		09/01/2006	MBS PAYDOWN		6,000	6,000	5,714	5,714		(1,450)		(1,450)		6,000			0	2,583	12/01/2016	1
31391N 6R 7	FN 672380		09/01/2006	MBS PAYDOWN		5,500	5,500	5,216	5,216		(4,831)		(4,831)		5,500			0	7,736	01/01/2017	1
31391Q X5 8	FN 674000		09/01/2006	MBS PAYDOWN		5,500	5,500	5,216	5,216		(186)		(186)		5,500			0	494	06/01/2032	1
31401W G2 9	FN 720317		09/01/2006	MBS PAYDOWN		5,000	5,000	4,714	4,714		(1,327)		(1,327)		5,000			0	2,302	01/01/2018	1
31402H Q6 1	FN 729577		09/01/2006	MBS PAYDOWN		5,500	5,500	5,216	5,216		302		302		5,500			0	1,852	08/01/2032	1
31402X Z7 4	FN 741566		09/01/2006	MBS PAYDOWN		5,500	5,500	5,216	5,216		(107)		(107)		5,500			0	238	07/01/2018	1
31403C 4Y 4	FN 745239		09/01/2006	MBS PAYDOWN		6,000	6,000	5,714	5,714		(47)		(47)		6,000			0	382	03/01/2015	1

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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 Designation or Market Indicator (a)
31404B SF 0	FN 763818		09/01/2006	MBS PAYDOWN		118,356	118,356	121,204	120,724		(2,368)		(2,368)		118,356			0	4,323	07/01/2033	1
31404C WM 8	FN 764852		09/01/2006	MBS PAYDOWN		113,476	113,476	115,994	115,533		(2,057)		(2,057)		113,476			0	3,863	08/01/2018	1
31404N WB 8	FN 773842		09/01/2006	MBS PAYDOWN		139,829	139,829	141,839	141,445		(1,616)		(1,616)		139,829			0	5,259	08/01/2033	1
31404R 4B 0	FN 776718		09/01/2006	MBS PAYDOWN		40,464	40,464	40,546	40,535		(70)		(70)		40,464			0	1,459	01/01/2034	1
31404W YX 8	FN 781126		09/01/2006	MBS PAYDOWN		89,274	89,274	86,902	87,167		2,107		2,107		89,274			0	3,124	12/01/2033	1
31404X T8 7	FN 781875		09/01/2006	MBS PAYDOWN		44,656	44,656	45,409	45,345		(689)		(689)		44,656			0	1,635	03/01/2033	1
31404Y KL 5	FN 782499		09/01/2006	MBS PAYDOWN		82,756	82,756	82,388	82,442		315		315		82,756			0	2,010	01/01/2034	1
31405T SU 7	FN 798931		09/01/2006	MBS PAYDOWN		12,892	12,892	12,844	12,849		44		44		12,892			0	387	11/01/2019	1
31405U MK 2	FN 799662		09/01/2006	MBS PAYDOWN		18,833	18,833	18,747	18,754		79		79		18,833			0	565	06/01/2034	1
31406J 6A 6	FN 811865		09/01/2006	MBS PAYDOWN		18,798	18,798	18,354	18,394		404		404		18,798			0	501	10/01/2019	1
31406W US 1	FN 822393		09/01/2006	MBS PAYDOWN		83,672	83,672	84,522	84,457		(785)		(785)		83,672			0	3,378	03/01/2035	1
31406Y 4L 1	FN 824427		09/01/2006	MBS PAYDOWN		118,694	118,694	119,788	119,709		(1,015)		(1,015)		118,694			0	4,125	02/01/2035	1
31407A PZ 8	FN 824940		09/01/2006	MBS PAYDOWN		251,959	251,959	255,660	255,431		(3,472)		(3,472)		251,959			0	9,496	03/01/2035	1
31407E UR 2	FN 828692		09/01/2006	MBS PAYDOWN		178,135	178,135	182,226	181,960		(3,825)		(3,825)		178,135			0	7,055	04/01/2035	1
31407H ZH 2	FN 831544		09/01/2006	MBS PAYDOWN		20,978	20,978	20,685	20,685		293		293		20,978			0	141	03/01/2036	1
