



QUARTERLY STATEMENT

AS OF JUNE 30, 2006

OF THE CONDITION AND AFFAIRS OF THE

Safety National Casualty Corporation

NAIC Group Code 0074 (Current Period) 0074 (Prior Period) NAIC Company Code 15105 Employer's ID Number 43-0727872

Organized under the Laws of Missouri, State of Domicile or Port of Entry Missouri

Country of Domicile US

Incorporated/Organized November 28, 1942 Commenced Business December 28, 1942

Statutory Home Office 2043 Woodland Parkway, St. Louis, Missouri 63146-4235 (Street and Number, City or Town, State and Zip Code)

Main Administrative Office 2043 Woodland Parkway, St. Louis, Missouri 63146-4235 (Street and Number, City or Town, State and Zip Code) 314-995-5300 (Area Code) (Telephone Number)

Mail Address 2043 Woodland Parkway, St. Louis, Missouri 63146-4235 (Street and Number or P. O. Box, City or Town, State and Zip Code)

Primary Location of Books and Records 2043 Woodland Parkway, St. Louis, Missouri 63146-4235 (Street and Number, City or Town, State and Zip Code) 314-995-5300 (Area Code) (Telephone Number)

Internet Website Address www.sncc.com

Statutory Statement Contact John Paul Csik (Name) 314-995-5300-316 (Area Code) (Telephone Number) (Extension) john.csik@sncc.com (E-Mail Address) 314-995-6817 (Fax Number)

Policyowner Relations Contact 2043 Woodland Parkway, St. Louis, Missouri 63146-4235 (Street and Number, City or Town, State and Zip Code) 314-995-5300-200 (Area Code) (Telephone Number) (Extension)

OFFICERS

- 1. Terrence Todd Schoeninger (President)
2. Jeffrey William Otto (Secretary)
3. Duane Allen Hercules (Treasurer)

OTHER OFFICERS

John Paul Csik
Eugene Raymond Maier
Stuart Michael Presson
Carleton Sherwood Reynolds, III
Gerald Roger Scott
Mark Andrew Wilhelm

DIRECTORS OR TRUSTEES

Harold Franz Ilg
Charles Donald Ainsworth
Duane Allen Hercules
Jeffrey William Otto
Robert Rosenkranz
Terrence Todd Schoeninger
Gerald Roger Scott
Donald Alan Sherman#
Robert Michael Smith, Jr
Mark Andrew Wilhelm

State of Missouri }
County of St. Louis } 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 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.

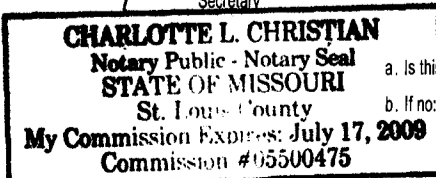
Signature of Terrence Todd Schoeninger, President

