* 1 3 1 6 1 2 0 0 9 2 0 1 0 0 1 0 1 *

# QUARTERLY STATEMENT

**As of March 31, 2009**

of the Condition and Affairs of the

# COMMERCE WEST INSURANCE COMPANY

NAIC Group Code.....0816, 0816 (Current Period) (Prior Period) NAIC Company Code..... 13161 Employer's ID Number..... 94-1137122

Organized under the Laws of CALIFORNIA State of Domicile or Port of Entry CALIFORNIA Country of Domicile US

Incorporated/Organized..... March 19, 1948 Commenced Business..... October 18, 1949

Statutory Home Office 4301 HACIENDA DRIVE, SUITE 200….. PLEASANTON ..... CA ..... 94588
*(Street and Number) (City or Town, State and Zip Code)*

Main Administrative Office 211 MAIN STREET….. WEBSTER ..... MA ..... 01570 508-943-9000
*(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)*

Mail Address 211 MAIN STREET….. WEBSTER ..... MA ..... 01570
*(Street and Number or P. O. Box) (City or Town, State and Zip Code)*

Primary Location of Books and Records 211 MAIN STREET….. WEBSTER ..... MA ..... 01570 508-943-9000-4942
*(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)*

Internet Web Site Address WWW.COMMERCEWEST.NET

Statutory Statement Contact BRIAN KEITH GERMAIN 508-943-9000-4942
*(Name) (Area Code) (Telephone Number) (Extension)*
bgermai@commerceinsurance.com 508-949-4246
*(E-Mail Address) (Fax Number)*

## OFFICERS

| Name | Title | Name | Title |
|---|---|---|---|
| JAIME TAMAYO | PRESIDENT/CHIEF EXECUTIVE OFFICER | DANIEL PATRICK OLOHAN | SECRETARY/GENERAL COUNSEL |
| ROBERT EDWARD MCKENNA | TREASURER/VICE PRESIDENT | GERALD FELS | CHAIRMAN OF THE BOARD |

## OTHER

| | | | |
|---|---|---|---|
| RANDALL VAUGHN BECKER | CFO/ EXECUTIVE VICE PRESIDENT | MICHAEL JAMES BERRYESSA | VICE PRESIDENT |
| JOHN EDWARD DONAHUE | CHIEF OPERATING OFFICER | ALBERT RHEA HARRIS | SENIOR VICE PRESIDENT |
| JOHN WESTON HAWIE | CIO/SENIOR VICE PRESIDENT | DEBRA ANN MANN | SENIOR VICE PRESIDENT |
| JOHN MARTIN MECIAK | ASSISTANT TREASURER | CATHLEEN MCAULIFFE MOYNIHAN | SENIOR VICE PRESIDENT |
| ARTHUR JOSEPH REMILLARD III | EXECUTIVE VICE PRESIDENT | ANDREW JOHN GOLDSMITH | VICE PRESIDENT |

## DIRECTORS OR TRUSTEES

GERALD FELS JAIME TAMAYO

State of..... MASSACHUSETTS
County of..... WORCESTER ss

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 there from 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) | (Signature) | (Signature) |
|---|---|---|
| JAIME TAMAYO | DANIEL PATRICK OLOHAN | ROBERT EDWARD MCKENNA |
| PRESIDENT/CHIEF EXECUTIVE OFFICER | SECRETARY/GENERAL COUNSEL | TREASURER/VICE PRESIDENT |
| (Title) | (Title) | (Title) |

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 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | 4 December 31 Prior Year Net Admitted Assets |
|---|---|---|---|---|
| 1. Bonds | 92,056,651 | | 92,056,651 | 88,959,124 |
| 2. Stocks: | | | | |
| 2.1 Preferred stocks | 10,046,905 | | 10,046,905 | 12,192,573 |
| 2.2 Common stocks | | | 0 | |
| 3. Mortgage loans on real estate: | | | | |
| 3.1 First liens | | | 0 | |
| 3.2 Other than first liens | | | 0 | |
| 4. Real estate: | | | | |
| 4.1 Properties occupied by the company (less $.....0 encumbrances) | | | 0 | |
| 4.2 Properties held for the production of income (less $.....0 encumbrances) | | | 0 | |
| 4.3 Properties held for sale (less $.....0 encumbrances) | | | 0 | |
| 5. Cash ($.....3,917,807), cash equivalents ($.....0) and short-term investments ($.....0) | 3,917,807 | | 3,917,807 | 17,562,891 |
| 6. Contract loans (including $.....0 premium notes) | | | 0 | |
| 7. Other invested assets | | | 0 | |
| 8. Receivables for securities | | | 0 | |
| 9. Aggregate write-ins for invested assets | 0 | 0 | 0 | 0 |
| 10. Subtotals, cash and invested assets (Lines 1 to 9) | 106,021,363 | 0 | 106,021,363 | 118,714,588 |
| 11. Title plants less $.....0 charged off (for Title insurers only) | | | 0 | |
| 12. Investment income due and accrued | 1,240,591 | | 1,240,591 | 1,032,957 |
| 13. Premiums and considerations: | | | | |
| 13.1 Uncollected premiums and agents' balances in the course of collection | 15,525,438 | 693,866 | 14,831,572 | 10,233,092 |
| 13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums) | 12,036,001 | | 12,036,001 | 10,692,892 |
| 13.3 Accrued retrospective premiums | | | 0 | |
| 14. Reinsurance: | | | | |
| 14.1 Amounts recoverable from reinsurers | 13,964,649 | | 13,964,649 | 12,289,756 |
| 14.2 Funds held by or deposited with reinsured companies | | | 0 | |
| 14.3 Other amounts receivable under reinsurance contracts | 12,237,781 | | 12,237,781 | 9,386,696 |
| 15. Amounts receivable relating to uninsured plans | | | 0 | |
| 16.1 Current federal and foreign income tax recoverable and interest thereon | | | 0 | |
| 16.2 Net deferred tax asset | 9,751,701 | 5,898,436 | 3,853,265 | 3,652,840 |
| 17. Guaranty funds receivable or on deposit | | | 0 | |
| 18. Electronic data processing equipment and software | 213,994 | 134,415 | 79,579 | 124,169 |
| 19. Furniture and equipment, including health care delivery assets ($.....0) | 219,285 | 219,285 | 0 | |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates | | | 0 | |
| 21. Receivables from parent, subsidiaries and affiliates | | | 0 | |
| 22. Health care ($.....0) and other amounts receivable | | | 0 | |
| 23. Aggregate write-ins for other than invested assets | 91,091 | 38,070 | 53,021 | 53,124 |
| 24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23) | 171,301,894 | 6,984,072 | 164,317,822 | 166,180,114 |
| 25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | 0 | |
| 26. Total (Lines 24 and 25) | 171,301,894 | 6,984,072 | 164,317,822 | 166,180,114 |

**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. Misc Assets | 53,021 | | 53,021 | 53,124 |
| 2302. Prepaid Expenses | 38,070 | 38,070 | 0 | |
| 2303. | | | 0 | |
| 2398. Summary of remaining write-ins for Line 23 from overflow page | 0 | 0 | 0 | 0 |
| 2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above) | 91,091 | 38,070 | 53,021 | 53,124 |

