IN THE CORUT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO
CIVIL DIVISION

MARY JO HUDSON, Superintendent, Ohio Department of Insurance, in her Capacity as Rehabilitator of Colonial Insurance Company	)	CASE NO. 03 CVC 01 00597
Plaintiff,	)	JUDGE DAVID FIAS
-vs.-	)	
COLONIAL INSURANCE COMPANY, (In Rehabilitation)	)	
Defendant.	)	

MOTION FOR APPROVAL OF ANNUAL ACCOUNTING OF REHABILITATOR FOR THE PERIOD ENDING DECEMBER 31, 2006

Pursuant to O.R.C § 3903.13(B) and this Court's November 9, 2004 Order, Plaintiff Mary Jo Hudson, Superintendent, Ohio Department of Insurance, in her capacity as Rehabilitator of Colonial Insurance Company ("Rehabilitator"), requests this Court issue an Order approving the Annual Accounting ("Accounting") of Defendant Colonial Insurance Company ("Colonial"), for the Period of January 1, 2006, through December 31, 2006. A copy of the Accounting is attached hereto and incorporated herein as Exhibit A. A Brief in Support accompanies this Motion.

FILED
COURT OF COMMON PLEAS
2008
CLERK OF COURTS-CV

BRIEF IN SUPPORT

The Rehabilitator respectfully requests this Court approve the Accounting of Colonial by the Rehabilitator for the Period from January 1, 2006 to December 31, 2006. A copy of the Accounting is attached as Exhibit A.

Colonial is an Ohio corporation that, prior to rehabilitation, was engaged primarily in the sale of Medicare supplement and long-term health insurance to seniors. On January 16, 2003, this Court placed Colonial into rehabilitation upon a Complaint by the Ohio Superintendent of Insurance ("Superintendent"). The Superintendent was appointed as the Rehabilitator for Colonial. As mandated by O.R.C. § 3903.14, the Rehabilitator prepared and submitted to the Court a Rehabilitation Plan to ensure that Colonial continued to meet its obligations to existing policyholders. On April 5, 2004, this Court journalized a Final Order Approving Rehabilitation Plan for Colonial Insurance Company.

As part of the rehabilitation procedure, the Rehabilitator is also required by O.R.C. § 3903.13(B) to submit periodic accountings to the Court. Such accountings assist the Court in monitoring the status of the rehabilitation proceedings. On October 29, 2004, this Court journalized a Final Order Approving the Procedure of Filing Annual Accountings of the Rehabilitator. On November 9, 2004, this Court approved the Annual Accounting of Colonial for the Period from January 1, 2003 to December 31, 2003. On February 21, 2007, this Court approved the Annual Accounting of Colonial for the Period from January 1, 2004 to December 31, 2004 and the Annual Accounting of Colonial for the Period from January 1, 2005 to December 31, 2005.

The Rehabilitator now respectfully requests this Court approve the Accounting of Colonial by the Rehabilitator for the Period from January 1, 2006 to December 31, 2006.

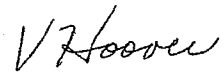
WHEREFORE, for the reasons outlined above, the Rehabilitator respectfully requests this Court approve the Accounting of Rehabilitator for the Period from January 1, 2006 to December 31, 2006. For the convenience of the Court, a proposed Order approving the Accounting of Rehabilitator for the Period from January 1, 2006 to December 31, 2006 is attached as Exhibit B.

Respectfully Submitted,

MARC DANN
ATTORNEY GENERAL STATE OF OHIO

By Special Counsel:

KOHRMAN JACKSON & KRANTZ, P.L.L.



VALORIA C. HOOVER (0059596)
5455 Rings Road, Suite 100
Dublin, Ohio 43017-7519
Telephone: (614) 408-9700
Facsimile: (216) 621-6536

Special Counsel for Plaintiff, Mary Jo Hudson, Superintendent, Ohio Department of Insurance, in her Capacity as Rehabilitator of Colonial Insurance Company

COLONIAL INSURANCE COMPANY
Name of Association

Middleburg Heights — OHIO
City — State

FORM 5

ANNUAL STATEMENT

OF THE

Colonial Insurance Company

of Cuyahoga

in the State of OHIO

TO THE

Insurance Department

OF THE

STATE OF OHIO

FOR THE YEAR ENDED
DECEMBER 31, 2006

20 06

ASSESSMENT LIFE AND ACCIDENT

20 06

ASSESSMENT LIFE AND ACCIDENT ASSOCIATIONS—ASSOCIATION EDITION

Form 5

ANNUAL STATEMENT

For the Year Ended December 31, 20 06

OF THE CONDITION AND AFFAIRS OF THE

Colonial Insurance Company
(In Rehabilitation)

Home Office 16600 Sprague Road Suite 440, Middleburg Hts, OH 10 44130
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 440 260-0868
(Area Code) (Telephone Number)

Organized under the Laws of the State of OHIO, made to the

INSURANCE DEPARTMENT OF THE STATE OF

Pursuant to the Laws Thereof

Deputy Rehabilitators
~~OFFICERS~~

~~President~~ Douglas Hertlein ~~Vice-President~~ James Young

~~Secretary~~ Rick Clayton Treasurer

Actuary Actuarial Management Resources

Incorporated November 4, 1899 Commenced Business November 4, 1899

Date of Admission into November 4, 1899

Atty. for Service of Process in the State of OHIO

Valoria Hoover Address 1375 East Ninth Street
20th Floor, One Cleveland Center
Cleveland, OHIO 44114

Form 5 ANNUAL STATEMENT FOR THE YEAR 2006 OF THE COLONIAL INSURANCE COMPANY
(Write or stamp name of Association)