Signature of Jeffrey William Otto, Secretary

Signature of Duane Allen Hercules, Treasurer

Subscribed and sworn to before me this 24 day of June 2006

Signature of Charlotte L. Christian



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
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Col. 1 minus Col. 2)	December 31 Prior Year Net Admitted Assets
1. Bonds	1,093,623,681		1,093,623,681	1,015,165,984
2. Stocks:				
2.1 Preferred stocks	40,355,150		40,355,150	41,797,688
2.2 Common stocks	19,662,477		19,662,477	25,071,576
3. Mortgage loans on real estate:				
3.1 First liens	21,238,067		21,238,067	20,522,639
3.2 Other than first liens	2,319,120	61,169	2,257,951	2,288,044
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)	8,814,467		8,814,467	8,995,621
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ 4,643,076), cash equivalents (\$ 2,585,001) and short-term investments (\$ 43,228,625)	50,456,702		50,456,702	55,699,902
6. Contract loans (including \$ premium notes)				
7. Other invested assets	57,853,982		57,853,982	53,599,828
8. Receivables for securities	6,482,807		6,482,807	9,248,703
9. Aggregate write-ins for invested assets	1,132,617		1,132,617	6,524,077
10. Subtotals, cash and invested assets (Line 1 to Line 9)	1,301,939,070	61,169	1,301,877,901	1,238,914,062
11. Title plants less \$ charged off (for Title insurers only)				
12. Investment income due and accrued	14,729,749	43,906	14,685,843	15,099,479
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	18,935,022	3,919,539	15,015,483	19,678,043
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 2,411,546 earned but unbilled premiums)	33,409,909		33,409,909	20,846,381
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	7,132,929		7,132,929	7,679,502
14.2 Funds held by or deposited with reinsured companies	2,286,194		2,286,194	2,136,843
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon	1,109,588		1,109,588	3,626,144
16.2 Net deferred tax asset	8,149,369		8,149,369	5,985,868
17. Guaranty funds receivable or on deposit	1,045,630		1,045,630	1,212,599
18. Electronic data processing equipment and software	699,924	162,428	537,496	540,520
19. Furniture and equipment, including health care delivery assets (\$)	392,868	392,868		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	924,245		924,245	970,074
22. Health care (\$) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	2,383,025		2,383,025	2,383,025
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)	1,393,137,522	4,579,910	1,388,557,612	1,319,072,540
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Totals (Line 24 and Line 25)	1,393,137,522	4,579,910	1,388,557,612	1,319,072,540
DETAILS OF WRITE-INS				
0901. Deposits and Deferred Losses on Financial Futures and Options	1,132,617		1,132,617	3,627,429
0902. Forward Contracts				2,879,033
0903. Options				17,615
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)	1,132,617		1,132,617	6,524,077
2301. Cash Surrender Value of Officer's Life Insurance	2,383,025		2,383,025	2,383,025
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	2,383,025		2,383,025	2,383,025

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 73,559,273)	826,971,381	780,465,876
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	24,140,292	23,721,042
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	9,460,163	11,060,546
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	5,785,266	5,677,260
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 9,736,708 and including warranty reserves of \$)	101,729,300	92,704,919
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	6,432,919	4,072,528
13. Funds held by company under reinsurance treaties	4,802,976	5,556,058
14. Amounts withheld or retained by company for account of others	15,851,725	15,658,807
15. Remittances and items not allocated	714,950	1,226,541
16. Provision for reinsurance	5,940,200	7,040,200
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Payable for securities	1,117,861	5,520,506
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ and interest thereon \$		
23. Aggregate write-ins for liabilities	4,616,672	7,250,036
24. Total liabilities excluding protected cell liabilities (Line 1 through Line 23)	1,007,563,705	959,954,319
25. Protected cell liabilities		
26. Total liabilities (Line 24 and Line 25)	1,007,563,705	959,954,319
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	5,000,000	5,000,000
29. Preferred capital stock	25,000,000	25,000,000
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	51,850,061	51,850,061
33. Unassigned funds (surplus)	299,143,846	277,268,160
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		
34.2 shares preferred (value included in Line 29 \$)		
35. Surplus as regards policyholders (Line 27 through Line 33, less Line 34)	380,993,907	359,118,221
36. Totals	1,388,557,612	1,319,072,540
DETAILS OF WRITE-INS		
2301. Forward Contracts	4,616,672	7,218,816
2302. Swaps		31,220
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	4,616,672	7,250,036
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Line 3001 through Line 3003 plus Line 3098) (Line 30 above)		