# LIABILITIES, SURPLUS AND OTHER FUNDS

| | | 1<br>Current<br>Statement Date | 2<br>December 31<br>Prior Year |
|---|---|---|---|
| 1. | Losses (current accident year $.....4,779,000) | 24,872,177 | 25,703,774 |
| 2. | Reinsurance payable on paid losses and loss adjustment expenses | 12,679,192 | 11,027,932 |
| 3. | Loss adjustment expenses | 5,720,299 | 5,730,245 |
| 4. | Commissions payable, contingent commissions and other similar charges | 2,084,317 | 2,888,106 |
| 5. | Other expenses (excluding taxes, licenses and fees) | 1,828,100 | 1,798,194 |
| 6. | Taxes, licenses and fees (excluding federal and foreign income taxes) | 1,168,010 | 544,870 |
| 7.1 | Current federal and foreign income taxes (including $.....0 on realized capital gains (losses)) | 301,011 | 3,154,235 |
| 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 $.....37,781,898 and including warranty reserves of $.....0) | 30,719,168 | 30,317,503 |
| 10. | Advance premium | 302,988 | 444,803 |
| 11. | Dividends declared and unpaid: | | |
| | 11.1 Stockholders | | |
| | 11.2 Policyholders | | |
| 12. | Ceded reinsurance premiums payable (net of ceding commissions) | 19,367,200 | 17,651,624 |
| 13. | Funds held by company under reinsurance treaties | | |
| 14. | Amounts withheld or retained by company for account of others | | |
| 15. | Remittances and items not allocated | | |
| 16. | Provision for reinsurance | | |
| 17. | Net adjustments in assets and liabilities due to foreign exchange rates | | |
| 18. | Drafts outstanding | | |
| 19. | Payable to parent, subsidiaries and affiliates | 3,821,712 | 3,468,141 |
| 20. | Payable for securities | | |
| 21. | Liability for amounts held under uninsured plans | | |
| 22. | Capital notes $.....0 and interest thereon $.....0 | | |
| 23. | Aggregate write-ins for liabilities | 376,763 | 313,978 |
| 24. | Total liabilities excluding protected cell liabilities (Lines 1 through 23) | 103,240,937 | 103,043,405 |
| 25. | Protected cell liabilities | | |
| 26. | Total liabilities (Lines 24 and 25) | 103,240,937 | 103,043,405 |
| 27. | Aggregate write-ins for special surplus funds | 0 | 0 |
| 28. | Common capital stock | 3,333,350 | 3,333,350 |
| 29. | Preferred capital stock | | |
| 30. | Aggregate write-ins for other than special surplus funds | 0 | 0 |
| 31. | Surplus notes | | |
| 32. | Gross paid in and contributed surplus | 10,480,965 | 10,480,965 |
| 33. | Unassigned funds (surplus) | 47,262,570 | 49,322,394 |
| 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) | 61,076,885 | 63,136,709 |
| 36. | Totals | 164,317,822 | 166,180,114 |

**DETAILS OF WRITE-INS**

| | | | |
|---|---|---|---|
| 2301. | SCHEDULE P ADJUSTMENT | 110,000 | 110,000 |
| 2302. | MISC LIABILITIES | 266,763 | 203,978 |
| 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) | 376,763 | 313,978 |
| 2701. | | | |
| 2702. | | | |
| 2703. | | | |
| 2798. | Summary of remaining write-ins for Line 27 from overflow page | 0 | 0 |
| 2799. | Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above) | 0 | 0 |
| 3001. | | | |
| 3002. | | | |
| 3003. | | | |
| 3098. | Summary of remaining write-ins for Line 30 from overflow page | 0 | 0 |
| 3099. | Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above) | 0 | 0 |

# STATEMENT OF INCOME

| | 1<br>Current Year<br>to Date | 2<br>Prior Year<br>to Date | 3<br>Prior Year Ended<br>December 31 |
|---|---|---|---|
| **UNDERWRITING INCOME** | | | |
| 1. Premiums earned: | | | |
| 1.1 Direct (written $ 27,620,914) | 20,285,560 | 16,097,206 | 70,227,432 |
| 1.2 Assumed (written $ 15,945,781) | 15,544,116 | 16,695,583 | 65,584,085 |
| 1.3 Ceded (written $ 27,620,914) | 20,285,560 | 16,097,206 | 70,227,432 |
| 1.4 Net (written $ 15,945,781) | 15,544,116 | 16,695,583 | 65,584,085 |
| DEDUCTIONS: | | | |
| 2. Losses incurred (current accident year $ 9,250,000): | | | |
| 2.1 Direct | 10,565,714 | 7,334,491 | 37,979,909 |
| 2.2 Assumed | 9,939,596 | 9,307,296 | 36,923,461 |
| 2.3 Ceded | 10,565,714 | 7,334,491 | 37,979,909 |
| 2.4 Net | 9,939,596 | 9,307,296 | 36,923,461 |
| 3. Loss adjustment expenses incurred | 1,949,454 | 1,641,817 | 7,704,805 |
| 4. Other underwriting expenses incurred | 3,743,541 | 4,623,448 | 18,335,224 |
| 5. Aggregate write-ins for underwriting deductions | 0 | 0 | 0 |
| 6. Total underwriting deductions (Lines 2 through 5) | 15,632,591 | 15,572,561 | 62,963,490 |
| 7. Net income of protected cells | | | |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7) | (88,475) | 1,123,022 | 2,620,595 |
| **INVESTMENT INCOME** | | | |
| 9. Net investment income earned | 1,387,070 | 1,684,377 | 6,191,541 |
| 10. Net realized capital gains (losses) less capital gains tax of $ 0 | (725,699) | (2,301,036) | (9,140,157) |
| 11. Net investment gain (loss) (Lines 9 + 10) | 661,371 | (616,659) | (2,948,616) |
| **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 | 676,164 | 561,631 | 2,439,505 |
| 14. Aggregate write-ins for miscellaneous income | 0 | 0 | 8,626 |
| 15. Total other income (Lines 12 through 14) | 676,164 | 561,631 | 2,448,131 |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) | 1,249,060 | 1,067,994 | 2,120,110 |
| 17. Dividends to policyholders | | | |
| 18. Net income after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) | 1,249,060 | 1,067,994 | 2,120,110 |
| 19. Federal and foreign income taxes incurred | 479,902 | 931,026 | 3,384,505 |
| 20. Net income (Line 18 minus Line 19) (to Line 22) | 769,158 | 136,968 | (1,264,395) |
| **CAPITAL AND SURPLUS ACCOUNT** | | | |
| 21. Surplus as regards policyholders, December 31 prior year | 63,136,709 | 66,077,656 | 66,077,656 |
| 22. Net income (from Line 20) | 769,158 | 136,968 | (1,264,395) |
| 23. Net transfers (to) from Protected Cell accounts | | | |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of $ (965,803) | (1,793,634) | 666,547 | (470,715) |
| 25. Change in net unrealized foreign exchange capital gain (loss) | | | |
| 26. Change in net deferred income tax | 288,423 | 871,750 | 3,114,256 |
| 27. Change in nonadmitted assets | (1,323,771) | (187,076) | (4,234,893) |
| 28. Change in provision for reinsurance | | | |
| 29. Change in surplus notes | | | |
| 30. Surplus (contributed to) withdrawn from protected cells | | | |
| 31. Cumulative effect of changes in accounting principles | | | |
| 32. Capital changes: | | | |
| 32.1 Paid in | | | |
| 32.2 Transferred from surplus (Stock Dividend) | | | |
| 32.3 Transferred to surplus | | | |
| 33. Surplus adjustments: | | | |
| 33.1 Paid in | | | |
| 33.2 Transferred to capital (Stock Dividend) | | | |
| 33.3 Transferred from capital | | | |
| 34. Net remittances from or (to) Home Office | | | |
| 35. Dividends to stockholders | | | |
| 36. Change in treasury stock | | | |
| 37. Aggregate write-ins for gains and losses in surplus | 0 | 0 | (85,200) |
| 38. Change in surplus as regards policyholders (Lines 22 through 37) | (2,059,824) | 1,488,189 | (2,940,947) |
| 39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38) | 61,076,885 | 67,565,845 | 63,136,709 |

**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. MISC INCOME | | | 8,626 |
| 1402. | | | |
| 1403. | | | |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | 0 | 0 | 0 |
| 1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above) | 0 | 0 | 8,626 |
| 3701. Change in Schedule P adjustment | | | (85,200) |
| 3702. Statutory Adjustment for Discount of Reserves | | | |
| 3703. | | | |
| 3798. Summary of remaining write-ins for Line 37 from overflow page | 0 | 0 | 0 |
| 3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above) | 0 | 0 | (85,200) |

