



QUARTERLY STATEMENT

As of September 30, 2011
of the Condition and Affairs of the

MOUNTAIN LAUREL ASSURANCE COMPANY

NAIC Group Code.....155, 155 (Current Period) (Prior Period)	NAIC Company Code..... 44180	Employer's ID Number..... 23-259971
Organized under the Laws of OH	State of Domicile or Port of Entry OH	Country of Domicile US
Incorporated/Organized..... November 28, 1990	Commenced Business..... April 29, 1991	
Statutory Home Office	6300 WILSON MILLS ROAD, W33..... CLEVELAND OH 44143-2182 (Street and Number) (City or Town, State and Zip Code)	
Main Administrative Office	6300 WILSON MILLS ROAD, W33..... CLEVELAND OH 44143-2182 (Street and Number) (City or Town, State and Zip Code)	440-461-5000 (Area Code) (Telephone Number)
Mail Address	P.O. BOX 89490..... CLEVELAND OH 44101-6490 (Street and Number or P. O. Box) (City or Town, State and Zip Code)	
Primary Location of Books and Records	6300 WILSON MILLS ROAD, W33..... CLEVELAND OH 44143-2182 (Street and Number) (City or Town, State and Zip Code)	440-395-4460 (Area Code) (Telephone Number)
Internet Web Site Address	PROGRESSIVE.COM	
Statutory Statement Contact	MARY BETH ANDREANO (Name) FINANCIAL_REPORTING@PROGRESSIVE.COM (E-Mail Address)	440-395-4460 (Area Code) (Telephone Number) (Extension) 440-446-7168 (Fax Number)

POLICYHOLDER SERVICES AND CLAIMS REPORTING -- 1-800-PROGRESSIVE (1-800-776-4737)

OFFICERS

Name	Title	Name	Title
SCOTT WESLEY ZIEGLER	PRESIDENT	MICHAEL ROBERT UTH	SECRETARY
CLARK HAROLD IBRAHIM KHAYAT #	TREASURER		

OTHER

SCOTT EDWARD COLEMAN	(ASST. TREASURER)	JAMES RUSSELL HAAS	(VICE PRESIDENT)
KAREN ANN KOSUDA	(ASST. SECRETARY)	MARIANN WOJTKUN MARSHALL	(VICE PRESIDENT)

DIRECTORS OR TRUSTEES

PATRICK KEVIN CALLAHAN	JAMES RUSSELL HAAS	CHRISTINE ANN JOHNSON	CLARK HAROLD IBRAHIM KHAYAT #
SCOTT WESLEY ZIEGLER			

State of..... OHIO
County of..... CUYAHOGA

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)
SCOTT WESLEY ZIEGLER	KAREN ANN KOSUDA	SCOTT EDWARD COLEMAN
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
PRESIDENT	ASSISTANT SECRETARY	ASSISTANT TREASURER
(Title)	(Title)	(Title)

Subscribed and sworn to before me	a. Is this an original filing?	Yes [X] No []
This 7TH day of NOVEMBER, 2011	b. If no:	
	1. State the amendment number	
	2. Date filed	
	3. Number of pages attached	

MOUNTAIN LAUREL ASSURANCE COMPANY
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.....	72,776,462		72,776,462	73,200,643
2. Stocks:				
2.1 Preferred stocks.....			0	
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 (\$.....0), cash equivalents (\$....3,369,979) and short-term investments (\$....2,767,812).....	6,137,791		6,137,791	
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).....	78,914,253	0	78,914,253	73,200,643
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	1,299,765		1,299,765	890,957
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	2,871,498	629,029	2,242,469	2,038,159
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	18,299,832		18,299,832	15,415,692
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
161. Amounts recoverable from reinsurers.....	(25,871)		(25,871)	6,385
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.....			0	
18.2 Net deferred tax asset.....	3,243,409	324,348	2,919,061	2,571,113
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.....	2,851,151		2,851,151	2,816,716
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	30,206	30,206	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	107,484,243	983,583	106,500,660	96,939,665
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. Total (Lines 26 and 27).....	107,484,243	983,583	106,500,660	96,939,665

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. PREPAID EXPENSES.....	30,206	30,206	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).....	30,206	30,206	0	0