31407Y ES 4	FN 844445		09/01/2006	MBS PAYDOWN		9,942	9,942	9,541	9,541		401		401		9,942			0	70	10/01/2035	1
31408G JS 7	FN 850884		09/01/2006	MBS PAYDOWN		12,623	12,623	11,970	11,970		653		653		12,623			0	53	10/01/2035	1
31408J DR 9	FN 852512		09/01/2006	MBS PAYDOWN		12,590	12,590	11,776	11,776		814		814		12,590			0	80	11/01/2035	1
31409W NY 3	FN 880707		09/01/2006	MBS PAYDOWN		15,402	15,402	15,330	15,330		72		72		15,402			0	231	03/01/2036	1
31392F 5Y 9	FNR 2002-77 CG		09/01/2006	MBS PAYDOWN		21,560	21,560	21,793	21,702		(141)		(141)		21,560			0	573	05/01/2010	1
31394C N3 2	FNR 2005-33 VA		09/01/2006	MBS PAYDOWN		46,026	46,026	46,436	46,405		(379)		(379)		46,026			0	1,535	03/01/2016	1
49130P XQ 2	KY HSG VAR-AMT-SER F	3,570	07/14/2006	MERRILL LYNCH		4,500,000	4,500,000	4,500,000						4,500,000			0	5,975	07/01/2029	1FE	
49130P RT 3	KY HSG-VAR-AMT-B	3,700	07/17/2006	VARIOUS		1,000,000	1,000,000	1,000,000						1,000,000			0	18,041	07/01/2032	1FE	
590545 GY 9	MESA ARIZ UTIL SYS REV	6,500	09/06/2006	BAUM		1,075,030	1,000,000	1,165,360	1,121,696		(23,234)		(23,234)		1,098,462		(23,432)	(23,432)	77,639	07/01/2009	1FE
591745 XL 3	MET ATLANTA TRN VAR-A	3,560	07/17/2006	LEHMAN BROTHERS		5,000,000	5,000,000	5,000,000						5,000,000			0	51,267	07/01/2025	1FE	
59465M KZ 7	MI HSG VAR-AMT-SER A	3,570	08/10/2006	MERRILL LYNCH		5,000,000	5,000,000	5,000,000						5,000,000			0	64,266	10/01/2039	1FE	
59465M NB 7	MI RENTAL HSG-VAR-A	3,450	07/17/2006	MERRILL LYNCH		2,000,000	2,000,000	2,000,000						2,000,000			0	21,048	04/01/2040	1FE	
59334D BD 5	MIAMI ETC W/S VAR-REF	3,580	07/14/2006	DAIN RAUSCHER		5,000,000	5,000,000	5,000,000						5,000,000			0	50,063	10/01/2025	1FE	
605360 ME 3	MISSISSIPPI HOSP EQUIP & FACS AU 3		07/18/2006	GOLDMAN SACHS		8,000,000	8,000,000	8,000,000						8,000,000			0	5,678	05/15/2016	1FE	
646080 GN 5	NEW JERSEY ST HIGHER ED ASSISTAN		09/28/2006	DAIN BOSWORTH		2,500,000	2,500,000	2,500,000						2,500,000			0	30,579	05/28/2038	1FE	
676901 YP 0	OH HFA AMT-B2-RMK 10/	5,375	09/01/2006	CALL BY ISSUER 100.000		20,000	20,000	20,000	20,000					20,000			0	1,075	09/01/2019	1FE	
681793 M8 5	OMAHA PUB PWR DIST	4,500	09/06/2006	SEATTLE NORTHWEST		1,223,364	1,200,000	1,283,832	1,259,172		(12,890)		(12,890)		1,246,282		(22,918)	(22,918)	60,000	02/01/2009	1FE
708793 CY 8	PA HSG-VAR-AMT-82B	3,550	08/10/2006	MERRILL LYNCH		5,000,000	5,000,000	5,000,000						5,000,000			0	64,337	04/01/2034	1FE	
709193 JM 9	PENNSYLVANIA ST INDL DEV AUTH	5	09/06/2006	CITICORP SECURITIES		1,583,370	1,500,000	1,663,530	1,631,352		(19,111)		(19,111)		1,612,241		(28,871)	(28,871)	94,063	07/01/2010	1FE
756872 CJ 4	RED RIVER TEX ED FIN	2,750	09/06/2006	FIRST SOUTHWEST		2,528,318	2,600,000	2,600,000	2,600,000					2,600,000		(71,682)	(71,682)	73,486	03/01/2009	1FE	