# CASH FLOW

| | 1<br>Current Year<br>to Date | 2<br>Prior Year Ended<br>December 31 |
|---|---|---|
| **CASH FROM OPERATIONS** | | |
| 1. Premiums collected net of reinsurance | 11,294,867 | 59,582,789 |
| 2. Net investment income | 1,181,553 | 6,116,011 |
| 3. Miscellaneous income | 676,164 | 2,448,132 |
| 4. Total (Lines 1 through 3) | 13,152,584 | 68,146,932 |
| 5. Benefit and loss related payments | 13,645,911 | 38,748,344 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | | |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 5,853,684 | 25,043,700 |
| 8. Dividends paid to policyholders | | |
| 9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses) | 3,333,126 | 5,344,470 |
| 10. Total (Lines 5 through 9) | 22,832,721 | 69,136,514 |
| 11. Net cash from operations (Line 4 minus Line 10) | (9,680,137) | (989,582) |
| **CASH FROM INVESTMENTS** | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds | 6,258,280 | 60,028,994 |
| 12.2 Stocks | | 12,289,988 |
| 12.3 Mortgage loans | | |
| 12.4 Real estate | | |
| 12.5 Other invested assets | | |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | | |
| 12.7 Miscellaneous proceeds | | |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 6,258,280 | 72,318,982 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds | 10,697,392 | 62,163,406 |
| 13.2 Stocks | | 4,754,465 |
| 13.3 Mortgage loans | | |
| 13.4 Real estate | | |
| 13.5 Other invested assets | | |
| 13.6 Miscellaneous applications | | |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 10,697,392 | 66,917,871 |
| 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) | (4,439,112) | 5,401,111 |
| **CASH FROM FINANCING AND MISCELLANEOUS SOURCES** | | |
| 16. Cash provided (applied): | | |
| 16.1 Surplus notes, capital notes | | |
| 16.2 Capital and paid in surplus, less treasury stock | | |
| 16.3 Borrowed funds | | |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | | |
| 16.5 Dividends to stockholders | | |
| 16.6 Other cash provided (applied) | 474,165 | 865,643 |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6) | 474,165 | 865,643 |
| **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) | (13,645,084) | 5,277,172 |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year | 17,562,891 | 12,285,719 |
| 19.2 End of period (Line 18 plus Line 19.1) | 3,917,807 | 17,562,891 |

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

| | | |
|---|---|---|
| 20.0001 | | |

# NOTES TO FINANCIAL STATEMENTS

## Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices, Impact of NAIC/State Differences

The accompanying financial statements of the Commerce West Insurance Company ("Company") have been prepared in conformity with accounting practices prescribed or permitted by the National Association of Insurance Commissioners and the State of California.

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of California. Effective January 1, 2001, the State of California required that insurance companies domiciled in the State to prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures manual – Version effective January 1, 2001 subject to any deviations prescribed or permitted by the State of California insurance commissioner.

## Note 2 - Accounting Changes and Corrections of Errors

No significant change.

## Note 3 - Business Combinations and Goodwill

No significant change.

## Note 4 - Discontinued Operations

No significant change.

## Note 5 - Investments

No significant change.

## Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

## Note 7 - Investment Income

No significant change.

## Note 8 - Derivative Instruments

No significant change.

## Note 9 - Income Taxes

No significant change.

## Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

No significant change.

## Note 11 - Debt

No significant change.

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

No significant change.

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

No significant change.

# NOTES TO FINANCIAL STATEMENTS

## Note 14 - Contingencies

*CSAA*

As previously disclosed, this matter involves a lawsuit filed by California State Automobile Inter-Insurance Bureau (CSAA) against Commerce West Insurance Company, American Commerce Insurance Company, and The Commerce Group, Inc. In that lawsuit, CSAA alleges that, through the hiring of several CSAA employees, the defendants misappropriated CSAA's trade secrets or proprietary information, intentionally interfered with a confidentiality agreement between CSAA and one of those employees, and engaged in unfair business practices and unfair competition.

This case was originally filed by CSAA on April 25, 2007. The Court granted the Company's motion to dismiss the original complaint on June 25, 2007, but also granted CSAA leave to amend the complaint. On July 25, 2007, CSAA filed a First Amended Complaint in which it repeated its claims alleged in the original complaint, and added two counts alleging conversion and civil conspiracy. On August 27, 2007, the Company moved to dismiss seven of the eight causes of action alleged in the First Amended Complaint. The Court granted the Company's motion on November 26, 2007, but granted CSAA leave to amend five of the seven counts dismissed. The Court's dismissal of the remaining two counts (conversion and civil conspiracy) is final.

On January 10, 2008, CSAA filed its Second Amended Complaint against Commerce West Insurance Company, American Commerce Insurance Company, and The Commerce Group, Inc. The Second Amended Complaint contains four counts that restate CSAA's prior allegations that, through the hiring of several CSAA employees, the Company misappropriated CSAA's trade secrets or proprietary information, intentionally interfered with a confidentiality agreement between CSAA and one of those employees, and engaged in unfair business practices and unfair competition. CSAA seeks injunctive relief, including prohibiting the Company from using CSAA's alleged trade secret or proprietary information or from soliciting CSAA's employees. CSAA also seeks money damages in an unspecified amount, exemplary damages, and attorney's fees and costs.

On February 11, 2008, the Company filed a motion to dismiss three of the four causes of action alleged in the Second Amended Complaint. Following a hearing on the Company's motion to dismiss on March 20, 2008, the Court denied the motion on March 24, 2008. The parties are conducting discovery. The Court has set a fact discovery deadline of October 7, 2009. Trial is scheduled to begin on November 6, 2009. The Company cannot estimate the amount that CSAA may be awarded from this lawsuit if CSAA is successful.

## 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

C. NOTE: No Wash Sales to be reported this quarter.

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

No significant change.

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

No significant change.

## Note 20 - Other Items

No significant change.

## Note 21 - Events Subsequent

No significant change.

## Note 22 - Reinsurance

No significant change.

## Note 23 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

# NOTES TO FINANCIAL STATEMENTS

No significant change.

**Note 24 - Change in Incurred Losses and Loss Adjustment Expenses**

Incurred losses and loss adjustment expenses attributable to insured events of prior years has decreased by approximately $961,000 during the current year. The redundancy of $961,000 is approximately 3.1% of the unpaid losses and LAE of $31,434,019 as of the prior year-end. The $961,000 redundancy is the result of the pooled results and not the Company on a stand alone basis.

**Note 25 - Intercompany Pooling Arrangements**

No significant change.

**Note 26 - Structured Settlements**

No significant change.

**Note 27 - Health Care Receivables**

No significant change.

**Note 28 - Participating Policies**

No significant change.

**Note 29 - Premium Deficiency Reserves**

No significant change.

**Note 30 - High Deductibles**

No significant change.

**Note 31 - Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

No significant change.

**Note 32 - Asbestos/Environmental Reserves**

No significant change.

**Note 33 - Subscriber Savings Accounts**

No significant change.

**Note 34 - Multiple Peril Crop Insurance**

No significant change.

# GENERAL INTERROGATORIES

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

## PART 1 - COMMON INTERROGATORIES

### GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [ X ]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [ X ]

2.2 If yes, date of change: .....

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ X ] No [ ]
If yes, complete the Schedule Y-Part 1 - Organizational chart.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [ X ]

4.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| 1<br>Name of Entity | 2<br>NAIC<br>Company Code | 3<br>State of<br>Domicile |
|---|---|---|
| | | |

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [ X ] N/A [ ]
If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2003.....

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). 10/18/2004.....

6.4 By what department or departments?
CALIFORNIA DEPARTMENT OF INSURANCE

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [ X ] No [ ] N/A [ ]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ X ] No [ ] N/A [ ]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [ 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<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>OTS | 6<br>FDIC | 7<br>SEC |
|---|---|---|---|---|---|---|
| | | | | | | |

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

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

9.2 Has the code of ethics for senior managers been amended? Yes [ ] No [ X ]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

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

# GENERAL INTERROGATORIES

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

## PART 1 - COMMON INTERROGATORIES

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

## FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [ X ]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: .....

## INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [ X ]

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: $.....0

13. Amount of real estate and mortgages held in short-term investments: $.....0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [ X ]

14.2 If yes, please complete the following:

| | 1<br>Prior Year-End<br>Book/Adjusted Carrying Value | 2<br>Current Quarter<br>Book/Adjusted Carrying Value |
|---|---|---|
| 14.21 Bonds | $.....0 | $..... |
| 14.22 Preferred Stock | $.....0 | $..... |
| 14.23 Common Stock | $.....0 | $..... |
| 14.24 Short-Term Investments | $.....0 | $..... |
| 14.25 Mortgage Loans on Real Estate | $.....0 | $..... |
| 14.26 All Other | $.....0 | $..... |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) | $.....0 | $.....0 |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above | $..... | $..... |

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 [ X ]
If no, attach a description with this statement.

16. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III. Conducting Examinations, F-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<br>Name of Custodian(s) | 2<br>Custodian Address |
|---|---|
| BANK OF NEW YORK | ONE WALL STREET, NEW YORK NY |

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<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|---|---|---|
| | | |

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ] No [ X ]

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

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>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<br>Central Registration Depository | 2<br>Name(s) | 3<br>Address |
|---|---|---|
| | | |

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

17.2 If no, list exceptions:

# GENERAL INTERROGATORIES (continued)

## PART 2
## PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [ ] No [ X ] N/A [ ]
   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 | 2 | 3 | Total Discount | | | | Discount Taken During Period | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Line of Business | Maximum Interest | Disc. Rate | Unpaid Losses | Unpaid LAE | IBNR | Total | Unpaid Losses | Unpaid LAE | IBNR | Total |
| | | | | | | 0 | | | | 0 |
| Total | XXX | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

# SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

| 1<br>NAIC<br>Company<br>Code | 2<br>Federal<br>ID<br>Number | 3<br>Name of Reinsurer | 4<br>Location | 5<br>Is Insurer<br>Authorized?<br>(YES or NO) |
|---|---|---|---|---|

# NONE

# SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

| | | 1 | Direct Premiums Written | | Direct Losses Paid (Deducting Salvage) | | Direct Losses Unpaid | |
|---|---|---|---|---|---|---|---|---|
| | States, Etc. | Active Status | 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 | N | | | | | | |
| 2. | Alaska AK | N | | | | | | |
| 3. | Arizona AZ | L | 1,493,255 | 1,423,897 | 727,958 | 584,338 | 1,144,740 | 1,243,109 |
| 4. | Arkansas AR | N | | | | | | |
| 5. | California CA | L | 25,361,847 | 15,920,592 | 9,518,026 | 7,941,771 | 18,074,009 | 14,535,177 |
| 6. | Colorado CO | L | | | | | | |
| 7. | Connecticut CT | N | | | | | | |
| 8. | Delaware DE | N | | | | | | |
| 9. | District of Columbia DC | N | | | | | | |
| 10. | Florida FL | N | | | | | | |
| 11. | Georgia GA | N | | | | | | |
| 12. | Hawaii HI | N | | | | | | |
| 13. | Idaho ID | N | | | | | | |
| 14. | Illinois IL | N | | | | | | |
| 15. | Indiana IN | N | | | | | | |
| 16. | Iowa IA | N | | | | | | |
| 17. | Kansas KS | N | | | | | | |
| 18. | Kentucky KY | N | | | | | | |
| 19. | Louisiana LA | N | | | | | | |
| 20. | Maine ME | N | | | | | | |
| 21. | Maryland MD | N | | | | | | |
| 22. | Massachusetts MA | N | | | | | | |
| 23. | Michigan MI | N | | | | | | |
| 24. | Minnesota MN | N | | | | | | |
| 25. | Mississippi MS | N | | | | | | |
| 26. | Missouri MO | N | | | | | | |
| 27. | Montana MT | N | | | | | | |
| 28. | Nebraska NE | N | | | | | | |
| 29. | Nevada NV | L | | | | | | |
| 30. | New Hampshire NH | N | | | | | | |
| 31. | New Jersey NJ | N | | | | | | |
| 32. | New Mexico NM | N | | | | | | |
| 33. | New York NY | N | | | | | | |
| 34. | North Carolina NC | N | | | | | | |
| 35. | North Dakota ND | N | | | | | | |
| 36. | Ohio OH | N | | | | | | |
| 37. | Oklahoma OK | N | | | | | | |
| 38. | Oregon OR | L | 765,812 | 1,039,021 | 716,598 | 911,995 | 1,481,753 | 1,465,595 |
| 39. | Pennsylvania PA | N | | | | | | |
| 40. | Rhode Island RI | N | | | | | | |
| 41. | South Carolina SC | N | | | | | | |
| 42. | South Dakota SD | N | | | | | | |
| 43. | Tennessee TN | N | | | | | | |
| 44. | Texas TX | N | | | | | | |
| 45. | Utah UT | L | | | | | | |
| 46. | Vermont VT | N | | | | | | |
| 47. | Virginia VA | N | | | | | | |
| 48. | Washington WA | L | | | | | | |
| 49. | West Virginia WV | N | | | | | | |
| 50. | Wisconsin WI | N | | | | | | |
| 51. | Wyoming WY | N | | | | | | |
| 52. | American Samoa AS | N | | | | | | |
| 53. | Guam GU | N | | | | | | |
| 54. | Puerto Rico PR | N | | | | | | |
| 55. | US Virgin Islands VI | N | | | | | | |
| 56. | Northern Mariana Islands MP | N | | | | | | |
| 57. | Canada CN | N | | | | | | |
| 58. | Aggregate Other Alien OT | XXX | 0 | 0 | 0 | 0 | 0 | 0 |
| 59. | Totals | (a) 7 | 27,620,914 | 18,383,510 | 10,962,582 | 9,438,104 | 20,700,502 | 17,243,881 |

