



QUARTERLY STATEMENT

As of June 30, 2011

of the Condition and Affairs of the

Mid-Continent Assurance Company

NAIC Group Code.....84, 84
(Current Period) (Prior Period)

Organized under the Laws of Ohio
Incorporated/Organized..... August 13, 1992
Statutory Home Office

Main Administrative Office

Mail Address

Primary Location of Books and Records

Internet Web Site Address

Statutory Statement Contact

NAIC Company Code..... 15380

State of Domicile or Port of Entry Ohio
Commenced Business..... January 1, 1994

580 Walnut St..... Cincinnati OH 45202
(Street and Number) (City or Town, State and Zip Code)

1437 South Boulder Dr..... Tulsa OK 74119
(Street and Number) (City or Town, State and Zip Code)

P. O. Box 1409..... Tulsa OK 74101
(Street and Number or P. O. Box) (City or Town, State and Zip Code)

1437 South Boulder Dr..... Tulsa OK 74119
(Street and Number) (City or Town, State and Zip Code)

mcg-ins.com

Gregory Patrick Jones
(Name)
gjones@mcg-ins.com
(E-Mail Address)

Employer's ID Number..... 73-1406844

Country of Domicile US

918-587-7221
(Area Code) (Telephone Number)

918-587-7221
(Area Code) (Telephone Number)

918-587-7221 x 250
(Area Code) (Telephone Number) (Extension)
918-588-1253
(Fax Number)

OFFICERS

Name	Title	Name	Title
1. Hubert Michael Coon	President	2. Loretta Fay Jessee	Secretary
3. Gregory Patrick Jones	Treasurer	4.	
OTHER			
Todd Anthony Bazata	Vice-President	Richard Leon Simpson	Vice-President
Stephen Kirby Pancoast	Vice-President	Gregory Patrick Jones	Vice-President
Jeral Clinton Hunter	Vice-President	Nora Anne Webb	Vice-President
John Allen Gant	Vice-President	James Steven Davis	Vice-President
Melanie Kay Pancoast	Vice-President	David Bernard Dyke	Vice-President
Robert Bruce Batson	Vice-President		

DIRECTORS OR TRUSTEES

Eve Cutler Rosen	Karen Holley Horrell	Donald Dumford Larson	Gary John Gruber
Ronald James Brichler	David John Witzgall	Hubert Michael Coon	

State of..... Ohio
County of..... Hamilton

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)	(Signature)	(Signature)
Hubert Michael Coon	Loretta Fay Jessee	Gregory Patrick Jones
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This 29th day of July, 2011

a. Is this an original filing?

b. If no:

1. State the amendment number

2. Date filed

3. Number of pages attached

Yes [X] No []

ASSETS

	Current Statement Date			4
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1. Bonds.....	30,488,620		30,488,620	29,273,244
2. Stocks:				
2.1 Preferred stocks.....	507,657		507,657	499,000
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 (\$.....276,767), cash equivalents (\$.....0) and short-term investments (\$.....1,644,073).....	1,920,840		1,920,840	1,153,970
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives.....			0	
8. Other invested assets.....			0	
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets.....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	32,917,117	0	32,917,117	30,926,214
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	435,522		435,522	441,425
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....			0	
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....			0	
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	41,307		41,307	
18.2 Net deferred tax asset.....	685,252	253,916	431,336	525,277
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....			0	
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	34,079,198	253,916	33,825,282	31,892,916
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. Total (Lines 26 and 27).....	34,079,198	253,916	33,825,282	31,892,916

DETAILS OF WRITE-INS

1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501.			0	
2502.			0	
2503.			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	0	0	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$....803,600).....	6,935,328	7,032,621
2. Reinsurance payable on paid losses and loss adjustment expenses.....		
3. Loss adjustment expenses.....	3,278,328	3,558,404
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....	193,482	191,626
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	70,433	84,846
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		3,140
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$....4,801 and including warranty reserves of \$.....0).....	1,738,632	1,779,952
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....		
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.....	184,002	83,311
20. Derivatives.....		
21. Payable for securities.....	1,364,467	
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	13,764,672	12,733,900
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	13,764,672	12,733,900
29. Aggregate write-ins for special surplus funds.....	(10,626)	186,211
30. Common capital stock.....	3,500,000	3,500,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	1,500,000	1,500,000
35. Unassigned funds (surplus).....	15,071,236	13,972,805
36. Less treasury stock, at cost:		
36.10.000 shares common (value included in Line 30 \$.....0).....		
36.20.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36).....	20,060,610	19,159,016
38. Totals.....	33,825,282	31,892,916