759249 AC 9	REID HOSP & HEALTH CARE SVCS 3		08/08/2006	CITIGROUP GLOBAL MARKET		3,800,000	3,800,000	3,800,000						3,800,000			0	5,135	01/01/2045	1FE	
803093 AR 4	SAPULPA OKLA MUN AUTH CAP	5.6	09/06/2006	MORGAN STANLEY DEAN WIT		1,614,300	1,500,000	1,704,105	1,674,506		(23,251)		(23,251)		1,651,255		(36,955)	(36,955)	100,781	07/01/2010	1FE
842443 BP 7	STHRN CA SFM VAR-B	3,530	07/17/2006	MERRILL LYNCH		2,000,000	2,000,000	2,000,000						2,000,000			0	31,152	02/01/2035	1FE	
893908 CU 1	TRAVIS SFM-FLTR-P21U	3,760	07/17/2006	LEHMAN BROTHERS		5,000,000	5,000,000	5,000,000						5,000,000			0	41,340	06/01/2039	1FE	
927780 G2 0	VIRGINIA COLLEGE BLDG AUTH	5.5	09/06/2006	CITIGROUP GLOBAL MARKET		1,284,416	1,220,000	1,371,878	1,332,723		(20,454)		(20,454)		1,312,269		(27,853)	(27,853)	68,964	09/01/2009	1FE
97689P U8 9	WI HSG-VAR-D	3,480	08/10/2006	MERRILL LYNCH		1,500,000	1,500,000	1,500,000						1,500,000			0	23,333	09/01/2035	1FE	
97689P P8 5	WI HSG/ECON-ADJ-C	3,580	07/14/2006	MERRILL LYNCH		2,700,000	2,700,000	2,700,000						2,700,000			0	34,837	03/01/2034	1FE	
977109 BC 0	WISCONSIN ST PETROLEUM	4.00	09/06/2006	UBS WARBURG		1,971,158	1,950,000	2,054,325	2,029,917		(9,354)		(9,354)		2,020,563		(49,406)	(49,406)	93,167	07/01/2011	1FE
98322P D7 1	WY DEV-VAR-AMT-6	3,580	07/14/2006	MERRILL LYNCH		5,000,000	5,000,000	5,000,000						5,000,000			0	50,319	12/01/2035	1FE	
3199999	Total - Bonds - Special Revenue & Assessment					97,005,196	96,655,690	97,677,237	16,260,634	0	(155,682)	0	(155,682)	0	97,290,654	0	(285,459)	(285,459)	1,436,348	XXX	XXX
Bonds - Public Utilities																					
070101 AE 0	BASIN ELECTRIC 144A FLTR	5,346	09/06/2006	VARIOUS		1,200,000	1,200,000	1,200,000						1,200,000			0	11,083	06/10/2029	1FE	
3899999	Total - Bonds - Public Utilities					1,200,000	1,200,000	1,200,000	0	0	0	0	0	1,200,000	0	0	0	0	11,083	XXX	XXX
Bonds - Industrial and Miscellaneous																					

E05.2

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 Designation or Market Indicator (a)
004421 BK 8	ACE 2002-HE3 M3		09/25/2006	MBS PAYDOWN		15,392	15,392	15,392					0		15,392			0	119	03/25/2008	2FE
00441R AJ 6	ACERV 2001-RV1 E		09/20/2006	MBS PAYDOWN		13,146	13,146	13,146	13,048	98			98		13,146			0	613	09/20/2021	3FE
025816 AN 9	AMERICAN EXPRESS		09/12/2006	MATURITY		2,000,000	2,000,000	2,007,060	2,001,116		(1,116)		(1,116)		2,000,000			0	109,083	09/12/2006	1FE
BCC00H 34 1	AMHPT 1996-2 B2		09/15/2006	VARIOUS		4,502	4,502	4,502					0		4,502			0	276	11/15/2026	6FE
031733 AQ 1	ARC 2004-1 B1 144A		09/30/2006	REDUCTION IN BASIS ADJUS		5,000							0					0			3FE
12506Y BC 2	CDCMC 2003-HE1 B2 FLTR		09/25/2006	MBS PAYDOWN		2,494	2,494	2,494	2,494				0		2,494			0	187	09/25/2008	3FE