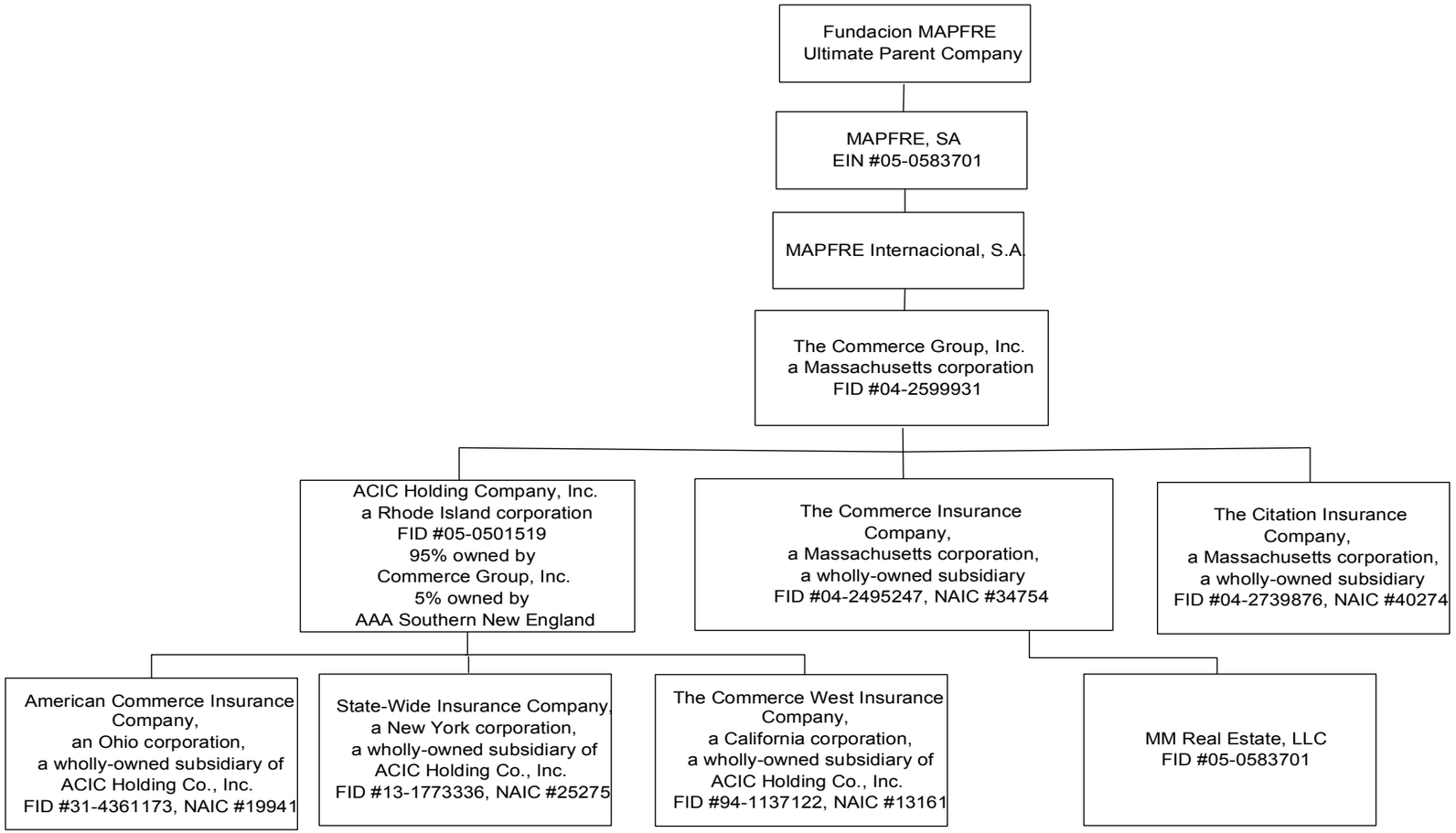
**DETAILS OF WRITE-INS**

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

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

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

## PART 1 - ORGANIZATIONAL CHART




Note 1 - The following closed-end preferred stock mutual fund is an affiliate of the Company based on the ownership percentage of this fund by the Commerce Insurance Company: John Hancock Patriot Premium Dividend II Fund - 27.7% ownership.

# PART 1 - LOSS EXPERIENCE

| Lines of Business | Current Year to Date 1 Direct Premiums Earned | 2 Direct Losses Incurred | 3 Direct Loss Percentage | 4 Prior Year to Date Direct Loss Percentage |
|---|---|---|---|---|
| 1. Fire | | | 0.0 | |
| 2. Allied lines | | | 0.0 | |
| 3. Farmowners multiple peril | | | 0.0 | |
| 4. Homeowners multiple peril | 135,746 | 73,779 | 54.4 | 84.4 |
| 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 professional liability - occurrence | | | 0.0 | |
| 11.2. Medical professional liability - claims made | | | 0.0 | |
| 12. Earthquake | | | 0.0 | |
| 13. Group accident and health | | | 0.0 | |
| 14. Credit accident and health | | | 0.0 | |
| 15. Other accident and health | | | 0.0 | |
| 16. Workers' compensation | | | 0.0 | |
| 17.1 Other liability-occurrence | 9,916 | 1 | 0.0 | |
| 17.2 Other liability-claims made | | | 0.0 | |
| 18.1 Products liability-occurrence | | | 0.0 | |
| 18.2 Products liability-claims made | | | 0.0 | |
| 19.1, 19.2 Private passenger auto liability | 10,803,410 | 6,015,070 | 55.7 | 51.2 |
| 19.3, 19.4 Commercial auto liability | 1,315,574 | 112,920 | 8.6 | 24.2 |
| 21. Auto physical damage | 8,020,914 | 4,363,944 | 54.4 | 43.2 |
| 22. Aircraft (all perils) | | | 0.0 | |
| 23. Fidelity | | | 0.0 | |
| 24. Surety | | | 0.0 | |
| 26. Burglary and theft | | | 0.0 | |
| 27. Boiler and machinery | | | 0.0 | |
| 28. Credit | | | 0.0 | |
| 29. International | | | 0.0 | |
| 30. Warranty | | | 0.0 | |
| 31. Reinsurance-nonproportional assumed property | XXX | XXX | XXX | XXX |
| 32. Reinsurance-nonproportional assumed liability | XXX | XXX | XXX | XXX |
| 33. Reinsurance-nonproportional assumed financial lines | XXX | XXX | XXX | XXX |
| 34. Aggregate write-ins for other lines of business | 0 | 0 | 0.0 | |
| 35. Totals | 20,285,560 | 10,565,714 | 52.1 | 45.6 |
| **DETAILS OF WRITE-INS** | | | | |
| 3401. | | | 0.0 | |
| 3402. | | | 0.0 | |
| 3403. | | | 0.0 | |
| 3498. Sum. of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0.0 | XXX |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34) | 0 | 0 | 0.0 | |

# PART 2 - DIRECT PREMIUMS WRITTEN

| Lines of Business | 1 Current Quarter | 2 Current Year to Date | 3 Prior Year Year to Date |
|---|---|---|---|
| 1. Fire | | | |
| 2. Allied lines | | | |
| 3. Farmowners multiple peril | | | |
| 4. Homeowners multiple peril | 163,369 | 163,369 | 68,465 |
| 5. Commercial multiple peril | | | |
| 6. Mortgage guaranty | | | |
| 8. Ocean marine | | | |
| 9. Inland marine | | | |
| 10. Financial guaranty | | | |
| 11.1. Medical professional liability - occurrence | | | |
| 11.2. Medical professional liability - claims made | | | |
| 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 | 11,211 | 11,211 | 11,994 |
| 17.2. Other liability-claims made | | | |
| 18.1. Products liability-occurrence | | | |
| 18.2. Products liability-claims made | | | |
| 19.1, 19.2 Private passenger auto liability | 15,152,172 | 15,152,172 | 9,507,268 |
| 19.3, 19.4 Commercial auto liability | 1,295,934 | 1,295,934 | 1,481,982 |
| 21. Auto physical damage | 10,998,228 | 10,998,228 | 7,313,801 |
| 22. Aircraft (all perils) | | | |
| 23. Fidelity | | | |
| 24. Surety | | | |
| 26. Burglary and theft | | | |
| 27. Boiler and machinery | | | |
| 28. Credit | | | |
| 29. International | | | |
| 30. Warranty | | | |
| 31. Reinsurance-nonproportional assumed property | XXX | XXX | XXX |
| 32. Reinsurance-nonproportional assumed liability | XXX | XXX | XXX |
| 33. Reinsurance-nonproportional assumed financial lines | XXX | XXX | XXX |
| 34. Aggregate write-ins for other lines of business | 0 | 0 | 0 |
| 35. Totals | 27,620,914 | 27,620,914 | 18,383,510 |
| **DETAILS OF WRITE-INS** | | | |
| 3401. | | | |
| 3402. | | | |
| 3403. | | | |
| 3498. Sum. of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34) | 0 | 0 | 0 |

# PART 3 (000 omitted)

## LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

| Years in Which Losses Occurred | 1<br>Prior Year-End Known Case Loss and LAE Reserves | 2<br>Prior Year-End IBNR Loss and LAE Reserves | 3<br>Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2) | 4<br>2009 Loss and LAE Payments on Claims Reported as of Prior Year-End | 5<br>2009 Loss and LAE Payments on Claims Unreported as of Prior Year-End | 6<br>Total 2009 Loss and LAE Payments (Cols. 4 + 5) | 7<br>Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End | 8<br>Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End | 9<br>Q.S. Date IBNR Loss and LAE Reserves | 10<br>Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9) | 11<br>Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1) | 12<br>Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 minus Col. 2) | 13<br>Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. 2006 + Prior | 7,821 | 155 | 7,976 | 975 | 23 | 998 | 7,023 | 117 | (330) | 6,810 | 177 | (345) | (168) |
| 2. 2007 | 5,861 | 1,021 | 6,882 | 814 | 56 | 870 | 4,604 | 151 | 466 | 5,221 | (443) | (348) | (791) |
| 3. Subtotals 2007 + Prior | 13,682 | 1,176 | 14,858 | 1,789 | 79 | 1,868 | 11,627 | 268 | 136 | 12,031 | (266) | (693) | (959) |
| 4. 2008 | 11,591 | 4,985 | 16,576 | 4,370 | 841 | 5,211 | 6,344 | 1,199 | 3,820 | 11,363 | (877) | 875 | (2) |
| 5. Subtotals 2008 + Prior | 25,273 | 6,161 | 31,434 | 6,159 | 920 | 7,079 | 17,971 | 1,467 | 3,956 | 23,394 | (1,143) | 182 | (961) |
| 6. 2009 | XXX | XXX | XXX | XXX | 5,652 | 5,652 | XXX | 5,500 | 1,699 | 7,199 | XXX | XXX | XXX |
| 7. Totals | 25,273 | 6,161 | 31,434 | 6,159 | 6,572 | 12,731 | 17,971 | 6,967 | 5,655 | 30,593 | (1,143) | 182 | (961) |
| 8. Prior Year-End's Surplus As Regards Policyholders | 63,137 | | | | | | | | | | | | |

| Col. 11, Line 7 As % of Col. 1, Line 7 | Col. 12, Line 7 As % of Col. 2, Line 7 | Col. 13, Line 7 As % of Col. 3, Line 7 |
|---|---|---|
| 1. (4.5)% | 2. 3.0 % | 3. (3.1)% |

| Col. 13, Line 7 Line 8 |
|---|
| 4. (1.5)% |

# 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 Professional Liability Supplement) be filed with this statement? | NO |
| 3. | Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement? | NO |

**Explanation:**

1.
2.
3.