DETAILS OF WRITE-INS		
2501. Line 15 from 2000 Annual Statement.....		
2502. Rounding.....		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	0	0
2901. Additional admitted deferred taxex assets - SSAP 10R.....	(10,626)	186,211
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	(10,626)	186,211
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

Mid-Continent Assurance Company
STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct..... (written \$....7,023).....	10,142	10,727	19,502
1.2 Assumed..... (written \$....1,965,655).....	2,006,975	2,334,345	4,480,943
1.3 Ceded..... (written \$....7,023).....	10,142	10,727	19,502
1.4 Net..... (written \$....1,965,655).....	2,006,975	2,334,345	4,480,943
DEDUCTIONS:			
2. Losses incurred (current accident year \$....904,992):			
2.1 Direct.....	(1,737)	(2,259)	(6,334)
2.2 Assumed.....	588,606	(216,399)	104,970
2.3 Ceded.....	(1,737)	(2,259)	(6,334)
2.4 Net.....	588,606	(216,399)	104,970
3. Loss adjustment expenses incurred.....	382,442	1,244,246	1,609,705
4. Other underwriting expenses incurred.....	689,172	788,489	1,520,832
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	1,660,220	1,816,336	3,235,507
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	346,755	518,009	1,245,436
INVESTMENT INCOME			
9. Net investment income earned.....	723,336	723,841	1,521,283
10. Net realized capital gains (losses) less capital gains tax of \$....(13,942).....	197,411	599,715	595,159
11. Net investment gain (loss) (Lines 9 + 10).....	920,747	1,323,556	2,116,442
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0		
13. Finance and service charges not included in premiums.....			
14. Aggregate write-ins for miscellaneous income.....	(1,509)	(1,587)	(2,948)
15. Total other income (Lines 12 through 14).....	(1,509)	(1,587)	(2,948)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	1,265,993	1,839,978	3,358,930
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).....	1,265,993	1,839,978	3,358,930
19. Federal and foreign income taxes incurred.....	283,496	348,133	727,194
20. Net income (Line 18 minus Line 19) (to Line 22).....	982,497	1,491,845	2,631,736
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year.....	19,159,017	16,827,775	16,827,775
22. Net income (from Line 20).....	982,497	1,491,845	2,631,736
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....4,571.....	8,489	57,049	54,067
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....	(104,784)	(267,848)	(361,421)
27. Change in nonadmitted assets.....	26,019	16,722	45,449
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.....	(10,628)	(9,065)	(38,589)
38. Change in surplus as regards policyholders (Lines 22 through 37).....	901,593	1,288,703	2,331,242
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	20,060,610	18,116,478	19,159,017
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. Miscellaneous.....	(1,509)	(1,587)	(2,948)
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).....	(1,509)	(1,587)	(2,948)
3701. Rounding.....	(2)	1	2
3702. Change in non-admitted assets - additional admitted deferred taxes assets -SSAP No. 10R.....	(10,626)	(9,066)	(38,591)
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).....	(10,628)	(9,065)	(38,589)

CASH FLOW

	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
CASH FROM OPERATIONS			
1. Premiums collected net of reinsurance.....	1,965,655	2,235,595	4,137,719
2. Net investment income.....	797,096	789,728	1,576,092
3. Miscellaneous income.....	(1,509)	(1,587)	(2,948)
4. Total (Lines 1 through 3).....	2,761,242	3,023,736	5,710,863
5. Benefit and loss related payments.....	685,899	537,083	1,433,814
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions.....	1,364,247	1,445,365	2,888,849
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	314,001	137,000	489,809
10. Total (Lines 5 through 9).....	2,364,147	2,119,448	4,812,472
11. Net cash from operations (Line 4 minus Line 10).....	397,095	904,288	898,391
CASH FROM INVESTMENTS			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	1,286,740	1,839,555	3,630,491
12.2 Stocks.....			
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.....	1,364,467		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	2,651,207	1,839,555	3,630,491
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	2,382,123	2,021,118	4,034,555
13.2 Stocks.....			499,000
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).....	2,382,123	2,021,118	4,533,555
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).....	269,084	(181,563)	(903,064)
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).....	100,691	(12,576)	(73,574)
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	100,691	(12,576)	(73,574)
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).....	766,870	710,149	(78,247)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	1,153,970	1,232,217	1,232,217
19.2 End of period (Line 18 plus Line 19.1).....	1,920,840	1,942,366	1,153,970