12506Y BT 5	CDCMC 2003-HE3 B3		09/25/2006	MBS PAYDOWN		247,728	247,728	247,728					0		247,728			0	8,318	02/25/2010	2FE
16151R AX 1	CHAMT 2001-4 A		07/15/2006	MBS PAYDOWN		3,000,000	3,000,000	3,275,625	3,044,720		(44,720)		(44,720)		3,000,000			0	96,250	07/15/2008	1FE
172850 BQ 4	CITRV 1999-A B		09/30/2006	REDUCTION IN BASIS ADJUS		8,717							0					0		04/15/2010	4FE
22237L LB 3	COUNTRYWIDE HOME LOAN		08/01/2006	MATURITY		2,000,000	2,000,000	2,129,000	2,026,603		(26,603)		(26,603)		2,000,000			0	110,000	08/01/2006	1FE
22541L AA 1	CREDIT SUISSE FB USA INC		08/01/2006	MATURITY		2,000,000	2,000,000	2,163,340	2,037,530		(37,530)		(37,530)		2,000,000			0	117,500	08/01/2006	1FE
22540V UM 2	CSFB 2002-HE1 B		08/29/2006	MBS PAYDOWN		4,178	4,178	4,178	4,178				0		4,178			0	296	02/25/2010	3FE
225458 PD 4	CSFB 2005-AGE1 B3 FLTR		09/25/2006	MBS PAYDOWN		265	265	265	265				0		265			0	16	06/25/2012	2FE
12669D LE 6	CWHL 2002-32 2A3		08/01/2006	MBS PAYDOWN		17,095	17,095	17,295	17,095				0		17,095			0	545	09/01/2006	1FE
35729P FA 3	FHLT 2004-C M8		07/25/2006	MBS PAYDOWN		1,232	1,232	1,232					0		1,232			0	57	04/25/2034	3FE
32054Y AC 7	FIB 2000-1 A FLTR		09/15/2006	MBS PAYDOWN		21,527	21,527	21,527					0		21,527			0	1,126	10/15/2018	5FE
3136F6 YK 9	FMAN 2005-3 1		09/25/2006	MBS PAYDOWN		25,155	25,155	24,273			882		882		25,155			0	353	12/25/2012	1FE
34527R JX 2	FORDO 2003-B A4		08/15/2006	MBS PAYDOWN		3,024,396	3,024,396	3,028,885	3,025,072		(676)		(676)		3,024,396			0	47,388	12/15/2006	1FE
302570 AK 2	FPL GROUP CAPITAL INC.		09/15/2006	MATURITY		1,700,000	1,700,000	1,757,783	1,739,459		(39,459)		(39,459)		1,700,000			0	129,625	09/15/2006	1FE
36158Y EK 1	GECMC 2002-1A A2		09/01/2006	MBS PAYDOWN		87,807	87,807	93,899	92,641		(4,833)		(4,833)		87,807			0	3,970	07/01/2011	1FE
36828Q AA 4	GECMC 2003-C1 A1		09/01/2006	MBS PAYDOWN		64,202	64,202	64,361	64,272		(70)		(70)		64,202			0	1,317	03/01/2008	1FE
370425 RW 2	GMAC LLC		09/15/2006	MATURITY		5,000,000	5,000,000	5,173,150	4,856,750	179,956	(36,706)		143,250		5,000,000			0	306,250	09/15/2006	3FE
393505 UW 0	GT 1997-4 M1		09/15/2006	MBS PAYDOWN		3,161	3,161	3,161	3,161				0		3,161			0	170	02/15/2023	4FE
393505 YB 2	GT 1997-8 B1		09/15/2006	MBS PAYDOWN		32,918	32,918	32,918	29,049	3,869			3,869		32,918			0	2,860	08/15/2009	6FE
393505 TS 1	GT 1999-1 M1		07/13/2006	VARIOUS		194,906	147,480	147,480	147,480				0		147,480		47,427	47,427	9,087	11/01/2022	5FE
393505 W4 0	GT 1999-2 M1		07/13/2006	VARIOUS		540,316	410,749	410,749	410,749				0		410,749		129,567	129,567	26,660	01/01/2022	5FE
43812C AD 3	HAROT 2003-1 A4		08/18/2006	MBS PAYDOWN		990,430	990,430	981,454	986,551		3,879		3,879		990,430			0	16,171	08/18/2007	1FE