MOUNTAIN LAUREL ASSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$.....13,395,674).....	25,189,744	24,361,880
2. Reinsurance payable on paid losses and loss adjustment expenses.....		
3. Loss adjustment expenses.....	4,658,196	4,682,159
4. Commissions payable, contingent commissions and other similar charges.....	32,919	12,063
5. Other expenses (excluding taxes, licenses and fees).....	10,890	14,064
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	320,994	355,183
7.1 Current federal and foreign income taxes (including \$.....5,569 on realized capital gains (losses)).....	1,214,072	1,400,594
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 \$.....0 and including warranty reserves of \$.....0).....	31,165,202	26,626,416
10. Advance premium.....	489,920	499,058
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	2,050	1,351
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.....	4,580,237	3,926,512
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		
21. Payable for securities.....		
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.....	273,644	272,872
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	67,937,868	62,152,152
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	67,937,868	62,152,152
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	2,350,000	2,350,000
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.....	21,150,000	21,150,000
35. Unassigned funds (surplus).....	15,062,792	11,287,513
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36).....	38,562,792	34,787,513
38. Totals.....	106,500,660	96,939,665

DETAILS OF WRITE-INS		
2501. STATE PLAN LIABILITY.....	248,553	271,962
2502. ESCHEATABLE PROPERTY.....	14,183	910
2503. PREMIUM REFUND LIABILITY.....	10,908	
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).....	273,644	272,872
2901.		
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).....	0	0
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

MOUNTAIN LAUREL 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 \$.....80,720,056).....	76,181,270	72,391,880	96,818,510
1.2 Assumed..... (written \$.....0).....			
1.3 Ceded..... (written \$.....187).....	187		(175)
1.4 Net..... (written \$.....80,719,869).....	76,181,083	72,391,880	96,818,685
DEDUCTIONS:			
2. Losses incurred (current accident year \$....48,376,042):			
2.1 Direct.....	46,123,792	44,330,582	57,205,301
2.2 Assumed.....			
2.3 Ceded.....	(168,681)	425,853	274,090
2.4 Net.....	46,292,473	43,904,729	56,931,211
3. Loss adjustment expenses incurred.....	7,503,446	7,156,583	9,248,869
4. Other underwriting expenses incurred.....	19,274,767	16,988,115	21,739,198
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	73,070,686	68,049,427	87,919,278
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	3,110,397	4,342,453	8,899,407
INVESTMENT INCOME			
9. Net investment income earned.....	1,654,551	1,655,233	2,252,338
10. Net realized capital gains (losses) less capital gains tax of \$.....(49,484).....	73,874	(9,201)	(5,242)
11. Net investment gain (loss) (Lines 9 + 10).....	1,728,425	1,646,032	2,247,096
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....45,511 amount charged off \$.....963,823).....	(918,312)	(787,454)	(1,066,153)
13. Finance and service charges not included in premiums.....	1,111,000	969,423	1,305,340
14. Aggregate write-ins for miscellaneous income.....	3,813	7,785	10,718
15. Total other income (Lines 12 through 14).....	196,501	189,754	249,905
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	5,035,323	6,178,239	11,396,408
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).....	5,035,323	6,178,239	11,396,408
19. Federal and foreign income taxes incurred.....	1,573,430	2,055,837	3,454,298
20. Net income (Line 18 minus Line 19) (to Line 22).....	3,461,893	4,122,402	7,942,110
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year.....	34,787,513	33,800,997	33,800,997
22. Net income (from Line 20).....	3,461,893	4,122,402	7,942,110
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....			
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....	371,800	372,290	128,749
27. Change in nonadmitted assets.....	(58,414)	(72,857)	(84,343)
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.....			(7,000,000)
36. Change in treasury stock.....			
37. Aggregate write-ins for gains and losses in surplus.....	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37).....	3,775,279	4,421,835	986,516
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	38,562,792	38,222,832	34,787,513
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. INTEREST INCOME ON INTERCOMPANY BALANCES.....	4,714	7,676	10,654
1402. MISCELLANEOUS OTHER INCOME (EXPENSE).....	(901)	109	64
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).....	3,813	7,785	10,718
3701.			
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0	0