**Bar Code:**

*13161200949000001*

*13161200945000001*

*13161200936500001*

# Overflow Page for Write-Ins

# NONE

# SCHEDULE A - VERIFICATION

Real Estate

NONE

| | 1<br>Year to Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 1. Book/adjusted carrying value, December 31 of prior year | 0 | |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | |
| 2.2 Additional investment made after acquisition | | |
| 3. Current year change in encumbrances | | |
| 4. Total gain (loss) on disposals | | |
| 5. Deduct amounts received on disposals | | |
| 6. Total foreign exchange change in book/adjusted carrying value | | |
| 7. Deduct current year's other than temporary impairment recognized | | |
| 8. Deduct current year's depreciation | | |
| 9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8) | 0 | 0 |
| 10. Deduct total nonadmitted amounts | | |
| 11. Statement value at end of current period (Line 9 minus Line 10) | 0 | 0 |

# SCHEDULE B - VERIFICATION

Mortgage Loans

NONE

| | 1<br>Year to Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 1. Book value/recorded investment excluding accrued interest, December 31 of prior year | 0 | |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | |
| 2.2 Additional investment made after acquisition | | |
| 3. Capitalized deferred interest and other | | |
| 4. Accrual of discount | | |
| 5. Unrealized valuation increase (decrease) | | |
| 6. Total gain (loss) on disposals | | |
| 7. Deduct amounts received on disposals | | |
| 8. Deduct amortization of premium and mortgage interest points and commitment fees | | |
| 9. Total foreign exchange change in book value/recorded investment excluding accrued interest | | |
| 10. Deduct current year's other than temporary impairment recognized | | |
| 11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) | 0 | 0 |
| 12. Total valuation allowance | | |
| 13. Subtotal (Line 11 plus Line 12) | 0 | 0 |
| 14. Deduct total nonadmitted amounts | | |
| 15. Statement value at end of current period (Line 13 minus Line 14) | 0 | 0 |

# SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

NONE

| | 1<br>Year to Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 1. Book/adjusted carrying value, December 31 of prior year | 0 | |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | |
| 2.2 Additional investment made after acquisition | | |
| 3. Capitalized deferred interest and other | | |
| 4. Accrual of discount | | |
| 5. Unrealized valuation increase (decrease) | | |
| 6. Total gain (loss) on disposals | | |
| 7. Deduct amounts received on disposals | | |
| 8. Deduct amortization of premium and depreciation | | |
| 9. Total foreign exchange change in book/adjusted carrying value | | |
| 10. Deduct current year's other than temporary impairment recognized | | |
| 11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) | 0 | 0 |
| 12. Deduct total nonadmitted amounts | | |
| 13. Statement value at end of current period (Line 11 minus Line 12) | 0 | 0 |

# SCHEDULE D - VERIFICATION

Bonds and Stocks

| | 1<br>Year to Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year | 101,151,695 | 116,569,965 |
| 2. Cost of bonds and stocks acquired | 10,697,392 | 66,917,870 |
| 3. Accrual of discount | 105,970 | 373,845 |
| 4. Unrealized valuation increase (decrease) | (2,759,435) | (724,178) |
| 5. Total gain (loss) on disposals | (25,698) | (2,162,749) |
| 6. Deduct consideration for bonds and stocks disposed of | 6,258,280 | 72,318,983 |
| 7. Deduct amortization of premium | 108,088 | 317,043 |
| 8. Total foreign exchange change in book/adjusted carrying value | | |
| 9. Deduct current year's other than temporary impairment recognized | 700,000 | 7,187,032 |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) | 102,103,556 | 101,151,695 |
| 11. Deduct total nonadmitted amounts | | |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 102,103,556 | 101,151,695 |

# 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<br>Book/Adjusted Carrying Value Beginning of Current Quarter | 2<br>Acquisitions During Current Quarter | 3<br>Dispositions During Current Quarter | 4<br>Non-Trading Activity During Current Quarter | 5<br>Book/Adjusted Carrying Value End of First Quarter | 6<br>Book/Adjusted Carrying Value End of Second Quarter | 7<br>Book/Adjusted Carrying Value End of Third Quarter | 8<br>Book/Adjusted Carrying Value December 31 Prior Year |
|---|---|---|---|---|---|---|---|---|
| BONDS | | | | | | | | |
| 1. Class 1 (a) | 74,215,791 | 10,697,392 | 6,144,506 | (1,009,793) | 77,758,882 | | | 74,215,791 |
| 2. Class 2 (a) | 11,465,225 | | 13,470 | (3,039,331) | 8,412,424 | | | 11,465,225 |
| 3. Class 3 (a) | 600,941 | | 82,684 | 1,631,418 | 2,149,674 | | | 600,941 |
| 4. Class 4 (a) | 1,655,012 | | 28,235 | 963,068 | 2,589,845 | | | 1,655,012 |
| 5. Class 5 (a) | 1,022,156 | | 15,085 | 138,755 | 1,145,826 | | | 1,022,156 |
| 6. Class 6 (a) | | | | | | | | |
| 7. Total Bonds | 88,959,125 | 10,697,392 | 6,283,980 | (1,315,883) | 92,056,651 | 0 | 0 | 88,959,125 |
| PREFERRED STOCK | | | | | | | | |
| 8. Class 1 | 7,070,046 | | | (1,122,163) | 5,947,883 | | | 7,070,046 |
| 9. Class 2 | 5,055,627 | | | (3,214,505) | 1,841,122 | | | 5,055,627 |
| 10. Class 3 | | | | 2,204,250 | 2,204,250 | | | |
| 11. Class 4 | | | | | | | | |
| 12. Class 5 | | | | | | | | |
| 13. Class 6 | 66,900 | | | (13,250) | 53,650 | | | 66,900 |
| 14. Total Preferred Stock | 12,192,573 | 0 | 0 | (2,145,668) | 10,046,905 | 0 | 0 | 12,192,573 |
| 15. Total Bonds and Preferred Stock | 101,151,698 | 10,697,392 | 6,283,980 | (3,461,551) | 102,103,556 | 0 | 0 | 101,151,698 |

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 $.....0; NAIC 2 $.....0; NAIC 3 $.....0; NAIC 4 $.....0; NAIC 5 $.....0; NAIC 6 $.....0.

## Sch. DA-Part 1
NONE

## Sch. DA-Verification
NONE

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

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

## Sch. E-Verification
NONE

## Sch. A-Part 2
NONE

## Sch. A-Part 3
NONE

## Sch. B-Part 2
NONE

## Sch. B-Part 3
NONE

## Sch. BA-Part 2
NONE

## Sch. BA-Part 3
NONE

# SCHEDULE D - PART 3

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

| 1<br>CUSIP Identification | 2<br>Description | 3<br>Foreign | 4<br>Date Acquired | 5<br>Name of Vendor | 6<br>Number of Shares of Stock | 7<br>Actual Cost | 8<br>Par Value | 9<br>Paid for Accrued Interest and Dividends | 10<br>NAIC Designation or Market Indicator (a) |
|---|---|---|---|---|---|---|---|---|---|
| **Bonds - U.S. Government** | | | | | | | | | |
| 31331G JT 7 | FEDERAL FARM CR BKS GLOBAL | | 01/20/2009 | MORGAN KEEGAN | | 3,033,150 | 3,000,000 | 2,760 | 1 |
| 3133XR FZ 8 | FEDERAL HOME LOAN BANKS | | 02/19/2009 | BROADPOINT CAPITAL | | 2,021,790 | 1,900,000 | 18,050 | 1 |
| 0399999. | Total - Bonds - U.S. Government | | | | | 5,054,940 | 4,900,000 | 20,810 | XXX |
| **Bonds - U.S. Special Revenue and Special Assessment** | | | | | | | | | |
| 31349U BS 6 | FHARM POOL#782749 | | 01/23/2009 | MORGAN KEEGAN | | 1,506,514 | 1,459,315 | 5,758 | 1 |
| 31394W WQ 7 | FHLMC REMIC SERIES 2785 | | 01/15/2009 | MORGAN KEEGAN | | 2,029,375 | 2,000,000 | 4,444 | 1 |
| 31397N AH 8 | FNMA REMIC TRUST 2009-2 | | 01/21/2009 | BAIRD, ROBERT W. & CO | | 2,106,563 | 2,000,000 | 8,861 | 1 |
| 3199999. | Total - Bonds - U.S. Special Revenue & Special Assessments | | | | | 5,642,452 | 5,459,315 | 19,063 | XXX |
| 8399997. | Total - Bonds - Part 3 | | | | | 10,697,392 | 10,359,315 | 39,873 | XXX |
| 8399999. | Total - Bonds | | | | | 10,697,392 | 10,359,315 | 39,873 | XXX |
| 9999999. | Total - Bonds, Preferred and Common Stocks | | | | | 10,697,392 | XXX | 39,873 | XXX |