	1 Mortuary Fund	2 Reserve Fund	3 Disability Fund	4	5	6 Expense Fund	7 Total
I — Balance from Previous Year		3,000,000				5,952,596	8,952,596
II — INCOME							
1. Membership fees							
2. First years' assessments or premiums							
3. Subsequent years' assessments or premiums		506,076				899,691	1,405,767
4. Medical examiners' fees actually received							
5. Other payments by applicants and members (give items and amounts)							
6.							
7.							
8.							
9. Total recieved from applicants and members (Items 1 to 8)		506,076				899,691	1,405,767
10. Deduct payments returned to applicants and members		19,094				33,946	53,040
11. Net amount received from applicants and members		486,982				865,745	1,352,727
12. Gross interest on mortgage loans, per Schedule B, less $ ..... accrued interest on mortgages acquired during year of report							
13. Gross interest on collateral loans, per Schedule C							
14. Gross interest on bonds $ 328,934 less $ ..... accrued interest on bonds acquired during year of report, per Schedule D		328,934					328,934
14A. Gross interest on stocks $ ..... less $ ..... accrued interest on stock acquired during the year, per Schedule D							
15. Gross interest on deposits in trust companies and banks, per Schedule N		5,637					5,637
16. Gross interest from all other sources							
17. Gross income from association's property including $ ..... for association's occupancy of its own buildings (less $ ..... interest on encumbrances), per Schedule A							
18. From all other sources (give items and amounts)							
19. MISCELLANEOUS		2					2
20.							
21.							
22.							
23.							
24.							
25. *Borrowed money gross $ ..... less amount repaid $							
26. From agents' balances previously charged off							
27. Gross profit on sale or maturity of ledger assets, viz: (a) Real estate (b) Bonds, per Schedule D (c) Stocks, per Schedule D: (c.1) Preferred stocks (c.2) Common stocks							
28. Gross increase, by adjustment, in book value of ledger assets, viz: (a) Real estate (b) Bonds, per Schedule D (including $ 317 for accrual of discount) (c) Stocks, per Schedule D: (c.1) Preferred stocks (c.2) Common stocks		317					317
29. TOTAL INCOME (Items 11 to 28)		821,872				865,745	1,687,617
30. Amounts carried forward (sum of balance from previous year and item 29)		3821,872				6,818,341	10,640,213

31. Gross amount of membership fees required or represented by applications ..... $.....

32. Gross amount of medical examiners' fees ..... $.....

* Association is at liberty to briefly state transaction, so that explanation can be carried as footnote in department report.

Form 5

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE COLONIAL INSURANCE COMPANY
(Write or stamp name of Association)

	1 Mortuary Fund	2 Reserve Fund	3 Disability Fund	4	5	6 Expense Fund	7 Total
Amounts brought forward	$	$3,821,812	$	$	$	$6,818,341	$10,640,213

III—DISBURSEMENTS

1. Death claims							
2. Permanent disability claims		1,983,339					1,983,339
3. Sick and accident claims							
4. Old age benefits							
5. Other payments to members (give items and amounts)		178,173					178,173
6. WAIVER OF PREMIUM EXPENSE							
7.							
8.							
9.		1,661,512					1,661,512
10. Total payments to members (Items 1 to 9)						311	311
11. Expense of investigation and settlement of policy claims including $ -0- legal expense							
12. Commissions and fees paid to agents on account of first year's fees, dues, assessments or premiums						3,514	3,514
13. Commissions and fees paid to agents on account of subsequent years' fees, dues, assessment or premiums							
14. Salaries of managers or agents not paid by commissions							
15. Salaries of officers and trustees, No.						39,556	39,556
16. Other compensation of officers and trustees						139,534	139,534
17. Salaries and other compensation of committees							
18. Salaries of office employees, No. 5							
19. Other compensation of office employees						2,411	2,411
20. Salaries and fees paid to medical examiners							
21. Traveling and other expenses of officers, trustees and committees						9,122	9,122
22. Traveling and other expenses of managers and agents							
23. Collection and remittance of fees, dues, assessments and premiums							
24. Insurance Department fees and licenses						250	250
25. Other licenses and fees (give items and amounts)						14,921	14,921
26.						1,154	1,154
27.							
28. Taxes on assessments or premiums						23,151	23,151
29. Other taxes (give items and amounts) FRANCHISE						24,011	24,011
30. PAYROLL TAXES						717	717
31. PAYROLL TAXES - DDI						7,509	7,509
32. Rent including $ -0- for association's occupancy of its own buildings						1,300	1,300
32A. General office maintenance and expense						1,287	1,287
33. Advertising, printing and stationery						34,425	34,425
34. Postage, express, telegraph and telephone						28,344	28,344
35. Legal expense not included in Item No. 11.							
36. Repairs and expenses on real estate other than taxes							
37. Furniture and equipment DEPRECIATION							
38. All other disbursements (give items and amounts):							
39. EMPLOYEE LIFE AND HEALTH INSURANCE							
40.							
41. PROFESSIONAL FEES							
42. Borrowed money repaid gross $ ..... less amount borrowed $							
43. Interest on borrowed money							
44. Agents' balances charges off							
45. Gross loss on sale or maturity of ledger assets, viz:							
(a) Real estate						3,175	3,175
(b) Bonds, per Schedule D							
(c) Stocks, per Schedule D:							
(c.1) Preferred stocks							
(c.2) Common stocks							
46. Gross decrease, by adjustment, in book value of ledger assets, viz:							
(a) Real estate							
(b) Bonds, per Schedule D (including $ ..... for amortization of premiums)							
(c) Stocks, per Schedule D:							
(c.1) Preferred stocks							
(c.2) Common stocks							
47. TOTAL DISBURSEMENTS (Items 10 to 46)		1,661,512				334,782	1,996,294
48. Balance before transfers (deduct Item 47 from amount brought forward)		2,160,300				6,483,559	8,643,919
49. Increase by transfers		1,339,640				-0-	1,339,640
50. Balance		3,500,000				6,483,559	9,983,559
51. Decrease by transfers		-0-				1,339,640	1,339,640
52. Balance		3,500,000				6,483,919	8,643,919

*SUMMARY OF TRANSFERS

	Date of Transfer	From the		To the		Amount
1.	12/31/06	Expense	Fund	Reserve	Fund	1,339,640
2.			Fund		Fund	
3.			Fund		Fund	
4.			Fund		Fund	
5.			Fund		Fund	
6.			Fund		Fund	
7.			Fund		Fund	
8.			Fund		Fund	
9.			Fund		Fund	
10.			Fund		Fund	
11.			Fund		Fund	
12.			Fund		Fund	

*Quote Sections or Chapters of the Association's By-Laws or other authority permitting such transfers as have been made.