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

20.0001			
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NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Mid-Continent Assurance Company ("the Company") are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for purposes of determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed or permitted practices by the state of Ohio. The Company has no prescribed or permitted practices that would result in differences between NAIC SAP and the state of Ohio basis, as shown below:

	2011	2010
(1) Net Income Ohio basis	\$ 982,497	\$ 2,631,736
(2) State Prescribed Practices	0	0
(3) State Permitted Practices	0	0
(4) Net Income, NAIC SAP	\$ 982,497	\$ 2,631,736
(5) Statutory Surplus Ohio basis	\$20,060,610	\$19,159,017
(6) State Prescribed Practices	0	0
(7) State Permitted Practices	0	0
(8) Statutory Surplus, NAIC SAP	\$20,060,610	\$19,159,017

B. No significant change.

C. No significant change.

Note 2 - Accounting Changes and Corrections of Errors

No significant change.

Note 3 - Business Combinations and Goodwill

No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

A. No significant change.

B. No significant change.

C. No significant change.

D. Loan-Backed Securities

1. The Company uses dealer-modeled prepayment assumptions for mortgage-backed and asset-backed securities at the date of purchase to determine effective yields; significant changes in estimated cash flows from the original purchase assumptions are accounted for on a prospective basis.

2. The Company had no loan-backed securities with an other-than-temporary impairment recognized during 2011.

3. The Company had no loan-backed securities with a credit-related other-than-temporary impairment recognized during 2011.

4. The following table shows all loan-backed securities with an unrealized loss:

Less than 12 months		12 months or more	
Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
\$ 675,898	\$ (28,781)	\$ 1,218,827	\$ (62,969)

NOTES TO FINANCIAL STATEMENTS

5. Based on cash flow projections received from independent sources (which reflect loan to collateral values, subordination, vintage and geographic concentration), implied cash flows inherent in security ratings and analysis of historical payment data, management believes that the Company will recover its cost basis in all securities with unrealized losses at June 30, 2011. The Company has the intent to hold such securities until they recover in value or mature.
- E. No significant change.
- F. No significant change.
- G. No significant change.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

Note 7 - Investment Income

No significant change.

Note 8 - Derivative Instruments

No significant change.

Note 9 - Income Taxes

No significant change.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

- A. No significant change.
- B. Detail of Transactions Greater than 1/2% of Admitted Assets
The Company had no transactions with any affiliate exceeding 1/2 of 1/% of its total admitted assets during 2011.
- C. No significant change.
- D. No significant change.
- E. No significant change.
- F. No significant change.
- G. No significant change.
- H. No significant change.
- I. No significant change.
- J. No significant change.
- K. No significant change.
- L. No significant change.

Note 11 - Debt

No significant change.

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

No significant change.

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

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 14 - Contingencies

- A. No significant change.
- B. No significant change.
- C. No significant change.
- D. No significant change.
- E. All Other Contingencies
- No significant change.

Note 15 - Leases

No significant change.

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

The Company does not have any financial instruments with off-balance sheet risk or financial instruments with concentrations of credit risk.

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

- A. Not applicable.
- B. Not applicable.
- C. The Company was not involved in any wash sale transactions during 2011.

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 - Fair Value

1. Fair Value Measurements at Reporting Date

The Company has categorized its assets and liabilities measured at fair value into the three-level fair value hierarchy as reflected in the following table. See item 4 below for a discussion of each of these three levels.