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 \$ 144,278,464)	138,781,214	117,807,695	246,252,872
1.2 Assumed (written \$ 15,921,971)	11,148,475	17,807,887	38,357,672
1.3 Ceded (written \$ 17,214,878)	15,968,512	12,585,674	24,562,620
1.4 Net (written \$ 142,985,557)	133,961,177	123,029,908	260,047,924
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 74,495,776):			
2.1 Direct	90,997,776	81,506,594	179,233,060
2.2 Assumed	10,625,952	13,338,164	55,163,855
2.3 Ceded	3,559,249	5,756,479	17,323,471
2.4 Net	98,064,479	89,088,279	217,073,444
3. Loss expenses incurred	3,977,278	3,904,097	9,287,242
4. Other underwriting expenses incurred	37,261,980	33,957,812	70,212,471
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Line 2 through Line 5)	139,303,737	126,950,188	296,573,157
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(5,342,560)	(3,920,280)	(36,525,233)
INVESTMENT INCOME			
9. Net investment income earned	30,383,670	28,023,988	56,195,801
10. Net realized capital gains (losses) less capital gains tax of \$ 483,551	(1,790,823)	2,264,677	3,587,518
11. Net investment gain (loss) (Line 9 plus Line 10)	28,592,847	30,288,665	59,783,319
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 49,640 amount charged off \$ (17,442))	32,198	99,567	(21,880)
13. Finance and service charges not included in premiums		333,754	(3,466,246)
14. Aggregate write-ins for miscellaneous income			
15. Total other income (Line 12 through Line 14)	32,198	433,321	(3,488,126)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15)	23,282,485	26,801,706	19,769,960
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)	23,282,485	26,801,706	19,769,960
19. Federal and foreign income taxes incurred	6,246,380	6,792,340	3,049,603
20. Net income (Line 18 minus Line 19) (to Line 22)	17,036,105	20,009,366	16,720,357
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	359,118,221	286,173,706	286,173,706
22. Net income (from Line 20)	17,036,105	20,009,366	16,720,357
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (106,039)	1,573,458	952,384	2,736,898
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax	2,057,462	1,239,411	3,436,553
27. Change in nonadmitted assets	108,661	(568,452)	(369,701)
28. Change in provision for reinsurance	1,100,000	(3,642,800)	(1,716,400)
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			25,000,000
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			27,350,061
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		(213,253)	(213,253)
38. Change in surplus as regards policyholders (Line 22 through Line 37)	21,875,686	17,776,656	72,944,515
39. Surplus as regards policyholders, as of statement date (Line 21 plus Line 38)	380,993,907	303,950,362	359,118,221
DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page			
0599. TOTALS (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)			
1401. Policy Renewal Rights Acquired			(3,800,000)
1402. Proceeds from Officer's Life Insurance		333,754	333,754
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)		333,754	(3,466,246)
3701. Change in Cash Surrender Value of Officer's Life Insurance		(213,253)	(213,253)
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page			
3799. TOTALS (Line 3701 through Line 3703 plus Line 3798) (Line 37 above)		(213,253)	(213,253)

CASH FLOW

	1	2
	Current Year To Date	Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	136,880,453	260,641,081
2. Net investment income	31,029,182	51,954,518
3. Miscellaneous income	(117,153)	(5,588,862)
4. Total (Line 1 through Line 3)	167,792,482	307,006,737
5. Benefit and loss related payments	51,290,678	95,224,320
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts	41,589,634	73,935,392
7. Commissions, expenses paid and aggregate write-ins for deductions	4,213,375	4,652,995
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)		
10. Total (Line 5 through Line 9)	97,093,687	173,812,707
11. Net cash from operations (Line 4 minus Line 10)	70,698,795	133,194,030
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	117,539,053	382,086,119
12.2 Stocks	12,023,041	5,076,089
12.3 Mortgage loans	947,210	6,128,129
12.4 Real estate		
12.5 Other invested assets	2,425,030	2,615,524
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	132,934,334	395,905,861
13. Cost of investments acquired (long-term only):		
13.1 Bonds	198,200,440	482,564,050
13.2 Stocks	4,849,055	32,412,799
13.3 Mortgage loans	1,559,601	25,378,961
13.4 Real estate		2,641,231
13.5 Other invested assets	4,178,116	31,777,984
13.6 Miscellaneous applications		
13.7 Total investments acquired (Line 13.1 through Line 13.6)	208,787,212	574,775,025
14. Net increase or (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(75,852,878)	(178,869,164)
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		52,350,061
16.3 Borrowed funds		(5,134,818)
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(89,118)	11,256,455
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(89,118)	58,471,698
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)	(5,243,201)	12,796,564
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	55,699,903	42,903,338
19.2 End of period (Line 18 plus Line 19.1)	50,456,702	55,699,902

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

20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The following represents the only significant change since the 12/31/05 Annual Statement:

- C. (10) The Company does utilize anticipated investment income as a factor in the premium deficiency calculation.

2. Accounting Changes and Corrections of Errors

None.

3. Business Combinations and Goodwill

None.

4. Discontinued Operations

In 2005, the Company experienced losses in its non-core property catastrophe reinsurance business, the majority of which were attributable to Hurricanes Katrina and Wilma and which covered the Company's maximum exposure to this event. In the fourth quarter of 2005, the Company decided to exit its non-core property catastrophe reinsurance business and has not renewed or written any new reinsurance treaties in this line of business.