ANNUAL STATEMENT FOR THE YEAR 20~~06~~ OF THE COLONIAL INSURANCE COMPANY
(Write or stamp name of Association)

Form 5

IV — LEDGER ASSETS		
1. Book value of real estate (less $ ..... encumbrances), per Schedule A		
2. Mortgage loans on real estate, per Schedule B, first liens, $ ..... other than first liens, $		
3. Loans secured by pledge of bonds, stocks or other collateral, per Schedule C		
4. Book value of bonds, $ 6,748,076 stocks, $ ....., per Schedule D	6,748,076	
5. Cash in association's office ..... $ 150		
6. Deposits in trust companies and banks not on interest, per Schedule N, ... $ 65,495		
7. Deposits in trust companies and banks on interest, per Schedule N, ... $ 173,985	239,630	
8. Agents' balances (debit, $ 3,501 ; credit, $ .....), net	3,501	
9. Bills receivable		
10. Other ledger assets, viz. Depreciable Assents	1,519	
11.		
12.		
13. Total Ledger Assets, as per balance, item 52, column 7, page 3		6,992,726
NON-LEDGER ASSETS		
14. Gross interest due, $ ..... and accrued, $ ..... on mortgages, per Schedule B		
15. Gross interest due, $ ..... and accrued, $ ..... on collateral loans, per Schedule C		
16. Gross interest due, $ ..... and accrued, $ 96,982 on bonds, not in default, per Schedule D, Part 1	96,982	
17. Gross interest due, $ ..... and accrued, $ ..... on other assets		
18. Gross rents and interest due, $ ..... and accrued, $		
19. Total interest and rents due and accrued	96,982	
20. Market value of real estate over book value, per Schedule A		
21. Market value (not including interest in item 16) of bonds and stocks over book value, per Schedule D		
22. Premiums or assessments actually collected by agencies not yet turned over to the association		
23. Mortuary assessments due and unpaid on last call made within sixty days on insurance in force and for which notices have been issued		
24. All other assets (give items and amounts):		
25. Premium due	3,414	
26.		
27.		
28.		
29.		100,396
30. Gross Assets		7,093,122
DEDUCT ASSETS NOT ADMITTED		
31. Agents' debt balances	3,501	
32. Bills receivable		
33. Excess of item 23 of non-ledger assets over corresponding liability for unpaid claims		
34. Book value of real estate over market value, per Schedule A		
35. Book value of bonds and stocks over market value, per Schedule D		
35A. Interest due and accrued on mortgage loans (state basis)		
35B.		
36. Deposits in suspended banks, less $ ..... estimated amount recoverable		
37. Other assets not admitted, viz: Furniture and Equipment	1,351	
38.		
39.		4,852
40. Total Admitted Assets		7,088,270

Form 5 ANNUAL STATEMENT FOR THE YEAR 2006 OF THE COLONIAL INSURANCE COMPANY
(Write or stamp name of Association)

V — LIABILITIES		
1. Death claims due and unpaid, No.		
2. Death claims adjusted not yet due, No.		
3. Death claims resisted, No.		
4. Death claims reported during the year but not yet adjusted, No.		
5. *Death claims incurred in the current year, not reported until the following year, No.		
6. Present value of deferred death and disability claims payable in instalments (state basis)		
7. Total death claims		
8. Permanent disability claims due and unpaid, No.		
9. Permanent disability claims adjusted not yet due, No.		
10. Permanent disability claims resisted, No.		
11. Permanent disability claims reported during the year but not yet adjusted, No.		
12. *Permanent disability claims incurred in the current year, not reported until the following year, No.		
13. Total permanent disability claims		
14. Sick and accident claims due and unpaid, No.		
15. Sick and accident claims adjusted, not yet due, No.		
16. Sick and accident claims resisted, No.		
17. Sick and accident claims reported during the year but not yet adjusted, No. 48	1,891,002	
18. *Sick and accident claims incurred in the current year not reported until the following year, No. 27	207,998	
19. Total sick and accident claims		2,099,000
20. Old age and other benefits due and unpaid, No.		
21. Total unpaid claims		2,099,000
22. Estimated expenses of investigations and adjustment of unpaid claims		5,000
23. Salaries, rents, expenses, bills and accounts, due or accrued		32,116
24. Commissions to agents due or accrued (not included in agents' credit balances, item 8, page 4)		326,694
25. Estimated amount due or accrued for taxes		76
26. Borrowed money, $ ....., interest due or accrued on same, $		
27. Advance premiums or assessments (include all payments made by applicants rejected or not yet accepted as members)		114,542
28. All other liabilities, viz:		
29. Active Life Reserve - 2,954,762, ADDITIONAL ACTUARIAL RESERVE 200,000	3,154,762	
30. Escheat Fund Hek 446 A.V.R. 28 ACCRUED SEVERANCE 54,666	55,140	3,209,902
31. Total unpaid claims and other current liabilities		5,787,330
32. Reserve (specify basis of computation)		
33. Policyholder Surplus	1,300,940	
34.		1,300,940
35. Total Reserves		7,088,270
36. Total		