MOUNTAIN LAUREL ASSURANCE COMPANY
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.....	77,541,074	73,717,493	96,857,033
2. Net investment income.....	1,997,222	2,254,914	3,383,317
3. Miscellaneous income.....	264,615	202,266	252,082
4. Total (Lines 1 through 3).....	79,802,911	76,174,673	100,492,432
5. Benefit and loss related payments.....	45,432,353	42,740,877	56,080,707
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions.....	26,818,683	23,962,402	30,921,121
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$.....(52,922) tax on capital gains (losses).....	1,710,468	2,455,822	3,644,351
10. Total (Lines 5 through 9).....	73,961,504	69,159,101	90,646,179
11. Net cash from operations (Line 4 minus Line 10).....	5,841,407	7,015,572	9,846,253
CASH FROM INVESTMENTS			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	20,939,106	6,796,156	7,893,051
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.....			
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	20,939,106	6,796,156	7,893,051
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	21,242,012	6,330,788	13,208,311
13.2 Stocks.....			
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).....	21,242,012	6,330,788	13,208,311
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).....	(302,906)	465,368	(5,315,260)
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.....			7,000,000
16.6 Other cash provided (applied).....	599,290	1,718,769	2,469,007
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	599,290	1,718,769	(4,530,993)
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).....	6,137,791	9,199,709	0
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	0		
19.2 End of period (Line 18 plus Line 19.1).....	6,137,791	9,199,709	0

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

20.0001			
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NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying statutory-basis financial statements of Mountain Laurel Assurance Company (the “Company”) were prepared on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance (“DOI”).

The Ohio DOI requires insurance companies domiciled in the state of Ohio to prepare their statutory-basis financial statements in accordance with the National Association of Insurance Commissioners’ (“NAIC”) *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the Ohio DOI. No deviations from NAIC statutory accounting practices (“NAIC SAP”) were used in preparing these statutory-basis financial statements.

2. Accounting Changes and Corrections of Errors

No significant change

3. Business Combinations and Goodwill

No significant change

4. Discontinued Operations

No significant change

5. Investments

D. Loan-Backed Securities

Effective for the third quarter 2009 reporting period, the Company adopted *Statement of Statutory Accounting Principles* (“SSAP”) No. 43R, Loan-backed and Structured Securities. Pursuant to the new standard, the Company analyzes its structured debt securities to determine if the Company intends to sell, or if it is more likely than not that the Company will be required to sell, the security prior to recovery and, if so, the Company writes down the security to its current fair value with the entire amount of the write-down recorded as a realized loss. To the extent that it is more likely than not that the Company will hold the debt security until recovery (which could be maturity), the Company determines if any of the decline in value is due to a credit loss (i.e., where the present value of cash flows expected to be collected is lower than the amortized cost basis of the security) and, if so, the Company recognizes that portion of the impairment as a realized loss.

The sources used to determine prepayment assumptions are derived from updated cash flows from reputable pricing services. The Company’s portfolio managers review the available cash flow data and prepayment assumptions and make adjustments based on current performance indicators on the underlying assets (i.e., delinquency rates, foreclosure rates, and default rates), credit support (via current levels of subordination), and historical credit ratings.

As of September 30, 2011, the Company had \$66 of gross unrealized losses in the Company’s loan-backed and structured debt securities. The Company currently does not intend to sell the loan-backed and structured debt securities and determined that it is more likely than not that the Company will not be required to sell these securities for the period of time necessary to recover their cost basis. If the Company’s strategy was to change and these securities were determined to be other-than-temporarily impaired, the Company would recognize a write-down in accordance with the Company’s stated policy.

The following table shows, as of September 30, 2011, the composition of fair value and gross unrealized losses on loan-backed and structured debt securities by the length of time that individual securities have been in a continuous unrealized loss position:

Fair Value	Unrealized Loss	Losses less than 12 Months	Losses greater than 12 months	Market Value of losses less than 12 months	Market Value of losses greater than 12 months
\$ 1,158,602	\$ 66	\$ 66	\$ --	\$ 1,158,602	\$ --