The amounts related to Discontinued Operations and the effect on the Company's Balance Sheet and Statement of Income is as follows:

Balance Sheet at June 30, 2006

Assets

Line 13.1	Uncollected premiums and agents' balances in the course of collection	\$(126,000)
Line 13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due	966,000
Line 26	Total Assets	\$ 840,000

Liabilities, Surplus and Other Funds

Line 1	Losses	\$16,904,000
Line 9	Unearned premiums	42,000
Line 26	Total liabilities	\$16,946,000

Statement of Income as of June 30, 2006

Line 1	Premiums earned	\$1,397,000
Line 2	Losses incurred	5,897,000
Line 4	Other underwriting expenses incurred	308,000
Line 6	Total underwriting deductions	6,205,000
Line 8	Net underwriting loss	(4,808,000)
Line 9	Net investment gain	296,000
Line 16	Net loss before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(4,512,000)
Line 18	Net loss, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(4,512,000)
Line 19	Federal and foreign income taxes incurred	(1,580,000)
Line 20	Net loss	\$(2,932,000)

5. Investments

The following represents the only significant change since the 12/31/05 Annual Statement:

A. Mortgage Loans

- (1) During 2006, the Company acquired one commercial mortgage with a lending rate of 18.37%.

6. Joint Ventures, Partnerships and Limited Liability Companies

No significant change since the 12/31/05 Annual Statement.

7. Investment Income

No significant change since the 12/31/05 Annual Statement.

8. Derivative Instruments

No significant change since the 12/31/05 Annual Statement.

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

The following represents the only significant changes since the 12/31/05 Annual Statement:

A. The components of the net deferred tax asset at June 30 were as follows:

Total of gross deferred tax assets	\$16,314,337
Total of deferred tax liabilities	<u>\$ 8,164,968</u>
Net deferred tax asset	8,149,369
Deferred tax asset nonadmitted	<u>\$ 0</u>
Net admitted deferred tax asset	<u>\$ 8,149,369</u>
(Increase) decrease in nonadmitted asset	\$ 0

C. The provisions for incurred taxes on earnings as of June 30 are:

Current year expense	\$6,246,380
Realized capital gains tax	<u>483,551</u>
Current income tax expense	<u>\$6,729,931</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	June 30, 2006
DTA's	
Unearned premiums	\$7,527,639
Reserves	3,812,597
Agents' balances	1,371,839
Net unrealized capital losses	1,772,661
Renewal Rights	1,241,333
Other	<u>588,268</u>
Total DTAs	16,314,337
Nonadmitted DTAs	<u>0</u>
Admitted DTAs	<u>16,314,337</u>
DTL's	
Preferred stock	6,526,759
Deferred loss	396,416
Net unrealized capital gains	828,033
Real Estate	<u>413,760</u>
Total DTL	<u>8,164,968</u>
Net admitted DTA	<u>\$8,149,369</u>

The change in net deferred income taxes is comprised of the following:

	June 30, 2006	December 31, 2005	Change
Total DTAs	\$16,314,337	\$14,870,430	\$1,443,907
Total DTLs	<u>8,164,968</u>	<u>8,884,562</u>	<u>(719,594)</u>
Net DTA	<u>8,149,369</u>	<u>5,985,868</u>	<u>2,163,501</u>

Tax effect of unrealized gains(losses)	(106,039)
Change in net deferred income tax	2,057,462

D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	Income Tax Expense	Effective Rate
Expense computed at statutory rate	\$8,318,113	35.0%
Tax-exempt interest	(4,172,059)	(17.6)
Other	<u>526,415</u>	<u>2.3</u>
Total	\$4,672,469	19.7%
Federal income taxes incurred	\$6,246,380	26.3%
Realized Capital gains tax	483,551	2.0%
Change in net deferred income taxes	<u>(2,057,462)</u>	<u>(8.6%)</u>
Total statutory income taxes	<u>\$4,672,469</u>	<u>19.7%</u>