* Include herein all claims on certificates in force occurring prior to December 31st, last, of which the association had received notice at the date on which this statement is executed, regardless of whether such notice was on the association's blanks or was given orally or by written communication. Has this been done? Answer: YES

ANNUAL STATEMENT FOR THE YEAR 20 06 OF THE COLONIAL INSURANCE COMPANY
(Write or stamp name of Association)

Form 5

VI — SCHEDULE OF MEMBERSHIP, AMOUNT OF INSURANCE, MORTUARY RECEIPTS, NUMBER OF DEATHS AND LOSSES AT ATTAINED AGE

Attained Age	1 Number of Members December 31 of Current Year	2 Amounts of Insurance	3 Received in Mortuary Assessments During the Year	4 Number of Deaths Reported During the Year	5 Death Losses Reported During the Year
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50					
51					
52					
53					
54					
55					
56					
57					
58					
59					
60					
61					
62					
63					
64					
65					
66					
67					
68					
69					
70					
71					
72					
73					
74					
75					
76					
77					
78					
79					
80					
81					
82					
83					
84					
85 and over					
Total					

NONE

Note: Associations providing both death and disability benefits should omit from this schedule all statistics relating to disability insurance. Associations that do not promise natural death benefits should not fill out this schedule.

Form 5 **ANNUAL STATEMENT FOR THE YEAR 2006 OF THE** COLONIAL INSURANCE COMPANY
(Write or stamp name of Association)

VII — EXHIBIT OF POLICIES OR CERTIFICATES

	Total Business of the Year		Business in OHIO During Year	
	Number	*Amount	Number	*Amount
1. Policies or certificates in force December 31 of previous year, as per line 7, last statement	730		730	
2. Policies or certificates written during the year	-0-		-0-	
3. Policies or certificates revived during the year	7		7	
4. Policies or certificates increased during the year				
5. Totals	737		737	
6. Deduct terminated or decreased during the year (total of lines 8 to 11 inclusive)	115		115	
7. Total policies or certificates in force December 31 of current year	622		622	
8. Policies or certificates terminated by death reported during the year	41		41	
9. Policies or certificates terminated by lapse reported during the year	73		73	
10. Policies or certificates terminated by OTHER reported during the year	1		1	
11. Policies or certificates decreased during the year				

12. Received during the year from members in ..... Mortuary, $ ..... ; Reserve $ 480,982
Disability, $ ..... ; Sick and accident, $ ..... ; Expense, $ 863,745 ; Total, $ 1,352,727
Total amount paid during the year as policyholders in OHIO ..... $ 1,661,512

* Accident and health association need not fill the amount in this exhibit.

VIII — EXHIBIT OF DEATH CLAIMS

	Total Claims		____ Claims	
	Number	Amount	Number	Amount
13. Claims unpaid December 31 of previous year, as per line 21, last statement				
14. Claims reported during the year (including commuted value only of instalment policies or certificates)				
15. Interest addition on account of instalment claims				
16. Totals				
17. Claims paid during the year				
18. Balance				
19. Saved by compromising or scaling down claims during the year				
20. Claims rejected during the year				
21. *Claims unpaid December 31 of current year				

NONE

* Should include all claims reported in items 1, 2, 3, 4 and 6 of Schedule V.

IX — EXHIBIT OF PERMANENT CLAIMS

	Total Claims		____ Claims	
	Number	Amount	Number	Amount
22. Claims unpaid December 31 of previous year, as per line 30, last statement				
23. Claims reported during the year (including commuted value only of instalment policies or certificates)				
24. Interest addition on account of instalment claims				
25. Totals				
26. Claims paid during the year				
27. Balance				
28. Saved by compromising or scaling down claims during the year				
29. Claims rejected during the year				
30. *Claims unpaid December 31 of current year				

NONE

* Should include all claims reported in items 8, 9, 10, and 11 of Schedule V.

X — EXHIBIT OF SICK AND ACCIDENT CLAIMS

	Total Claims		____ Claims	
	Number	Amount	Number	Amount
31. Claims unpaid December 31 of previous year, as per line 37, last statement, estimated liability	98	1,727,000		
32. Increase in such estimated liability during the year	(23)	372,000		
33. Claims reported during the year	404	1,483,339		
34. Totals	479	3,582,339		
35. Claims paid during the year	375	1,483,339		
36. Claims rejected during the year	29			
37. *Claims unpaid December 31 of current year, estimated liability	75	2,099,000		

* Should include all claims reported in items 14, 15, 16, and 17 of Schedule V.

XI — EXHIBIT OF OLD AGE AND OTHER CLAIMS

	Total Claims		____ Claims	
	Number	Amount	Number	Amount
38. Claims unpaid December 31 of previous year, as per line 30, last statement				
39. Claims reported during the year (including commuted value only of instalment policies or certificates)				
40. Interest addition on account of instalment claims				
41. Totals				
42. Claims paid during the year				
43. Balance				
44. Saved by compromising or scaling down claims during the year				
45. Claims rejected during the year				
46. *Claims unpaid December 31 of current year				

NONE

* Should include all claims in item 20 of Schedule V.