Description	Level 1	Level 2	Level 3	Total
Assets:				
Bonds:				
U.S. Government and government agencies	-	-	-	-
States, municipalities and political subdivisions	-	-	-	-
Foreign government	-	-	-	-
Residential MBS	-	-	-	-
Commercial MBS	-	-	-	-
All other Bonds	-	-	-	-
Total Bonds	-	-	-	-
Non-affiliated common stock	-	-	-	-
Non-affiliated preferred stock	507,657	-	-	507,657
Other investments	-	-	-	-
Total assets accounted for at fair value	507,657	-	-	507,657

2. The Company does not have any Level 3 securities carried at fair value.

3. Fair Value Recognition of Transfers Between Levels

The Company recognizes and records the transfer of securities into and out of Level 3 due to changes in availability of market observable inputs. All

NOTES TO FINANCIAL STATEMENTS

transfers are reflected in the table above at fair value as of the end of the reporting period.

4. Inputs and Techniques Used in Estimating Fair Value

Level 1 - Quoted prices for identical assets or liabilities in active markets (markets in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis). The Company's Level 1 financial instruments consist primarily of publicly traded equity securities and highly liquid government bonds for which quoted market prices in active markets are available.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar assets or liabilities in inactive markets (markets in which there are few transactions, the prices are not current, price quotations vary substantially over time or among market makers, or in which little information is released publicly); and valuations based on other significant inputs that are observable in active markets. The Company's Level 2 financial instruments include corporate and municipal fixed maturity securities and MBS priced using observable inputs. Level 2 inputs include benchmark yields, reported trades, corroborated broker/dealer quotes, issuer spreads and benchmark securities. When non-binding broker quotes can be corroborated by comparison to similar securities priced using observable inputs, they are classified as Level 2.

Level 3 - Valuations derived from market valuation techniques generally consistent with those used to estimate the fair value of Level 2 financial instruments in which one or more significant inputs are unobservable. The unobservable inputs may include management's own assumptions about the assumptions market participants would use based on the best information available in the circumstances. The Company's Level 3 is comprised of financial instruments whose fair value is estimated based on non-binding broker quotes or internally developed using significant inputs not based on, or corroborated by, observable market information.

The Company's investment managers, American Money Management Corporation (an affiliate) is responsible for the valuation process and uses data from outside sources (including nationally recognized pricing services and broker/dealers) in establishing fair value. Valuation techniques utilized by pricing services and prices obtained from external sources are reviewed by AMMC's internal investment professionals who are familiar with the securities being priced and the markets in which they trade to ensure the fair value determination is representative of an exit price. To validate the appropriateness of the prices obtained, these investment managers consider widely published indices (as benchmarks), recent trades, changes in interest rates, general economic conditions and the credit quality of the specific issuers.

Note 21 - Other Items

- A. Not applicable.
- B. Not applicable.
- C. Other Disclosures not applicable.
- D. Not applicable.
- E. Not applicable.
- F. Not applicable.
- G. Not applicable.

Note 22 - Events Subsequent

There have not been any events subsequent to June 30, 2011 which may have a material effect on the financial condition of the company.

Note 23 - Reinsurance

No significant change.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2010 were \$10.6 million. As of June 30, 2011, \$1,232,000 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$9.2 million as a result of re-estimation of unpaid claims and claim adjustment expenses principally on General Liability and Commercial Auto lines of insurance. Therefore, there has been \$116,000 in favorable prior-year development since December 31, 2010 to June 30, 2011. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

Note 26 - Intercompany Pooling Arrangements

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 27 - Structured Settlements

No significant change.

Note 28 - Health Care Receivables

No significant change.

Note 29 - Participating Policies

No significant change.

Note 30 - Premium Deficiency Reserves

The Company does not have any premium deficiency reserves.

Note 31 - High Deductibles

No significant change.

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

No significant change.

Note 33 - Asbestos/Environmental Reserves

No significant change.

Note 34 - Subscriber Savings Accounts

No significant change.

Note 35 - Multiple Peril Crop Insurance

No significant change.

Note 36 - Financial Guaranty Insurance

The Company does not write financial guaranty insurance.

Mid-Continent Assurance Company

GENERAL INTERROGATORIES

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?
If yes, complete the Schedule Y-Part 1 - Organizational chart.

Yes [☐]

No [☒ X]

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	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?
If yes, attach an explanation.

Yes [☐]

No [☒ X]

N/A [☐]

6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2008.....

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.

12/31/2008.....