E. (2) Income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses are as follows:

NOTES TO FINANCIAL STATEMENTS

a.	2006	\$6,033,518
b.	2005	\$2,565,583
c.	2004	\$9,684,574

10. Information Concerning Parent, Subsidiaries and Affiliates
No significant change since the 12/31/05 Annual Statement.
11. Debt
No significant change since the 12/31/05 Annual Statement.
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
No significant change since the 12/31/05 Annual Statement.
13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations
The following represents the only significant change since the 12/31/05 Annual Statement:
(9) Unrealized gains of \$5,102,566.
14. Contingencies
None.
15. Leases
None.
16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk
No significant change since the 12/31/05 Annual Statement.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
None.
18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans
None.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
None.
20. September 11 Events
No significant change since the 12/31/05 Annual Statement.
21. Other Items
The following represents the only significant change since the 12/31/05 Annual Statement:
D. At June 30, 2006 and December 31, 2005 the Company had admitted assets of \$48,425,392 and \$40,524,424, respectively, in accounts receivable for amounts due from agents. The Company routinely assesses the collectibility of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectible and the potential for loss is not material to the Company's financial condition.
22. Events Subsequent
None.
23. Reinsurance
The following represents the only significant changes since the 12/31/05 Annual Statement:

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed and Ceded

(1)	Assumed		Ceded		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Related	\$ 642,449	\$ 0	\$ 0	\$ 0	\$ 642,449	\$ 0
Other	9,465,519	667,774	9,736,708	1,553,368	(271,189)	(885,594)
Total	\$10,107,968	\$667,774	\$ 9,736,708	\$1,553,368	\$ 371,260	\$ (885,594)

Direct Unearned Premium Reserve \$101,358,040.

(2) The additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements, are paid and incurred as follows:

	Direct	Assumed	Ceded	Net
Sliding scale adjustments	\$0	\$0	\$ (498,491)	\$498,491

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change since the 12/31/05 Annual Statement.

25. Change in Incurred Losses and Loss Adjustment Expenses

No significant change since the 12/31/05 Annual Statement.

26. Intercompany Pooling Arrangements

None.

27. Structured Settlements

No significant change since the 12/31/05 Annual Statement.

28. Health Care Receivables

None.

29. Participating Policies

None.

30. Premium Deficiency Reserves

As of June 30, 2006 and December 31, 2005 the amount of liabilities recorded related to premium deficiency reserves was \$0. Anticipated investment income was considered as a factor in the premium deficiency calculation.

31. High Deductibles

No significant change since the 12/31/05 Annual Statement.

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

No significant change since the 12/31/05 Annual Statement.

33. Asbestos/Environmental Reserves

No significant change since the 12/31/05 Annual Statement.

34. Subscriber Savings Accounts

None.

35. Multiple Peril Crop Insurance

None.