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

# SCHEDULE D - PART 4

## Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of 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 | Foreign | 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) |
| **Bonds - U.S. Government** | | | | | | | | | | | | | | | | | | | | | |
| 3128X6 YJ 9 | FEDERAL HOME LN MTG CORP DEB | | 01/09/2009 | CALLED @ 100.0000000 | | 3,000,000 | 3,000,000 | 3,013,500 | 3,000,314 | | (314) | | (314) | | 3,000,000 | | | 0 | 67,500 | 01/09/2013 | 1 |
| 36201C 4H 4 | GNMA POOL #0579624 | | 03/16/2009 | PAYDOWN OF PRINCIPAL | | 1,612 | 1,612 | 1,663 | 1,659 | | | | 0 | | 1,659 | | (47) | (47) | 20 | 02/15/2032 | 1 |
| 36225B GW 2 | GNMA POOL #0781113 | | 03/16/2009 | PAYDOWN OF PRINCIPAL | | 7,714 | 7,714 | 7,996 | 7,965 | | (1) | | (1) | | 7,964 | | (250) | (250) | 88 | 11/15/2029 | 1 |
| 83162C QD 8 | SMALL BUS ADMIN GTD DEV PTC | | 03/02/2009 | PRINCIPAL RECEIPT | | 124,580 | 124,580 | 124,259 | 124,261 | | 319 | | 319 | | 124,580 | | | 0 | | 03/01/2026 | 1 |
| 831641 DM 4 | SMALL BUSINESS ADMIN GTD PARTN | | 02/10/2009 | PRINCIPAL RECEIPT | | 67,588 | 67,588 | 67,588 | 67,588 | | | | 0 | | 67,588 | | | 0 | | 02/10/2013 | 1 |
| 0399999. | Total - Bonds - U.S. Government | | | | | 3,201,494 | 3,201,495 | 3,215,006 | 3,201,787 | 0 | 4 | 0 | 4 | 0 | 3,201,791 | 0 | (297) | (297) | 67,608 | XXX | XXX |
| **Bonds - U.S. Special Revenue and Special Assessment** | | | | | | | | | | | | | | | | | | | | | |
| 23410B AB 7 | DAKOTA CNTY MINN CMNTY DEV AGY. | | 03/02/2009 | CALLED @ 100.0000000 | | 10,538 | 10,538 | 10,960 | 10,898 | | (4) | | (4) | | 10,894 | | (356) | (356) | 85 | 12/01/2038 | 1FE |
| 311450 EQ 9 | FARMINGTON N MEX POLLUTN CTL | | 01/22/2009 | STIFEL, NICHOLAUS & CO | | 995,000 | 1,000,000 | 996,860 | 997,059 | | 6 | | 6 | | 997,065 | | (2,065) | (2,065) | 11,439 | 04/01/2029 | 1FE |
| 31393L D6 7 | FEDERAL HOME LN MTG CORP REMIC T | | 03/16/2009 | PRINCIPAL RECEIPT | | 45,850 | 45,850 | 45,191 | 45,230 | | 620 | | 620 | | 45,850 | | | 0 | 367 | 02/15/2017 | 1 |
| 31396L YT 1 | FEDERAL NATL MTG ASSN REMIC TR | | 03/25/2009 | PRINCIPAL RECEIPT | | 94,767 | 94,767 | 94,682 | 94,635 | | 132 | | 132 | | 94,767 | | | 0 | 960 | 05/25/2014 | 1 |
| 31349U BS 6 | FHARM POOL#782749 | | 03/16/2009 | PRINCIPAL RECEIPT | | 42,240 | 42,240 | 43,606 | | | (1,366) | | (1,366) | | 42,240 | | | 0 | 200 | 10/01/2036 | 1 |
| 31292G ZZ 2 | FHLMC POOL # C00760 | | 03/16/2009 | PRINCIPAL RECEIPT | | 45,671 | 45,671 | 46,213 | 46,196 | | (525) | | (525) | | 45,671 | | | 0 | 586 | 05/01/2029 | 1 |
| 31397H NV 6 | FHLMC REMIC SERIES R013 | | 03/16/2009 | PRINCIPAL RECEIPT | | 156,537 | 156,537 | 156,714 | 156,719 | | (182) | | (182) | | 156,537 | | | 0 | 1,811 | 12/15/2021 | 1 |
| 31395N PD 3 | FNBR 2006-B1 | | 03/25/2009 | PRINCIPAL RECEIPT | | 35,986 | 35,986 | 35,834 | 35,836 | | 151 | | 151 | | 35,986 | | | 0 | 405 | 06/25/2016 | 1 |
| 31410G AF 0 | FNMA POOL #888406 | | 03/25/2009 | PRINCIPAL RECEIPT | | 77,494 | 77,494 | 77,300 | 77,300 | | 194 | | 194 | | 77,494 | | | 0 | 734 | 08/01/2036 | 1 |
| 31412F PS 6 | FNMA PASS-THRU POOL # 923933 | | 03/25/2009 | PRINCIPAL RECEIPT | | 81,715 | 81,715 | 81,383 | 81,384 | | 332 | | 332 | | 81,715 | | | 0 | 887 | 03/01/2037 | 1 |
| 31413H L3 0 | FNMA PASS-THRU POOL # 945946 | | 03/25/2009 | PRINCIPAL RECEIPT | | 308 | 308 | 307 | 307 | | 1 | | 1 | | 308 | | | 0 | 2 | 08/01/2037 | 1 |
| 31403D SP 5 | FNMA PASS-THRU POOL # 745826 | | 03/25/2009 | PRINCIPAL RECEIPT | | 56,503 | 56,503 | 56,264 | 56,265 | | 238 | | 238 | | 56,503 | | | 0 | 652 | 07/01/2036 | 1 |
| 31396X PX 6 | FNMA REMIC TRUST 2007-89 | | 03/25/2009 | PRINCIPAL RECEIPT | | 15,406 | 15,406 | 15,389 | 15,348 | | 58 | | 58 | | 15,406 | | | 0 | 33 | 09/25/2037 | 1 |
| 31396P 6D 8 | FNMA REMIC TRUST 2007-B1 | | 03/25/2009 | PRINCIPAL RECEIPT | | 36,245 | 36,245 | 36,214 | 36,201 | | 44 | | 44 | | 36,245 | | | 0 | 375 | 12/25/2020 | 1 |
| 31397N AH 8 | FNMA REMIC TRUST 2009-2 | | 03/25/2009 | PRINCIPAL RECEIPT | | 22,572 | 22,572 | 23,775 | | | (1,203) | | (1,203) | | 22,572 | | | 0 | 155 | 01/25/2020 | 1 |
| 65888M 6R 7 | NORTH DAKOTA ST HSG FIN AGY RE HS | | 01/02/2009 | CALLED @ 100.0000000 | | 15,000 | 15,000 | 15,000 | 15,000 | | | | 0 | | 15,000 | | | 0 | 390 | 07/01/2022 | 1FE |
| 67756A TZ 5 | OHIO ST HIGHER EDL FAC COMMN | | 01/21/2009 | STIFEL, NICHOLAUS & CO | | 1,104,938 | 1,065,000 | 1,161,766 | 1,127,983 | | (525) | | (525) | | 1,127,459 | | (22,521) | (22,521) | 8,135 | 12/01/2016 | 1FE |
| 88271H CT 4 | TEXAS ST AFFORDABLE HSG CORP | | 03/02/2009 | CALLED @ 100.0000000 | | 9,118 | 9,118 | 9,638 | 9,579 | | (2) | | (2) | | 9,577 | | (459) | (459) | 59 | 10/01/2039 | 1FE |
| 3199999. | Total - Bonds - U.S. Special Revenue & Assessment | | | | | 2,845,888 | 2,810,951 | 2,907,096 | 2,805,940 | 0 | (2,031) | 0 | (2,031) | 0 | 2,871,289 | 0 | (25,401) | (25,401) | 27,275 | XXX | XXX |
| **Bonds - Industrial and Miscellaneous** | | | | | | | | | | | | | | | | | | | | | |
| 00087V AC 1 | ACG TR III *PP* | | 03/25/2009 | PRINCIPAL RECEIPT | | 13,470 | 13,470 | 12,392 | 12,388 | | 1,082 | | 1,082 | | 13,470 | | | 0 | 66 | 12/25/2035 | 2FE |
| 29078P AA 8 | EMBARCADERO AIRCRAFT | | 02/17/2009 | PRINCIPAL RECEIPT | | 28,235 | 28,235 | 24,540 | 11,859 | 12,744 | 3,632 | | 16,376 | | 28,235 | | | 0 | 60 | 08/15/2025 | 4FE |
| 590218 AF 0 | ML MTG INV TR 2006-F1 | | 03/25/2009 | PRINCIPAL RECEIPT | | 82,684 | 82,684 | 82,374 | 54,304 | 28,067 | 313 | | 28,380 | | 82,684 | | | 0 | 1,052 | 04/25/2036 | 3FE |
| 69336R CM 0 | PHH MTG CAP LLC | | 03/18/2009 | PRINCIPAL RECEIPT | | 47,971 | 47,971 | 47,251 | 47,260 | | 711 | | 711 | | 47,971 | | | 0 | 522 | 11/18/2035 | 1FE |
| 72408P AD 3 | PJETS | | 03/11/2009 | Sink PMT @ 100.0000000 | | 15,085 | 15,085 | 14,650 | 10,258 | 4,628 | 199 | | 4,827 | | 15,085 | | | 0 | 453 | 09/10/2011 | 5 |
| 74432R AA 1 | PRUDENTIAL FINL INC RETAIL | | 03/16/2009 | Sink PMT @ 100.0000000 | | 23,453 | 23,453 | 22,944 | 23,109 | | 344 | | 344 | | 23,453 | | | 0 | 170 | 05/12/2015 | 1FE |
| 3899999. | Total - Bonds - Industrial & Miscellaneous | | | | | 210,898 | 210,898 | 204,151 | 159,178 | 45,439 | 6,281 | 0 | 51,720 | 0 | 210,898 | 0 | 0 | 0 | 2,323 | XXX | XXX |
| 8399997. | Total - Bonds - Part 4 | | | | | 6,258,280 | 6,223,343 | 6,326,253 | 6,166,905 | 45,439 | 4,254 | 0 | 49,693 | 0 | 6,283,978 | 0 | (25,698) | (25,698) | 97,206 | XXX | XXX |
| 8399999. | Total - Bonds | | | | | 6,258,280 | 6,223,343 | 6,326,253 | 6,166,905 | 45,439 | 4,254 | 0 | 49,693 | 0 | 6,283,978 | 0 | (25,698) | (25,698) | 97,206 | XXX | XXX |
| 9999999. | Total - Bonds, Preferred and Common Stocks | | | | | 6,258,280 | XXX | 6,326,253 | 6,166,905 | 45,439 | 4,254 | 0 | 49,693 | 0 | 6,283,978 | 0 | (25,698) | (25,698) | 97,206 | 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