Form 5 **ANNUAL STATEMENT FOR THE YEAR 2026 OF THE** COLONIAL INSURANCE COMPANY
(Write or Stamp Name of Association)

XII—GENERAL INTERROGATORIES

1. What membership fee is charged? $0-$25
2. What are the limiting ages for admission? As defined in by-laws
3. What is the minimum and maximum insurance that may be issued on any one life? N/A
4. Is a medical examination required before issuing a policy or certificate to applicants? NO Is the medical examiner's fee paid by the applicant or by the association? N/A
5. How are the expenses of the association provided? Regular monthly assessments
6. Are the premiums or assessments graded on any recognized table of mortality? Answer: No If so, state table N/A
7. Are such premiums or assessments at least equivalent to the cost of mortality by such table at the attained age of each member? Answer: N/A
8. What is the total amount of one full assessment on present membership, $; which consists of: Mortuary, $; Disability, $; Reserve, $ 36% ; Expense, $ 64% ; Other Funds (give names and amounts), $; $
9. Are notices of the assessments and dues sent to the members? Yes If so, do they state for what purpose the money is to be used? Yes
10. How are the periodical assessments or premiums apportioned among the various funds? 36% to reserve fund, 64% to expense fund
11. Is any part of the mortuary, disability, reserve or any other benefit fund, or the accretions from or assessments for the same used for expenses? NO
    If so, what amount and for what purpose?
12. Does the association provide in its by-laws or policies (state which) for the levying of extra assessments and how and when? Yes, in policies
13. Does the association promise to pay the beneficiaries of deceased members a definite amount without regard to the amount one assessment may produce? NO If so, how is the amount guaranteed? N/A
14. Does the association retain the right to scale down claims in case assets on hand and proceeds of next assessment are insufficient to pay claims at maximum amount? NO
15. How many assessments were collected during the year: Mortuary, N/A ; Disability, N/A ; Reserve, See # ; Expenses, See # ;
    Other funds (give names and number of assessments): # regular premium assessments only
16. Assessments collected since organization of association, viz: Mortuary, $ N/A ; Disability, $ N/A ; Reserve, $ not available Expense, $ not available Other funds (give names and amounts): $; $; $; $
    Total, $ NOT AVAILABLE
17. Losses and claims paid since organization of association, $ not available
18. Has the association during the year levied extra assessments on policies paying stipulated premiums and how much? NO
    Or increased the basis or rate of assessments? Premium increased as approved by Department of Insurance
    Or increased the number of assessments, the basis or rate remaining the same? NO
19. How is the reserve fund created and for what purpose, and under what circumstances can it be disbursed? Per company by-laws 36% premium payments allocated to reserve fund, plus transfers from Expense Fund to pay claims
20. Does the association issue any form of certificate or policy other than whole life, with premiums or assessments payable during life? Yes
    If so, give full description of each form accident and health
21. Does the association pay or allow or promise to pay or allow any dividend, paid-up or extended insurance, or any sum of money or thing of value to the members without regard to physical condition? NO If so, give all the facts relating thereto N/A
22. Does the association pay an old age disability benefit? NO If so, at what age does the benefit commence? N/A
    Give full information as to the nature of the benefit N/A
23. Does the association issue annuity contracts or installment policies? NO
    Give full information as to the nature of the benefit N/A
24. Are the officers and directors elected by the members? N/A If not, how are they elected? N/A
    The rehabilitor has removed all directors and officers
    Are notices of election sent to members? Yes When and how? Contained in policies
    Are proxies contained in applications? Yes
25. Is a policy exhibit and statement of financial condition mailed to each member of the association annually? NO
    If so, do such exhibit and statement agree with the last preceding annual statement made to this department? N/A
26. If association or any insurance department computes any mathematical reserve upon the association's policies or certificates, give results, name table of mortality, interest and methods used N/A
27. Has the constitution or have the laws of the association been amended during the year, and, if so, when? NO
28. Have you filed with this department all forms of benefit certificates issued, a copy of the constitution and of all the laws, rules and regulations in force at the present time? Yes If not, please do so.
29A. In what states, territories or foreign countries is the association authorized to transact business? Ohio only
29B. Has any direct new business been solicited or written in any state where the association was not licensed? Answer: Yes ..... No X If answer is "yes," explain
30. Did any person while an officer, director or trustee of the association receive directly or indirectly, during the period covered by this statement, any commission on the business transactions of the association? Answer: N/A
30A. Has the association an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees, or responsible employees which is in or is likely to conflict with the official duties of such person? Answer: Yes
30B. State total amount of advances to surplus not repaid $ —0—
31. Were all the stocks, bonds and other securities owned December 31st last in the actual possession of the association on said date except as shown by the schedules of special and other deposits? NO If not give full and complete information relating thereto Guaranty Securities Co. the bonds
31A. Does the association own any investments in letter stock or other restricted securities? Answer: NO
    If yes, are they identified by appropriate symbol or otherwise in Schedule D? Answer: N/A
31B. Have all private placement investments which were the subject of renegotiation or modification of their terms during the year been disclosed to the Valuation of Securities office of the NAIC, with full details as to the provisions renegotiated or modified? Answer: N/A
32. Were any of the stocks, bonds or other assets of the association loaned, placed under option agreement, or otherwise made available for use by another person during the year covered by this statement? Answer: NO
    If yes, give full and complete information relating thereto N/A
33. Total amount loaned to trustees, directors, or other officers, $ —0—
34A. Has this association reinsured, amalgamated with, or absorbed any company, order, society, or association, during the year? Answer: NO
34B. If so, was there any contract, agreement, or understanding written or oral, expressed or implied, by means of which any officer, director, trustee, or any other person, or any firm, corporation, or association, received or is to receive any fee, commission, emolument, or compensation of any nature whatsoever in connection with, or on account of, such reinsurance, amalgamation absorption, or transfer of membership or funds? Answer: N/A
35. Has any present or former officer, director, trustee, incorporator, or any other person, or any firm, corporation, or association, any claim of any nature whatsoever against this association, which is not included in the liabilities on page 5 of this statement? Answer: No
    If so, what is the balance outstanding? $ N/A
36. What officials and heads of departments of the association supervised the making of this report? Assistant Controller, office manager
37. State as of what date the latest examination of the association was made or is being made, and by what department or departments. Answer:
    Department of Insurance of Ohio 12-31-99
38. Have the instructions printed on the inside of front cover of the blank furnished by this department been followed in every detail? Answer: Yes
39A. Is the Association a member of all insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Answer: No
39B. If the answer to General Interrogatory 39A is yes, did the Association register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the State of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the Association subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Answer: N/A State regulating N/A