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).

5/25/2010.....

6.4

By what department or departments?
Ohio

6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [☐]

No [☐]

N/A [☒ X]

6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [☐]

No [☐]

N/A [☒ X]

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

Yes [☒ X]

No [☐]

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]

Mid-Continent Assurance Company

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]

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

16. Excluding items in Schedule E-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	2
Name of Custodian(s)	Custodian Address
The Bank of New York Mellon	One Wall Street, New York, New York 10286

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	2	3
Name(s)	Location(s)	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	2	3	4
Old Custodian	New Custodian	Date of Change	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	2	3
Central Registration Depository	Name(s)	Address
Not Applicable	American Money Management	One East Fourt Street, Cincinnati, OH 45202

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:

Mid-Continent Assurance Company
GENERAL INTERROGATORIES (continued)

PART 2
PROPERTY & CASUALTY INTERROGATORIES

1.

If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change?
If yes, attach an explanation.

Yes [] No [X] N/A []

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?
If yes, attach an explanation.

Yes [] No [X]

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			
Line of Business	Maximum Interest	Disc. Rate	4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 Total	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 Total
00
Total.....XXX...XXX.....00000000

5.

Operating Percentages:

5.1

A&H loss percent

0.0 %

5.2

A&H cost containment percent

0.0 %

5.3

A&H expense percent excluding cost containment expenses

0.0 %

6.1

Do you act as a custodian for health savings accounts?

Yes [] No [X]

6.2

If yes, please provide the amount of custodial funds held as of the reporting date.

0

6.3

Do you act as an administrator for health savings accounts?

Yes [] No [X]

6.4

If yes, please provide the amount of funds administered as of the reporting date.

0

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1	2	3	4	5
NAIC Company Code	Federal ID Number	Name of Reinsurer	Domiciliary Jurisdiction	Is Insurer Authorized? (YES or NO)

NONE

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date
1. Alabama.....AL	N						
2. Alaska.....AK	N						
3. Arizona.....AZ	N						
4. Arkansas.....AR	N						
5. California.....CA	N						
6. Colorado.....CO	N						
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	L						
14. Illinois.....IL	N						
15. Indiana.....IN	N						
16. Iowa.....IA	N						
17. Kansas.....KS	N						
18. Kentucky.....KY	N						
19. Louisiana.....LA	L					17,781	23,161
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	L						
27. Montana.....MT	N						
28. Nebraska.....NE	L	1,894	1,890				
29. Nevada.....NV	N						
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	L						
37. Oklahoma.....OK	L			(225)		934	1,141
38. Oregon.....OR	N						
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	L	5,129	3,757				
45. Utah.....UT	N						
46. Vermont.....VT	N						
47. Virginia.....VA	L						
48. Washington.....WA	N						
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).....8	7,023	5,647	(225)	0	18,715	24,302

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

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.
(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

Q11

NONE

Mid-Continent Assurance Company
PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date			Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire.....			0.0	
2. Allied lines.....			0.0	
3. Farmowners multiple peril.....			0.0	
4. Homeowners multiple peril.....			0.0	
5. Commercial multiple peril.....		(2,446)	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.....	4,280		0.0	
17.2 Other liability-claims made.....			0.0	
17.3 Excess workers' compensation.....			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.....			0.0	
19.3, 19.4 Commercial auto liability.....	3,723		0.0	
21. Auto physical damage.....	2,139	709	33.1	
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.....	10,142	(1,737)	(17.1)	(21.1)

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.....			
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.....	4,577	7,023	5,647
17.2 Other liability-claims made.....			
17.3 Excess workers' compensation.....			
18.1 Products liability-occurrence.....			
18.2 Products liability-claims made.....			
19.1 19.2 Private passenger auto liability.....			
19.3 19.4 Commercial auto liability.....			
21. Auto physical damage.....			
22. Aircraft (all perils).....			
23. Fidelity.....			
24. Surety.....			
26. Burglary and theft.....			
27. Boiler and machinery.....			
28. Credit.....			
29. International.....			
30. 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.....	4,577	7,023	5,647

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

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?	<div>NO</div>
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	<div>NO</div>
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	<div>NO</div>
4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?	<div>NO</div>

Explanation:

1.
2.
3.
4.