# SCHEDULE E - PART 1 - CASH

Month End Depository Balances

| 1 | | 2 | 3 | 4 | 5 | Book Balance at End of Each Month During Current Quarter | | | 9 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 6 | 7 | 8 | |
| Depository | | Code | Rate of Interest | Amount of Interest Received During Current Quarter | Amount of Interest Accrued at Current Statement Date | First Month | Second Month | Third Month | * |
| **Open Depositories** | | | | | | | | | |
| Wells Fargo | 90 S. 7th St. | MN 55479 | | 0.010 | 267 | | 3,982,771 | 4,355,003 | 3,880,557 | XXX |
| Wells Fargo | 90 S. 7th St. | MN 55479 | | | | | (108,852) | (160,448) | (187,302) | XXX |
| Wells Fargo | 90 S. 7th St. | MN 55479 | | | | | (7,843) | (5,355) | (7,402) | XXX |
| Wells Fargo | 90 S. 7th St. | MN 55479 | | | | | (2,062,132) | (1,766,654) | (1,948,911) | XXX |
| Wells Fargo | 90 S. 7th St. | MN 55479 | | | | | | | | XXX |
| Wells Fargo | 90 S. 7th St. | MN 55479 | | | | | | | | XXX |
| Wells Fargo | 90 S. 7th St. | MN 55479 | | | | | (21,031) | (12,438) | (12,444) | XXX |
| Wells Fargo | 90 S. 7th St. | MN 55479 | | | | | (58,808) | (77,337) | (81,873) | XXX |
| Wells Fargo | 90 S. 7th St. | MN 55479 | | | | | (1,311) | (896) | (942) | XXX |
| Wells Fargo | 90 S. 7th St. | MN 55479 | | | | | | | | XXX |
| Wells Fargo | 90 S. 7th St. | MN 55479 | | | | | (439,637) | (369,788) | (417,484) | XXX |
| Bank of New York | One Wall Street, | NY New York 10286 | | 0.050 | 21 | | 90,262 | 112,416 | 99,392 | XXX |
| Fed Prime Cash | 5800 Corporate Drive | Pittsburg , PA 15237-7000 | | | | | | | | XXX |
| Fed Govermant | 5800 Corporate Drive | Pittsburg , PA 15237-7000 | | 0.439 | 5,080 | | 847,740 | 1,988,231 | 890,399 | XXX |
| Fidelity Govn't 57 | 500 Salem Street | Smithfield, RI 02917 | | 0.593 | 7,124 | | 4,288,861 | 1,552,900 | 1,510,581 | XXX |
| Fidelity Treas Only | 500 Salem Street | Smithfield, RI 02917 | | | | | | | | XXX |
| Fidelity Tax Free… | 500 Salem Street | Smithfield, RI 02917 | | | | | | | | XXX |
| Fidelity Prime… | 500 Salem Street | Smithfield, RI 02917 | | | | | | | | XXX |
| BlackRock | One Financial Center | Boston Mass 02111 | | 0.409 | 3,198 | | 193,097 | 193,168 | 193,235 | XXX |
| Reserve US Treas. | 1250 Broadway, | New York, NY 10001 | | | | | | | | XXX |
| Reserve Primary.. | 1250 Broadway, | New York, NY 10001 | | | 1 | | | 1 | 1 | XXX |
| Reserve US Govt. | 1250 Broadway, | New York, NY 10001 | | | | | | | | XXX |
| 0199999. Total Open Depositories | | | XXX | XXX | 15,691 | 0 | 6,703,117 | 5,808,803 | 3,917,807 | XXX |
| 0399999. Total Cash on Deposit | | | XXX | XXX | 15,691 | 0 | 6,703,117 | 5,808,803 | 3,917,807 | XXX |
| 0599999. Total Cash | | | XXX | XXX | 15,691 | 0 | 6,703,117 | 5,808,803 | 3,917,807 | XXX |

# SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

| 1<br>Description | 2<br>Code | 3<br>Date Acquired | 4<br>Rate of Interest | 5<br>Maturity Date | 6<br>Book/Adjusted Carrying Value | 7<br>Amount of Interest Due & Accrued | 8<br>Amount Received During Year |
|---|---|---|---|---|---|---|---|

# NONE