43812G AD 4	HAROT 2003-3 A4		09/20/2006	MBS PAYDOWN		895,141	895,141	900,071	896,752		(1,611)		(1,611)		895,141			0	16,476	02/21/2008	1FE
441812 GH 1	HSBC FINANCE CORP		07/15/2006	MATURITY		3,000,000	3,000,000	2,995,440	2,999,910		90		90		3,000,000			0	216,000	07/15/2006	1FE
456606 BJ 0	INHEL 2000-C MF1		07/25/2006	MBS PAYDOWN		3,353	3,353	3,353					0		3,353			0	2	10/01/2009	2FE
456606 DE 9	INHEL 2001-C B		09/25/2006	MBS PAYDOWN		20,359	20,359	20,359	20,359				0		20,359			0	1,506	03/25/2008	4FE
52519S AW 3	LABMH 2002-A B2		08/15/2006	MBS PAYDOWN		84	84	84	81	3			3		84			0	6	10/15/2011	4FE
589962 CV 9	MESC 13 M1		09/29/2006	MBS PAYDOWN		254	254	254	254				0		254			0	17	08/01/2015	6FE
59001F AZ 4	MMLT 2004-1 B1 FLTR		09/25/2006	MBS PAYDOWN		122,612	122,612	122,612	122,612				0		122,612			0	11,063	11/25/2009	3FE
61745M ES 8	MSC 1998-WF1 A2		09/01/2006	MBS PAYDOWN		57,967	57,967	62,405	60,412		(2,446)		(2,446)		57,967			0	3,417	12/01/2007	1FE
61746W RT 9	MSDWC 2002-HE2 B1 FLTR		09/25/2006	MBS PAYDOWN		2,089	2,089	2,089					0		2,089			0	155	01/25/2008	4FE
68619A AG 2	ORGN 2001-A M1		09/15/2006	MBS PAYDOWN		1,651	1,651	1,651	1,534	117			117		1,651			0	119	03/15/2016	6FE
69348L GE 3	PNCMS 1996-PR1 A		07/01/2006	MBS PAYDOWN		52	52	54	52		(1)		(1)		52			0		04/01/2026	1FE
76126C KG 6	RACERS-01-29-E 144A		09/29/2006	SINKING FUND REDEMPTION		6,563	6,563	6,563	6,473	90			90		6,563			0	576	03/24/2011	5FE
86358E XW 1	SAIL 2005-8 M7		07/19/2006	GOLDMAN SACHS		336,766	350,000	336,328					0		336,328		438	438	1,692	06/25/2013	2FE
86358R L7 0	SASC 2002-HF1 B FLTR		09/25/2006	MBS PAYDOWN		20,687	20,687	20,687	20,476	212			212		20,687			0	2,284	12/25/2025	4FE
86359A 2T 9	SASC 2003-BC3 M4		08/25/2006	MBS PAYDOWN		4,243	4,243	4,243					0		4,243			0	4	03/25/2013	2FE
86787G AA 0	SUNTRUST BANK ATLANTA		09/15/2006	MATURITY		1,000,000	1,000,000	973,430	996,282		3,718		3,718		1,000,000			0	72,500	09/15/2006	1FE
4599999	Total - Bonds - Industrial & Miscellaneous					26,462,671	26,298,912	27,070,520	25,627,430	184,345	(187,202)		(2,857)		26,285,240		177,432	177,432	1,314,054	XXX	XXX
6099997	Total - Bonds - Part 4					156,360,710	155,745,546	157,925,986	49,298,621	184,345	(423,664)		(239,319)		156,407,498		(46,787)	(46,787)	3,592,867	XXX	XXX
6099999	Total - Bonds					156,360,710	155,745,546	157,925,986	49,298,621	184,345	(423,664)		(239,319)		156,407,498		(46,787)	(46,787)	3,592,867	XXX	XXX
Preferred Stocks - Banks, Trust and Insurance Companies																					
060505 80 7	BANK AMERICA CORP		07/03/2006	CALL BY ISSUER 50,000		60,000,000		3,000,000	3,146,400	3,018,780	127,620	(146,400)	(18,780)		3,000,000			0	151,500	XXX	RP1FE

E05.3

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 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.							