Form 5 ANNUAL STATEMENT FOR THE YEAR 2006 OF THE COLONIAL INSURANCE COMPANY
(Write or stamp name of Association)

XIII — SPECIAL DEPOSIT SCHEDULE

Showing all deposits made with State or other officials, which are held for the special protection of the citizens of States or countries wherein such deposits are made, with the market value of the securities so deposited on December 31 of current year

(1) Name of State or Country	(2) Description of Securities (Indicating literal form of registration of securities)	(3) Par Value	(4) _____ Value
	NONE		
	TOTALS,		

XIV — SCHEDULE OF ALL OTHER DEPOSITS

Showing all deposits made with any Government, Province, State, District, County, Municipality, Corporation, Firm or Individual, except the regular deposits in Banks and Trust Companies subject to check, and those shown in "Special Deposit Schedule" above

(1) Name of State or Country	(2) Description of Securities (Indicating literal form of registration of securities)	(3) Par Value	(4) *_____ Value	(5) Market Value
	NONE			
	TOTALS,			

* Use market or amortized value according to basis used in this statement.

State of OHIO
County of Cuyahoga } ss

..... President ..... Secretary ..... † Treasurer, of the ..... being duly sworn, each for himself deposes and says that they are the above described officers of said association, and that on the thirty-first day of December last, all of the above described assets were the absolute property of the said association, free and clear from any liens or claims thereon, except as above stated, and that the foregoing statements, with the schedules and explanations herein contained, annexed or referred to, are a full and correct exhibit of all the Assets, Liabilities, Income and Disbursements and of the condition and affairs of the said association on the said thirty-first day of December last, and for the year ended on that day, according to the best of their information, knowledge and belief, respectively.

Subscribed and sworn to before me this
1st day of March, 2007

Julie A. Snyder
Notary Public

Douglas T. [signature] President CHIEF DEPUTY REHABILITATOR
[signature] Secretary DEPUTY REHABILITATOR
Richard R. Clayton † Treasurer DEPUTY REHABILITATOR

† Or corresponding persons having charge of the accounts and finance of the Association.

NOTARY PUBLIC STATE OF OHIO

JULIE A. SNYDER
Notary Public, State of Ohio
My Commission Expires
August 19, 2008

Form 5 **ANNUAL STATEMENT FOR THE YEAR 20_____ OF THE** COLONIAL INSURANCE COMPANY
(Write or Stamp Name of Association)

SCHEDULE A — PART 1

Showing all Real Estate OWNED December 31 of Current Year, the Cost, Book and Market Value thereof, the Nature and Amount of all Liens and Encumbrances thereon, including Interest Due and Accrued, etc.

No.	1 QUANTITY, DIMENSIONS AND LOCATION OF LANDS, SIZE AND DESCRIPTION OF BUILDINGS (Nature of encumbrances, if any, including interest due and accrued)	2 Date Acquired	3 NAME OF VENDOR	4 Amount of Encumbrances	5 *Actual Cost	6 Book Value Less Encumbrances	7 †Market Value Less Encumbrances	8 Increase by Adjustment in Book Value During Year	9 Decreased by Adjustment in Book Value During Year	10 Gross Income Less Interest on Encumbrances	11 Expended for Taxes, Repairs and Expenses	12 Net Income	Rental Value of Space Occupied by 13 Association	14 Parents, Subsidiaries and Affiliates	15 Year of Last Appraisal
					NONE										
			Totals												

* Including cost of acquiring title, and, if the property was acquired by foreclosure, such cost shall include the amounts expended for taxes, repairs and improvements prior to the date on which the association acquired title.
† State basis on which market value was determined.

CLASSIFICATION

Showing the total amount of Real Estate owned in each State and Foreign Country

State	Market Value	State	Market Value	State	Market Value	State	Market Value	Foreign Country	Market Value
		NONE							
Totals									

Form 5 ANNUAL STATEMENT FOR THE YEAR 20~~0~~ OF THE COLONIAL INSURANCE COMPANY
(Write or Stamp Name of Association)

SCHEDULE A — PART 2

Showing all Real Estate **ACQUIRED** During the Year and Showing also Amounts Expended for Additions and Permanent Improvements Made During said Year to **ALL** Real Estate.

No.	1 QUANTITY, DIMENSIONS AND LOCATION OF LANDS; SIZE AND DESCRIPTION OF BUILDINGS (OR) NATURE OF ADDITIONS AND PERMANENT IMPROVEMENTS MADE DURING THE YEAR (Nature of encumbrances, if any)	2 Date Acquired	3 How Acquired	4 Name of Vendor	5 Cost to Association During the Year	6 Amount Expended for Additions and Permanent Improvements During the Year	7 Book Value December 31 of Current Year Less Encumbrances
			NONE				
				Totals			

SCHEDULE A — PART 3

Showing all Real Estate **SOLD** or Otherwise Disposed of During the Year Including Payments During the Year on "Sales under Contract"

No.	1 QUANTITY, DIMENSIONS AND LOCATION OF LANDS; SIZE AND DESCRIPTION OF BUILDINGS (Nature of encumbrances, if any)	2 Date Sold	3 Name of Purchaser	4 †Cost to Association	5 Increase by Adjustment in Book Value During the Year	6 Decrease by Adjustment in Book Value During the Year	7 ††Book Value at Date of Sale Less Encumbrances	8 ‡Amount Received including Payments on Sales Under Contract	9 Profit on Sale	10 Loss on Sale	11 Gross Income During Year Less Interest on Encumbrances	12 Expended for Taxes, Repairs and Expenses During Year
				NONE								
			Totals									

†Including cost of acquiring title, and, if the property was acquired by foreclosure, such cost shall include the amounts expended for taxes, repairs, and improvements prior to the date on which the company acquired title. In reporting sales under contract, include payments received during the current year only.
‡Indicate payments on "Sales under Contracts" in Part 3 by inserting the letter "P" after the number of the parcel.
††In case of sales under contract, include payments received during current year only, until book value per Part 1 is exhausted.