6. Joint Ventures, Partnerships and Limited Liability Companies

No significant change

7. Investment Income

No significant change

8. Derivative Instruments

No significant change

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

A. Components of the net deferred tax asset (liability) ("DTA"/"(DTL)")

1. The components of the DTA in accordance with SSAP 10R, Income Taxes, are as follows:

Description	September 30, 2011			December 31, 2010			Change		
	(1) Ordinary Income	(2) Capital gain (loss)	(3) (Col 1+2) Total	(4) Ordinary Income	(5) Capital gain (loss)	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary Income	(8) (Col 2-5) Capital gain (loss)	(9) (Col 7+8) Total
(a) Gross deferred tax assets	\$ 3,190,246	\$ 238,270	\$ 3,428,516	\$ 2,844,209	\$ 278,212	\$ 3,122,421	\$ 346,037	\$ (39,942)	\$ 306,095
(b) Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
(c) Adjusted gross deferred tax assets (1a-1b)	\$ 3,190,246	\$ 238,270	\$ 3,428,516	\$ 2,844,209	\$ 278,212	\$ 3,122,421	\$ 346,037	\$ (39,942)	\$ 306,095
(d) Deferred tax liabilities	29,940	155,167	185,107	48,598	202,214	250,812	(18,658)	(47,047)	(65,705)
(e) Subtotal (net deferred tax assets) (1c-1d)	\$ 3,160,306	\$ 83,103	\$ 3,243,409	\$ 2,795,611	\$ 75,998	\$ 2,871,609	\$ 364,695	\$ 7,105	\$ 371,800
(f) Deferred tax assets nonadmitted	241,245	83,103	324,348	224,498	75,998	300,496	16,747	7,105	23,852
(g) Net admitted deferred tax assets (1e-1f)	\$ 2,919,061	\$ -	\$ 2,919,061	\$ 2,571,113	\$ -	\$ 2,571,113	\$ 347,948	\$ -	\$ 347,948

2. The Company has not elected to admit additional DTAs pursuant to SSAP No. 10R, paragraph 10.e. for the reporting period ended September 30, 2011. The current period election does not differ from the prior year-end.

3. Benefits of adopting SSAP No. 10R, paragraph 10.e.

Not applicable

C. Current income taxes consist of the following major components:

1. Current Income Tax:

Description	(1) September 30, 2011	(2) December 31, 2010
(a) Federal income tax expense (benefit)	\$ 1,611,750	\$ 3,429,949
(b) Foreign income tax expense (benefit)	-	-
(c) Prior year underaccrual (overaccrual)	(38,320)	24,349
(d) Subtotal	\$ 1,573,430	\$ 3,454,298
(e) Federal income tax (benefit) on net realized capital gains (losses)	(65,360)	7,419
(f) Utilization of capital loss carry-forwards	-	-
(g) Prior year underaccrual (overaccrual)	15,876	19,021
(h) Subtotal	\$ (49,484)	\$ 26,440
(i) Federal and Foreign income taxes incurred	\$ 1,523,946	\$ 3,480,738

The change in net deferred income tax is comprised of the following (this analysis excludes nonadmitted assets; the change in nonadmitted assets is reported separately from the change in net deferred income tax in the Statement of Income, Surplus section):

Description	September 30, 2011	December 31, 2010	Change
Total deferred tax assets	\$ 3,428,516	\$ 3,122,421	\$ 306,095
Total deferred tax liabilities	185,107	250,812	(65,705)
Net deferred tax asset (liability)	\$ 3,243,409	\$ 2,871,609	\$ 371,800
Tax effect of unrealized gains (losses)			-
Change in net deferred income tax			\$ 371,800

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The provision for Federal income taxes is different than that which would be obtained by applying the statutory Federal income tax rate to pre-tax income. At September 30, 2011 the significant book to tax adjustments causing this difference are as follows:

Description	Tax Effect Amount	Effective Tax Rate
Provision computed at statutory rate	\$ 1,745,044	35%
Exempt interest income	(485,221)	(10)
Prior year underaccrual (overaccrual)	(46,989)	(1)
Impact of nonadmitted assets	(12,097)	--
Other	(48,591)	(1)
Total	\$ 1,152,146	23%
Federal and foreign income taxes incurred	\$ 1,523,946	
Change in net deferred income tax	(371,800)	
Total statutory income taxes	\$ 1,152,146	