Bar Code:

* 1 5 3 8 0 2 0 1 1 4 9 0 0 0 0 2 *

* 1 5 3 8 0 2 0 1 1 4 5 5 0 0 0 0 2 *

* 1 5 3 8 0 2 0 1 1 3 6 5 0 0 0 0 2 *

* 1 5 3 8 0 2 0 1 1 5 0 5 0 0 0 0 2 *

Mid-Continent Assurance Company
Overflow Page for Write-Ins

NONE

Mid-Continent Assurance Company
SCHEDULE A - VERIFICATION
Real Estate

	1	2
	Year to Date	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

	1	2
	Year to Date	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

	1	2
	Year to Date	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	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	29,772,245	28,277,181
2. Cost of bonds and stocks acquired.....	2,382,122	4,533,555
3. Accrual of discount.....	10,910	90,748
4. Unrealized valuation increase (decrease).....	13,039	83,467
5. Total gain (loss) on disposals.....	183,469	556,580
6. Deduct consideration for bonds and stocks disposed of.....	1,286,740	3,630,491
7. Deduct amortization of premium.....	78,766	138,795
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	30,996,277	29,772,245
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	30,996,277	29,772,245

SCHEDULE D - PART 1B

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

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	23,858,941	3,453,473	1,763,998	(31,488)	23,858,941	25,516,928		22,967,476
2. Class 2 (a).....	5,187,267		180,547	(3,025)	5,187,267	5,003,695		5,190,355
3. Class 3 (a).....	1,723,355		112,215	930	1,723,355	1,612,070		1,718,061
4. Class 4 (a).....								
5. Class 5 (a).....								
6. Class 6 (a).....								271,875
7. Total Bonds.....	30,769,563	3,453,473	2,056,760	(33,583)	30,769,563	32,132,693	0	30,147,767
PREFERRED STOCK								
8. Class 1.....	501,250			6,407	501,250	507,657		499,000
9. Class 2.....								
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock.....	501,250	0	0	6,407	501,250	507,657	0	499,000
15. Total Bonds and Preferred Stock.....	31,270,813	3,453,473	2,056,760	(27,176)	31,270,813	32,640,350	0	30,646,767

(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 \$.....1,644,073; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals.....1,644,073XXX.....1,644,073167

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....874,523954,983
2. Cost of short-term investments acquired.....2,279,4705,802,310
3. Accrual of discount.....		
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration received on disposals.....1,509,9205,882,770
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....1,644,073874,523
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....1,644,073874,523

Sch. DB-Pt A-Verification
NONE

Sch. DB-Pt B-Verification
NONE

Sch. DB-Pt C-Sn 1
NONE

Sch. DB-Pt C-Sn 2
NONE

Sch. DB-Verification
NONE

Sch. E-Verification
NONE

Sch. A-Pt 2
NONE

Sch. A-Pt 3
NONE

Sch. B-Pt 2
NONE

Sch. B-Pt 3
NONE

Sch. BA-Pt 2
NONE

Sch. BA-Pt 3
NONE

SCHEDULE D - PART 3

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

1			2	3	4	5	6	7	8	9	10
CUSIP Identification			Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - U.S. Special Revenue and Special Assessment											
462467	MP	3	IOWA FIN SFH 4.50 01-01-29 AL16 C21.....		...06/29/2011	MORGAN STANLEY & CO.....	1,364,4671,265,000		1FE.....
721901	JB	3	PIMA CNTY AZ 5.00 12-15-36 C16 MP21.....		...05/16/2011	CREW AND ASSOCIATES.....	1,017,656975,00020,854	1FE.....
3199999.			Total - Bonds - U.S. Special Revenue & Special Assessments.....				2,382,1232,240,00020,854XXX.....
8399997.			Total - Bonds - Part 3.....				2,382,1232,240,00020,854XXX.....
8399999.			Total - Bonds.....				2,382,1232,240,00020,854XXX.....
9999999.			Total - Bonds, Preferred and Common Stocks.....				2,382,123,XXX.....20,854XXX.....