SCHEDULE A — Verification Between Years

Book value, December 31, previous year (Item 1, Page 4, Annual Statement)		
Current year: —		
Increase by adjustment: Totals, Part 1, Col. 8		
Totals, Part 3, Col. 5		
Cost acquired, Part 2, Col. 5		
Cost of additions and permanent improvements, Part 2, Col. 6		
Profit on sales, Part 3, Col. 9		
Total	NA	
Less: —		
Decrease by adjustment: Totals, Part 1, Col. 9		
Totals, Part 3, Col. 6		
Received on sales, Part 3, Col. 8		
Loss on sales, Part 3, Col. 10		
Book value, December 31, current year (Item 1, Page 4)		

Form 5 ANNUAL STATEMENT FOR THE YEAR 20~~2~~2 OF THE COLONIAL INSURANCE COMPANY

(Write or Stamp Name of Association)

SCHEDULE B

Showing all MORTGAGES OWNED December 31 of Current Year, and all Mortgage Loans Made, Increased, Discharged, Reduced or Disposed of During the Year. Indicate by symbols FHA and VA if loans are so insured. All such FHA and VA insured loans not in process of foreclosure may be summarized by year and state of issue and combined values may be shown for land and buildings.

1	Date		Record of Mortgage				Principal				Interest						18	19	20	21
Number	2 Year Given	3 Year Due	4 State	5 County	6 Book	7 Page	8 Amount Unpaid Dec. 31 of Previous Year	9 Amount Loaned During Year (A)	10 Amount Paid on Account or in Full During Year (B)	11 Amount Unpaid Dec. 31 of Current Year	12 Date Due	13 Rate of	14 Amount Past Due Dec. 31 of Current Year	15 Am't Accrued Dec. 31 of Current Year	16 Gross Am't Rec'd During Year	17 Paid for Accrued Interest on Mortgages Acquired During Year	Value of Lands Mortgaged	Value of Buildings	Amount of Fire Insurance Held by Association on the Buildings	Location and Description (State if this mortgage is being foreclosed, or if there are any prior liens. State name of mortgagor if mortgagor is a parent, subsidiary, affiliate, officer or director.)
								NONE												
						Totals					XXXX	XXXX					XXXX	XXXX	XXXX	

(A) Including all mortgages "purchased" or otherwise acquired during the year and all increases during the year on loans outstanding December 31 of previous year.
(B) Including mortgages under which Association has secured title and possession by foreclosure.

CLASSIFICATION

Showing the Total Amount of Mortgage Loans on Real Estate in Each State and Foreign Country

State	Amount	State	Amount	State	Amount	State	Amount	Foreign Country	Amount
		NONE							
Totals									

ANNUAL STATEMENT FOR THE YEAR 20~~0~~ OF THE COLONIAL INSURANCE COMPANY

(Write or Stamp Name of Association)

SCHEDULE C — PART 1

Showing all Collateral Loans IN FORCE December 31 of Current Year

No.	1 Description of Securities Held as Collateral December 31 of Current Year (Give in this column the number of shares of each block of stock and rate of interest and year of maturity of each bond held as collateral)	2 Par Value	3 Rate Used to Obtain Market Value	4 Market Value Dec. 31 of Current Year	5 Amount Loaned Thereon	6 Date of Loan	7 Maturity of Loan	8 Interest Rate on Loan	Amount Past Due December 31 of Current Year	Amount Accrued December 31 of Current Year	Amount Received During Year	9 Name of Actual Borrower (State if the borrower is a parent, subsidiary, affiliate, officer or director)
	NONE											
	Totals		XXX			XXX	XXX	XXX				

SCHEDULE C — PART 2

Showing all Collateral Loans **MADE** During the year

No.	1 Description of Security Accepted as Collateral When Loan was Made	2 Par Value	3 Rate Used to Obtain Market Value	4 Market Value at Date of Loan	5 Amount Loaned Thereon	6 Date of Loan	7 Maturity of Loan	8 Rate of Interest on Loan	9 Name of Actual Borrower (State if the borrower is a parent, subsidiary, affiliate, officer or director)
	NONE								
	Totals	XXX	XXX			XXX	XXX	XXX	

Form 5 ANNUAL STATEMENT FOR THE YEAR 2025 OF THE COLONIAL INSURANCE COMPANY
(Write or Stamp Name of Association)

SCHEDULE C — PART 3

Showing all Collateral Loans **DISCHARGED** in Whole or in Part During the Year

No.	1 Description of Collateral Released When Loan Was Discharged. (In case of partial payments enter collateral release only)	2 Par Value	3 Rate Used to Obtain Market Value	4 Market Value at Date of Discharge	5 Amount of Loan Repaid	6 Date of Loan	7 Date of Repayment	8 Interest Rate on Loan	8 Interest Amount Received During Year	9 Name of Actual Borrower (State if the borrower is a parent, subsidiary, affiliate, officer or director)
			NONE							
	Totals	XXX				XXX	XXX	XXX		

SCHEDULE C — PART 4

Showing All Substitutions of Collateral During the Year

1 No. (To Correspond with No. Shown in Parts 1, 2 and 3)	2 Amount of Loan Col. 5 of Parts 1, 2 or 3	Collateral Substituted 3 Description	Collateral Substituted 4 Date	Collateral Substituted 5 Par Value	Collateral Substituted 6 Market Value	Collateral Released 7 Description	Collateral Released 8 Date	Collateral Released 9 Par Value	Collateral Released 10 Market Value
				NONE					
Totals		XXX	XXX			XXX	XXX		