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

No significant change

NOTES TO FINANCIAL STATEMENTS

11.	Debt
	No significant change
12.	Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
	No significant change
13.	Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations
	No significant change
14.	Contingencies
E.	All Other Contingencies
	The Company is named as defendant in various lawsuits arising out of its insurance operations. All legal actions relating to claims made under insurance policies are considered by the Company in establishing its loss and loss adjustment expense (“LAE”) reserves. The Company also has potential exposure relating to lawsuits due to its participation in a management agreement for which it is allocated litigation expenses. The Company's exposure to the following case arose from business written by the Company while participating in a 100% pooling reinsurance agreement with seven of its property-casualty affiliates (the “Direct Pool”). Effective November 5, 2005, the Company elected to terminate its participation in the Direct Pool and therefore has no net exposure with regard to this case. As of September 30, 2011, there was a certified class action lawsuit seeking interest on personal injury protection payments that allegedly were late. The Company does consider a loss from this case to be probable but is unable to estimate a range of loss at this time.
15.	Leases
	No significant change
16.	Information about Financial Instruments with Off-Balance Sheet Risk and with Concentrations of Credit Risk
	No significant change
17.	Sale, Transfer, and Servicing of Financial Assets and Extinguishments of Liabilities
C.	Wash Sales
	The Company had no wash sales of securities with a National Association of Insurance Commissioners' rating of 3 or below during the reporting period.
18.	Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans
	No significant change
19.	Direct Premiums Written / Produced by Managing General Agents / Third Party Administrators
	No significant change
20.	Fair Value Measurements
A.	Inputs Used for Assets and Liabilities Measured at Fair Value
1.	Fair Value Measurements by Levels 1, 2 and 3
	The Company categorizes its financial instruments, based on the degree of subjectivity inherent in the method by which they are valued, into a fair value hierarchy of three levels, as follows: Level 1 - Inputs are unadjusted, quoted prices in active markets for identical instruments at the measurement date (e.g., active exchange-traded equity securities). Level 2 - Inputs (other than quoted prices included within Level 1) that are observable for the instrument either directly or indirectly. This includes: (i) quoted prices for similar instruments in active markets, (ii) quoted prices for identical or similar instruments in markets that are not active, (iii) inputs other than quoted prices that are observable for the instruments, and (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 - Inputs that are unobservable. Unobservable inputs reflect the Company's subjective evaluation about the assumptions market participants would use in pricing the financial instrument. The Company evaluated whether the market was distressed or inactive in determining the fair value for those securities reported and reviewed certain market level inputs to evaluate whether sufficient activity, volume, and new issuances existed to create an active market. Based on this evaluation, the Company concluded that there was sufficient activity in determining the fair value for those securities reported. As of September 30, 2011, the Company did not measure and report any securities at fair value on the balance sheet. All bonds were carried at amortized cost.
2.	Rollforward of Level 3 Items
	Not applicable
3.	Policy on Transfers Into and Out of Level 3
	Not applicable
4.	Inputs and Techniques Used for Level 2 and Level 3 Fair Values
	Not applicable
5.	Derivative Fair Values
	Not applicable

NOTES TO FINANCIAL STATEMENTS

	C.	Other Fair Value Disclosures
		Not applicable
	D.	Reasons Not Practical to Estimate Fair Values
		Not applicable
21.		Other Items
		No significant change
22.		Events Subsequent
		The Company was not impacted by any subsequent events. Subsequent events have been considered through November 7, 2011 for the statutory statement that was available for issuance by November 15, 2011.
23.		Reinsurance
		No significant change
24.		Retrospectively Rated Contracts and Contracts Subject to Redetermination
		No significant change
25.		Changes in Incurred Losses and Loss Adjustment Expenses
		Incurred losses and LAE attributable to insured events of prior years decreased \$2,524,000 in 2011, which is 8.7% of the total prior year net unpaid losses and LAE of \$29,044,039. The net decrease is a result of originally anticipated severity for the 2010 accident year decreasing 1.2% and 1.3% for Private Passenger Auto Liability and Auto Physical Damage, respectively. Originally anticipated severity for accident year 2009 decreased by 2.8% for Private Passenger Auto Liability as well.
26.		Intercompany Pooling Arrangements
		No significant change
27.		Structured Settlements
		No significant change
28.		Health Care Receivables
		No significant change
29.		Participating Accident and Health Policies
		No significant change
30.		Premium Deficiency Reserves
		No significant change
31.		High Deductibles
		No significant change
32.		Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses
		No significant change
33.		Asbestos and Environmental Reserves
		No significant change
34.		Subscriber Savings Accounts
		No significant change
35.		Multiple Peril Crop Insurance
		No significant change
36.		Financial Guaranty Insurance
		No significant change

MOUNTAIN LAUREL 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.

12/31/2007.....

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.

12/31/2007.....

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).

4/7/2009.....

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 [☒ X]

No [☐]

N/A [☐]

7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [☐]

No [☒ X]

7.2

If yes, give full information:

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [☐]

No [☒ X]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [☐]

No [☒ X]

8.4

If the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator].