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date	
1. Alabama	AL	Yes	1,694,919	2,379,609	436,245	408,189	22,713,788	14,104,349
2. Alaska	AK	Yes	409	182		222,873	1,635,640	1,681,636
3. Arizona	AZ	Yes	303,326	200,528	220,989	706,408	8,331,426	3,399,044
4. Arkansas	AR	Yes	1,235,838	1,267,659	47,516	855,669	5,255,737	4,747,621
5. California	CA	Yes	18,199,549	14,262,295	2,848,077	3,544,937	59,251,534	49,865,291
6. Colorado	CO	Yes	1,571,250	1,502,917	484,151	1,087,129	7,947,056	8,117,681
7. Connecticut	CT	Yes	247,324	436,126	663,805	1,824,316	9,323,869	8,388,765
8. Delaware	DE	Yes	171,387	115,704	244,040	302,242	3,037,147	3,388,098
9. District of Columbia	DC	Yes	87,821	76,753	17,611	46,258	1,196,071	986,087
10. Florida	FL	Yes	2,170,629	3,491,655	4,647,427	1,574,841	57,256,675	47,615,558
11. Georgia	GA	Yes	7,237,897	5,998,296	1,187,982	1,109,590	30,101,265	24,321,145
12. Hawaii	HI	Yes	279,458	63,070	8,951	8,984	544,387	391,989
13. Idaho	ID	Yes	399,092	32,469			569,418	391,636
14. Illinois	IL	Yes	11,378,749	8,855,936	3,313,474	4,640,867	112,961,597	90,364,253
15. Indiana	IN	Yes	1,462,559	1,322,227	336,670	637,280	7,938,421	8,931,162
16. Iowa	IA	Yes	561,410	361,536	187,024	50,211	4,543,407	3,723,550
17. Kansas	KS	Yes	4,756,596	2,901,927	52,100	(12,039)	10,417,588	8,062,157
18. Kentucky	KY	Yes	652,704	752,874	863,750	774,509	17,189,690	16,900,167
19. Louisiana	LA	Yes	7,066,264	4,325,974	692,288	932,284	33,647,490	30,957,050
20. Maine	ME	Yes	1,397,394	1,274,385	261,229	717,014	16,674,981	20,652,666
21. Maryland	MD	Yes	2,192,199	2,001,801	647,553	520,734	9,149,917	8,888,918
22. Massachusetts	MA	Yes	1,764,619	1,957,125	1,391,995	1,481,755	22,744,596	22,146,552
23. Michigan	MI	Yes	2,638,012	2,223,382	3,808,572	946,570	26,107,225	31,055,341
24. Minnesota	MN	Yes	846,670	970,522	150,103	284,513	1,930,445	2,276,903
25. Mississippi	MS	Yes	3,212,504	2,801,644	596,542	193,628	11,999,416	9,209,617
26. Missouri	MO	Yes	9,837,514	7,053,154	1,126,244	1,923,692	42,998,944	36,921,370
27. Montana	MT	Yes	256,685	181,039	62,835	64,389	1,718,420	1,440,428
28. Nebraska	NE	Yes	56,147	28,760	19,896	175,210	3,827,883	1,880,293
29. Nevada	NV	Yes	1,871,970	1,338,249	312,709	118,529	11,263,471	8,708,348
30. New Hampshire	NH	Yes	1,484,110	803,777			1,745,138	1,302,980
31. New Jersey	NJ	Yes	3,213,315	3,006,135	848,103	654,591	26,056,991	25,824,584
32. New Mexico	NM	Yes	725,345	409,342	262,683	23,154	2,318,749	1,685,358
33. New York	NY	Yes	15,503,515	11,899,722	441,264	415,728	46,759,841	41,010,224
34. North Carolina	NC	Yes	3,095,961	5,280,782	2,251,338	1,126,241	17,432,809	17,315,351
35. North Dakota	ND	Yes	2,503	1,795			3,590	55,853
36. Ohio	OH	Yes	7,198,273	4,690,651	2,665,953	2,266,342	72,844,683	71,217,343
37. Oklahoma	OK	Yes	1,631,423	1,426,473	332,727	579,141	8,453,260	8,128,919
38. Oregon	OR	Yes	2,003,503	379,161	4,927	35,979	3,327,760	2,261,567
39. Pennsylvania	PA	Yes	9,406,897	7,067,535	3,474,255	1,806,743	42,272,111	32,975,163
40. Rhode Island	RI	Yes	158,817	154,764			597,954	307,382
41. South Carolina	SC	Yes	797,322	861,902	100,483	35,605	4,727,619	3,423,075
42. South Dakota	SD	Yes	804,889	254,749	18,142	16,545	2,225,701	1,865,472
43. Tennessee	TN	Yes	1,862,322	2,030,145	250,644	360,349	12,613,622	12,174,304
44. Texas	TX	Yes	2,528,519	3,197,358	846,971	1,134,879	34,411,958	30,134,920
45. Utah	UT	Yes	519,991	494,041	191,622		3,086,438	3,353,721
46. Vermont	VT	Yes	710,797	106,274	20,679	151,580	675,290	305,488
47. Virginia	VA	Yes	2,003,690	2,014,834	866,185	707,051	9,979,918	6,426,087
48. Washington	WA	Yes	5,301,265	3,292,985	1,403,822	1,106,960	32,071,165	33,929,132
49. West Virginia	WV	Yes	88,498	73,175	399,315	149,583	3,472,800	3,603,278
50. Wisconsin	WI	Yes	1,685,455	1,575,525	16,116	57,614	4,096,018	3,908,016
51. Wyoming	WY	Yes	1,159	1,162			506	224
52. American Samoa	AS	No						
53. Guam	GU	No						
54. Puerto Rico	PR	No						
55. U. S. Virgin Islands	VI	No						
56. Northern Mariana Islands	MP	No						
57. Canada	CN	No						
58. Aggregate Other Alien	OT	X X X					52,949	296,828
59. Totals	(a) 51		144,278,464	117,200,085	39,025,007	35,768,664	871,504,174	771,022,944
DETAILS OF WRITE-INS								
5801. Bermuda		X X X					52,949	296,828
5802.		X X X						
5803.		X X X						
5898. Summary of remaining write-ins for Line 58 from overflow page		X X X						
5899. TOTALS (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)		X X X					52,949	296,828

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