(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			4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
											11	12	13	14	15							
CUSIP Identification	Description			For e i g n Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's 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 Desig- nation or Market Indicator (a)

Bonds - U.S. Special Revenue and Special Assessment

71881L	AD	0	PHOENIX AZ 2007 5.25 08-01-38 C17A35.....	04/01/2011	PARTIAL CALL.....21,47321,47322,06422,053(3)(3)22,050(577)(577)376	08/01/2038	1FE.....
71881L	AD	0	PHOENIX AZ 2007 5.25 08-01-38 C17A35.....	05/01/2011	PARTIAL CALL.....9,1439,1439,3949,390(2)(2)9,388(245)(245)200	08/01/2038	1FE.....
71881L	AD	0	PHOENIX AZ 2007 5.25 08-01-38 C17A35.....	06/01/2011	PARTIAL CALL.....10,50110,50110,79010,784(2)(2)10,782(281)(281)276	08/01/2038	1FE.....
93978T	GD	5	WA HSG FIN COMMN 5.63 12-01-42 AL29.....	06/01/2011	PARTIAL CALL.....70,00070,00072,80072,489(152)(152)72,337(2,337)(2,337)1,971	12/01/2042	1FE.....
3199999.	Total - Bonds - U.S. Special Revenue & Assessment.....						111,117111,117115,048114,7160(159)0(159)0114,5570(3,440)(3,440)2,823XXX...	..XXX...

Bonds - Industrial and Miscellaneous

075386	AC	6	BEAVER VALLEY FND 9.00 6-01-17 A0613.....	06/01/2011	SINKING FUND PAYMENT.....168,000168,000186,287181,228(681)(681)180,547(12,547)(12,547)7,560	06/01/2017	2FE.....
16165L	AC	4	CFLX 2006-1 A2A SEQ SSNR 5.935 62536.....	06/27/2011	PAYDOWNS.....42,63942,63942,63542,639042,6390941	06/25/2036	1Z*.....
36242D	W5	8	GSR 2005-4F 4A2 PAC 5.50 5-25-35.....	06/27/2011	PAYDOWNS.....90,52190,52191,55390,721(200)(200)90,52102,085	05/25/2035	1Z*.....
86359B	RK	9	SASC 2004-9XS 1A4D SEQ 5.41 5-25-34.....	06/27/2011	PAYDOWNS.....7,1217,1217,1417,12107,1210142	05/25/2034	1Z*.....
961548	AS	3	WESTVACO CORP 7.50 06-15-27 A0419.....	06/15/2011	SINKING FUND PAYMENT.....111,000111,000112,389111,583649(17)632112,215(1,215)(1,215)4,163	06/15/2027	3FE.....
3899999.	Total - Bonds - Industrial & Miscellaneous.....						419,281419,281440,005433,292649(898)0(249)0433,0430(13,762)(13,762)14,891XXX...	..XXX...
8399997.	Total - Bonds - Part 4.....						530,398530,398555,053548,008649(1,057)0(408)0547,6000(17,202)(17,202)17,714XXX...	..XXX...
8399999.	Total - Bonds.....						530,398530,398555,053548,008649(1,057)0(408)0547,6000(17,202)(17,202)17,714XXX...	..XXX...
9999999.	Total - Bonds, Preferred and Common Stocks.....						530,398XXX.....555,053548,008649(1,057)0(408)0547,6000(17,202)(17,202)17,714XXX...	..XXX...

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

QE05

Sch. DB-Pt A-Sn 1

NONE

Sch. DB-Pt A-Sn 1-Footernote

NONE

Sch. DB-Pt B-Sn 1

NONE

Sch. DB-Pt B-Sn 1-Footernote

NONE

Sch. DB-Pt B-Sn 1B-Broker List

NONE

Sch. DB-Pt D

NONE

Sch. DL-Pt. 1

NONE

Sch. DL-Pt. 2

NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	

Open Depositories

F & M Bank and Trust Company.....	Tulsa, Oklahoma.....0.300276,262276,262276,262	XXX.
The Bank of New York Mellon.....	New York, New York.....0.010504500505	XXX.
0199999. Total Open Depositories.....XXX.....XXX.....00276,766276,762276,767	XXX.
0399999. Total Cash on Deposit.....XXX.....XXX.....00276,766276,762276,767	XXX.
0599999. Total Cash.....XXX.....XXX.....00276,766276,762276,767	XXX.

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

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

NONE