1	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]

MOUNTAIN LAUREL 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 [X] No []

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....0

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
CITIBANK, N.A.	338 GREENWICH STREET NEW YORK, NY 10013

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)
NONE		

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

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

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
NONE			

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
NONE		

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

17.2 If no, list exceptions:

MOUNTAIN LAUREL 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
	.....	.....	.....	.....	.....	.....0	.....	.....	.....	.....0
Total.....	XXX...	XXX.....	0	0	0	0	0	0	0	0

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

MOUNTAIN LAUREL ASSURANCE COMPANY
SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 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	N						
14. Illinois.....IL	N						
15. Indiana.....IN	N						
16. Iowa.....IA	N						
17. Kansas.....KS	N						
18. Kentucky.....KY	N						
19. Louisiana.....LA	N						
20. Maine.....ME	N						
21. Maryland.....MD	N						
22. Massachusetts.....MA	N						
23. Michigan.....MI	N						
24. Minnesota.....MN	N						
25. Mississippi.....MS	L	29,912,744	30,202,656	16,068,010	19,238,344	10,792,690	10,933,987
26. Missouri.....MO	N						
27. Montana.....MT	N						
28. Nebraska.....NE	N						
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	N						
38. Oregon.....OR	N						
39. Pennsylvania.....PA	L	3,154,223	3,862,689	1,440,675	2,118,916	1,721,143	1,904,742
40. Rhode Island.....RI	N						
41. South Carolina.....SC	N						
42. South Dakota.....SD	N						
43. Tennessee.....TN	L	47,653,089	42,677,148	27,950,016	22,595,121	12,863,192	13,138,020
44. Texas.....TX	N						
45. Utah.....UT	N						
46. Vermont.....VT	N						
47. Virginia.....VA	N						
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).....4	80,720,056	76,742,493	45,458,701	43,952,381	25,377,025	25,976,749

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

NONE

MOUNTAIN LAUREL 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.....			0.0	
6. Mortgage guaranty.....			0.0	
8. Ocean marine.....			0.0	
9. Inland marine.....	1,107,497	836,980	75.6	69.7
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.....	416,177	14,528	3.5	16.2
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.....	46,598,503	22,519,245	48.3	59.0
19.3, 19.4 Commercial auto liability.....	560,252	43,988	7.9	44.2
21. Auto physical damage.....	27,498,840	22,709,050	82.6	65.9
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.....	76,181,269	46,123,791	60.5	61.2

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.....	409,249	1,410,784	1,343,921
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.....	146,336	508,097	539,979
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.....	16,538,008	48,977,605	46,461,904
19.3 19.4 Commercial auto liability.....	149,234	519,078	637,479
21. Auto physical damage.....	9,863,672	29,304,491	27,759,210
22. Aircraft (all perils).....			
23. Fidelity.....			
24. Surety.....			
26. Burglary and theft.....			
27. Boiler and machinery.....			
28. Credit.....			
29. International.....			
30. Warranty.....			
31. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business.....	0	0	0
35. Totals.....	27,106,499	80,720,055	76,742,493

DETAILS OF WRITE-INS

3401.....			
3402.....			
3403.....			
3498. Sum. of remaining write-ins for Line 34 from overflow page.....	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34).....	0	0	0

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13	
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2011 Loss and LAE Payments on Claims Reported as of Prior Year-End	2011 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2011 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)	
1. 2008 + Prior.....	3,670	885	4,555	1,470	4	1,474	1,710	287	353	2,350	(490)	(241)	(732)	
2. 2009.....	4,643	1,370	6,013	1,826	(23)	1,802	2,345	259	686	3,290	(473)	(448)	(920)	
3. Subtotals 2009 + Prior.....	8,313	2,256	10,568	3,295	(19)	3,276	4,054	546	1,039	5,640	(963)	(689)	(1,652)	
4. 2010.....	14,746	3,729	18,476	8,483	408	8,891	5,953	1,203	1,557	8,713	(311)	(561)	(872)	
5. Subtotals 2010 + Prior.....	23,059	5,985	29,044	11,778	389	12,167	10,007	1,749	2,597	14,353	(1,274)	(1,250)	(2,524)	
6. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	40,825	40,825	XXX.....	12,144	3,350	15,494	XXX.....	XXX.....	XXX.....	
7. Totals.....	23,059	5,985	29,044	11,778	41,214	52,992	10,007	13,894	5,947	29,847	(1,274)	(1,250)	(2,524)	
8. Prior Year-End's Surplus As Regards Policyholders	34,788											Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
												1. ....(5.5)%	2. ....(20.9)%	3. ....(8.7)%
												Col. 13, Line 7 Line 8		
												4.(7.3)%		

MOUNTAIN LAUREL ASSURANCE COMPANY

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	NO
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

1.
2.
3.
4.