6299999	Total - Preferred Stocks - Banks, Trust & Insurance Companies.....					3,000,000	XXX	3,146,400	3,018,780	127,620	(146,400)	0	(18,780)	0	3,000,000	0	0	0	151,500	XXX	XXX
6599997	Total - Preferred Stocks - Part 4.....					3,000,000	XXX	3,146,400	3,018,780	127,620	(146,400)	0	(18,780)	0	3,000,000	0	0	0	151,500	XXX	XXX
6599999	Total - Preferred Stocks.....					3,000,000	XXX	3,146,400	3,018,780	127,620	(146,400)	0	(18,780)	0	3,000,000	0	0	0	151,500	XXX	XXX
Common Stocks - Parent, Subsidiaries and Affiliates																					
71989# 10 2	RED MOUNTAIN CASUALTY INS CO, INC | ... | .08/31/2006 | PROFESSIONALS INSURANC | ...					3,000,000.000		20,276,817	18,022,906	(2,556,378)			(2,556,378)		15,466,528		4,810,289	4,810,289		XXX	A
6999999	Total - Common Stocks - Parent, Subsidiaries and Affiliates.....					20,276,817	XXX	15,466,528	18,022,906	(2,556,378)	0		(2,556,378)	0	15,466,528	0	4,810,289	4,810,289	0	XXX	XXX
7299997	Total - Common Stocks - Part 4.....					20,276,817	XXX	15,466,528	18,022,906	(2,556,378)	0		(2,556,378)	0	15,466,528	0	4,810,289	4,810,289	0	XXX	XXX
7299999	Total - Common Stocks.....					20,276,817	XXX	15,466,528	18,022,906	(2,556,378)	0		(2,556,378)	0	15,466,528	0	4,810,289	4,810,289	0	XXX	XXX
7399999	Total - Preferred and Common Stocks.....					23,276,817	XXX	18,612,928	21,041,686	(2,428,758)	(146,400)		(2,575,158)	0	18,466,528	0	4,810,289	4,810,289	151,500	XXX	XXX
7499999	Total - Bonds, Preferred and Common Stocks.....					179,637,527	XXX	176,538,914	70,340,307	(2,244,413)	(570,064)		(2,814,477)	0	174,874,026	0	4,763,502	4,763,502	3,744,367	XXX	XXX

(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**

PRONATIONAL INSURANCE COMPANY

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
Open Depositories								
BANK OF AMERICA.....	ATLANTA, GA.....	.....	.....	.....	.....878,305	.....788,793	.....1,021,754	XXX
FEDERAL HOME LOAN BANK.....	INDIANAPOLIS, IN.....	.....	.....	.....	.....117,586	.....117,886	.....118,296	XXX
WACHOVIA BANK.....	BIRMINGHAM, AL.....	.....	.....	.....	.....(4,069,834)	.....(5,126,813)	.....(3,950,348)	XXX
VOYAGER BANK.....	EDEN PRAIRIE, MN.....	.....	.....	.....	.....6,480	.....4,231	.....956	XXX
US BANK.....	BIRMINGHAM, AL.....	.....	.....	.....	.....4,791	.....(43,868)	.....(2,409)	XXX
0199999. Total Open Depositories.....	XXX.....	XXX.....	.....0	.....0	.....(3,062,671)	.....(4,259,771)	.....(2,811,751)	XXX
0399999. Total Cash on Deposit.....	XXX.....	XXX.....	.....0	.....0	.....(3,062,671)	.....(4,259,771)	.....(2,811,751)	XXX
0499999. Cash in Company's Office.....	XXX.....	XXX.....	XXX.....	.....XXX.....	.....2,325	.....2,650	.....2,775	XXX
0599999. Total Cash.....	XXX.....	XXX.....	.....0	.....0	.....(3,060,346)	.....(4,257,121)	.....(2,808,976)	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
Cash Equivalents								
02635S KG 1	AMERICAN GENERAL FIN CRP.....		09/20/2006	5.259	10/16/2006	2,394,760		3,843
0454E3 KA 4	ASSET ONE SE.....		09/22/2006	5.304	10/10/2006	2,362,871		3,129
19028U K5 9	COAST ASSET CORP.....		09/27/2006	5.306	10/05/2006	697,589		411
24228K K2 6	DEALERS CAPITAL ACC.....		09/26/2006	5.304	10/02/2006	4,003,411		2,947
27873K KS 0	EBURY FINANCE LLC.....		09/11/2006	5.315	10/26/2006	2,490,833		7,333
30256P K6 8	FPL FUELS INC.....		09/15/2006	5.266	10/06/2006	4,496,719		10,500
4042F1 KC 2	HSBC FINANCE CORP.....		09/15/2006	5.250	10/12/2006	4,492,809		10,460
50285M K5 0	LAFAYETTE ASSET FUNDING.....		09/29/2006	5.404	10/05/2006	2,536,477		761
89233H KC 7	TOYOTA MOTOR CREDIT CIRP.....		09/12/2006	5.262	10/12/2006	4,991,994		13,828
90262D K6 1	UBS FINANCE DELEWARE LLC.....		09/06/2006	5.278	10/06/2006	4,996,351		18,247
9292E1 K2 1	WGL HLDGS INC.....		09/25/2006	5.305	10/02/2006	2,932,568		2,591
31409A PB 9	FNMA CL30 YR PL # 865418.....	RA...	09/29/2006	5.100	10/02/2006	4,188,000		184,993
0199999.	Totals.....					40,584,382	0	259,043