Bar Code:

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

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

* 4 4 1 8 0 2 0 1 1 3 6 5 0 0 0 0 3 *

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

MOUNTAIN LAUREL ASSURANCE COMPANY
Overflow Page for Write-Ins

NONE

MOUNTAIN LAUREL 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.....	73,200,644	68,887,313
2. Cost of bonds and stocks acquired.....	21,242,012	13,208,311
3. Accrual of discount.....	996	314
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....	24,390	21,198
6. Deduct consideration for bonds and stocks disposed of.....	20,939,105	7,893,051
7. Deduct amortization of premium.....	752,475	1,023,441
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).....	72,776,462	73,200,644
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	72,776,462	73,200,644

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

Q3102		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).....	78,497,512	32,717,899	32,037,458	(263,700)	74,493,054	78,497,512	78,914,253	73,200,642
	2. Class 2 (a).....								
	3. Class 3 (a).....								
	4. Class 4 (a).....								
	5. Class 5 (a).....								
	6. Class 6 (a).....								
	7. Total Bonds.....	78,497,512	32,717,899	32,037,458	(263,700)	74,493,054	78,497,512	78,914,253	73,200,642
	PREFERRED STOCK								
	8. Class 1.....								
	9. Class 2.....								
	10. Class 3.....								
	11. Class 4.....								
	12. Class 5.....								
	13. Class 6.....								
	14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
	15. Total Bonds and Preferred Stock.....	78,497,512	32,717,899	32,037,458	(263,700)	74,493,054	78,497,512	78,914,253	73,200,642

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

MOUNTAIN LAUREL ASSURANCE COMPANY
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.....	2,767,812	XXX.....	2,799,696		17,453

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.....	0	
2. Cost of short-term investments acquired.....	2,799,696	
3. Accrual of discount.....		
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration received on disposals.....		
7. Deduct amortization of premium.....	31,884	
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).....	2,767,812	0
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	2,767,812	0

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

MOUNTAIN LAUREL ASSURANCE COMPANY

SCHEDULE E- VERIFICATION

Cash Equivalents

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	.....
2. Cost of cash equivalents acquired.....	39,699,425	23,299,211
3. Accrual of discount.....	473	789
4. Unrealized valuation increase (decrease).....	.....	.....
5. Total gain (loss) on disposals.....	.....	.....
6. Deduct consideration received on disposals.....	36,329,919	23,300,000
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).....	3,369,979	0
11. Deduct total nonadmitted amounts.....	.....	.....
12. Statement value at end of current period (Line 10 minus Line 11).....	3,369,979	0

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													
880459 3L 4	TENNESSEE HSG DEV	5.000%	01/01/36		...09/28/2011	Progressive Casualty Ins Co				3,786,918	3,620,000	43,742	1FE
880459 B3 5	TENNESSEE HSG DEV	4.250%	01/01/34		...09/28/2011	Progressive Casualty Ins Co				1,158,752	1,150,000	11,811	1FE
880459 H6 2	TENNESSEE HSG DEV	5.000%	07/01/34		...09/28/2011	Progressive Casualty Ins Co				206,880	200,000	2,417	1FE
880459 V6 6	TENNESSEE HSG DEV	5.250%	07/01/34		...09/28/2011	Progressive Casualty Ins Co				1,438,322	1,360,000	17,255	1FE
880459 X2 3	TENNESSEE HSG DEV	5.125%	07/01/34		...09/28/2011	Progressive Casualty Ins Co				1,627,522	1,565,000	19,383	1FE
3199999.	Total - Bonds - U.S. Special Revenue & Special Assessments									8,218,394	7,895,000	94,608	XXX
8399997.	Total - Bonds - Part 3									8,218,394	7,895,000	94,608	XXX
8399999.	Total - Bonds									8,218,394	7,895,000	94,608	XXX
9999999.	Total - Bonds, Preferred and Common Stocks									8,218,394	XXX	94,608	XXX

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

SCHEDULE D - PART 4

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

1	2		3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
											11	12	13	14	15							
CUSIP Identification	Description		F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Desig- nation or Market Indicator (a)

Bonds - U.S. Government

912828	QA	1	US TREASURY NOTE 2.250% 03/31/16.....	.....	08/01/2011	Progressive Investment Co Inc.....	.....	.....2,355,998	2,250,000	2,244,375	.....	.....	.....	.....318	.....	.....318	.....	.....2,244,693	.....	.....111,304	111,304	17,013	03/31/2016	1.....				
912828	QJ	2	US TREASURY NOTE 2.125% 02/29/16.....	.....	07/20/2011	Barclays Capital.....	.....	.....1,762,820	1,700,000	1,696,547	.....	.....	.....	.....203	.....	.....203	.....	.....1,696,750	.....	.....66,070	66,070	14,038	02/29/2016	1.....				
0599999.	Total - Bonds - U.S. Government.....								4,118,818	3,950,000	3,940,922		0	0	521		0	521		0	3,941,443		0	177,374	177,374	31,051	XXX...	..XXX....

Bonds - U.S. States, Territories and Possessions

605580	JM	2	MISSISSIPPI ST 5.000% 11/01/11.....	08/01/2011	Progressive Investment Co Inc.....	.....	.....440,407	435,000	457,433	438,746	.....	.....(2,649)	.....	.....(2,649)	.....	.....436,096	.....	.....4,311	4,311	16,313	11/01/2011	1FE.....
1799999.	Total - Bonds - U.S. States, Territories & Possessions.....					.....	.....440,407	435,000	457,433	438,746	0	(2,649)	0	(2,649)	0	436,096	0	4,311	4,311	16,313	XXX...	..XXX....

Bonds - U.S. Special Revenue and Special Assessment

60535G	AX	0	MISSISSIPPI HOME CORP 4.500% 12/01/31.....	09/01/2011	Call	100.0000.....	25,000	25,000	26,942	26,919	(1,919)	(1,919)	25,000	0	819	12/01/2020	1FE.....					
60535M	A4	1	MISSISSIPPI HOME CORP 5.500% 06/01/36.....	09/01/2011	Call	100.0000.....	60,000	60,000	64,515	61,877	(1,877)	(1,877)	60,000	0	2,131	08/01/2014	1FE.....					
60535M	YY	9	MISSISSIPPI HOME CORP 4.750% 12/01/34.....	09/01/2011	Call	100.0000.....	145,000	145,000	145,766	145,373	(373)	(373)	145,000	0	4,809	08/01/2014	1FE.....					
880459	V6	6	TENNESSEE HSG DEV 5.250% 07/01/34.....	07/01/2011	Call	100.0000.....	100,000	100,000	105,038	101,852	(1,852)	(1,852)	100,000	0	5,250	01/01/2014	1FE.....					
3199999.	Total - Bonds - U.S. Special Revenue & Assessment.....						330,000	330,000	342,261	336,021	0	(6,021)	0	(6,021)	0	330,000	0	0	0	13,009	XXX...	XXX...
8399997.	Total - Bonds - Part 4.....						4,889,225	4,715,000	4,740,616	774,767	0	(8,149)	0	(8,149)	0	4,707,539	0	181,685	181,685	60,373	XXX...	XXX...
8399999.	Total - Bonds.....						4,889,225	4,715,000	4,740,616	774,767	0	(8,149)	0	(8,149)	0	4,707,539	0	181,685	181,685	60,373	XXX...	XXX...
9999999.	Total - Bonds, Preferred and Common Stocks.....						4,889,225	XXX.....	4,740,616	774,767	0	(8,149)	0	(8,149)	0	4,707,539	0	181,685	181,685	60,373	XXX...	XXX...

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

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

MOUNTAIN LAUREL ASSURANCE COMPANY
SCHEDULE E - PART 1 - CASH

Month End Depository Balances

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

Open Depositories

CITIBANK..... NEW YORK, NY.....	.....	.....	.....	.....	.....	.....	.....	XXX..
0199999. Total Open Depositories.....	...XXX.....	...XXX.....	0	0	0	0	0	XXX..
0399999. Total Cash on Deposit.....	...XXX.....	...XXX.....	0	0	0	0	0	XXX..
0599999. Total Cash.....	...XXX.....	...XXX.....	0	0	0	0	0	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
Industrial and Miscellaneous (Unaffiliated) Issuer Obligations							
BANK OF MONTREAL.....		09/26/2011	0.030	10/14/2011	1,669,982	.....	7
EXXON MOBIL CORP.....		09/27/2011	0.010	10/07/2011	1,699,997	.....	2
3299999. Industrial and Miscellaneous (Unaffiliated) Issuer Obligations.....					3,369,979	0	9
3899999. Total - Industrial and Miscellaneous (Unaffiliated).....					3,369,979	0	9
Total							
7799999. Subtotals - Issuer Obligations.....					3,369,979	0	9
8399999. Subtotals - Bonds.....					3,369,979	0	9
8699999. Total - Cash Equivalents.....					3,369,979	0	9