Form 5 ANNUAL STATEMENT FOR THE YEAR 2006 OF THE COLONIAL INSURANCE COMPANY
(Write or Stamp Name of Association)

SCHEDULE D — SUMMARY BY COUNTRY

Bonds and Stocks **OWNED** December 31 of Current Year

1 Description		2 Book Value	3 †Market Value (Excluding accrued interest)	4 Actual Cost (Excluding accrued interest)	5 Par Value of Bonds	6 *Amortized or Investment Value
BONDS	1. United States	6,748,076	6,508,028	6,746,644	6,750,000	6,748,076
Governments (Including all obligations guaranteed by governments)	2. Canada					
	3. Other Countries					
	4. Totals	6,748,076	6,508,028	6,746,644	6,750,000	6,748,076
States, Territories and Possessions (Direct and guaranteed)	5. United States					
	6. Canada					
	7. Other Countries					
	8. Totals					
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States					
	10. Canada					
	11. Other Countries					
	12. Totals					
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States					
	14. Canada					
	15. Other Countries					
	16. Totals					
Railroads (unaffiliated)	17. United States					
	18. Canada					
	19. Other Countries					
	20. Totals					
Public Utilities (unaffiliated)	21. United States					
	22. Canada					
	23. Other Countries					
	24. Totals					
Industrial and Miscellaneous (unaffiliated)	25. United States					
	26. Canada					
	27. Other Countries					
	28. Totals					
Parents, Subsidiaries and Affiliates	29. Totals					
	30. Total Bonds	6,748,076	6,508,028	6,746,644	6,750,000	6,748,076
PREFERRED STOCKS Railroads (unaffiliated)	31. United States					
	32. Canada					
	33. Other Countries					
	34. Totals					
Public Utilities (unaffiliated)	35. United States					
	36. Canada					
	37. Other Countries					
	38. Totals					
Banks, Trust and Insurance Companies (unaffiliated)	39. United States					
	40. Canada					
	41. Other Countries					
	42. Totals					
Industrial and Miscellaneous (unaffiliated)	43. United States					
	44. Canada					
	45. Other Countries					
	46. Totals					
Parents, Subsidiaries and Affiliates	47. Totals					
	48. Total Preferred Stocks					
COMMON STOCKS Railroads (unaffiliated)	49. United States					
	50. Canada					
	51. Other Countries					
	52. Totals					
Public Utilities (unaffiliated)	53. United States					
	54. Canada					
	55. Other Countries					
	56. Totals					
Banks, Trust and Insurance Companies (unaffiliated)	57. United States					
	58. Canada					
	59. Other Countries					
	60. Totals					
Industrial and Miscellaneous (unaffiliated)	61. United States					
	62. Canada					
	63. Other Countries					
	64. Totals					
Parents, Subsidiaries and Affiliates	65. Totals					
	66. Total Common Stocks	-0-	-0-	-0-		
	67. Total Stocks	-0-	-0-	-0-		
	68. Total Bonds and Stocks	6,748,076	6,508,028	6,746,644		

†For certain bonds, values other than actual market may appear in this column (See Schedule D, Part 1, for details).
The aggregate value of bonds which are valued at other than actual market is $_____.
*Companies, societies, and associations which do not amortize their bonds should leave this column blank.

SCHEDULE D — VERIFICATION BETWEEN YEARS

1. Book value of bonds and stocks, per Item 4, Page 4, previous year		6,947,759
2. Cost of bonds and stocks acquired, Col. 5, Part 3		148,189
3. Increase by adjustment in book value:		
(a) Col. 10, Part 1	317	
(b) Col. 9, Part 2, Sec. 1	-0-	
(c) Col. 8, Part 2, Sec. 2	-0-	
(d) Col. 9, Part 4	1,811	2,128
4. Profit on disposal of bonds and stocks, Col. 11, Part 4		-0-
5. Total		7,148,076
6. Deduct consideration for bonds and stocks disposed of, Col. 5, Part 4		396,825
7. Decrease by adjustment in book value:		
(a) Col. 11, Part 1	-0-	
(b) Col. 10, Part 2, Sec. 1	-0-	
(c) Col. 9, Part 2, Sec. 2	-0-	
(d) Col. 10, Part 4	-0-	-0-
8. Loss on disposal of bonds and stocks, Col. 12, Part 4		3,175
9. Book value of bonds and stocks, per Item 4, Page 4, current year		6,748,076

Form 5

Bonds to be grouped in the following manner and each group arranged alphabetically. (The listing in Groups 2, 3 and 4 should be alphabetical by State.)

1. Governments (including all obligations guaranteed by governments)
2. States, Territories and Possessions (direct and guaranteed)
3. Political Subdivisions of States, Territories and Possessions (direct and guaranteed)
4. Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions.
5. Railroads. (unaffiliated)
6. Public Utilities. (unaffiliated)
7. Industrial and Miscellaneous. (unaffiliated)
8. Parents, Subsidiaries, and Affiliates.

Show sub-totals for each group.

ANNUAL STATEMENT FOR THE YEAR 2026 OF THE COLONIAL INSURANCE COMPANY

(Write or Stamp name of Association)

SCHEDULE D — PART 1

Showing all **BONDS** Owned December 31 of Current Year

Supplemental columns for data concerning Amortization. **See Note**

1 **DESCRIPTION		2 INTEREST		3 DATE OF				4	5	6	7	8	INTEREST		10	11	12	13	14	15	16	17	18
				Maturity		‡‡Option																	
CUSIP Identification***	Give complete and accurate description of all bonds owned, including the location of all street railway and miscellaneous companies. If bonds are "serial" issues give amount maturing each year.	Rate of	How Paid	Year	Month	Year	Call Price	Book Value	Par Value	Rate Used to Obtain Market Value	§§Market Value (excluding accrued interest)	Actual Cost (excluding accrued interest)	9.1 Amount Due and Accrued Dec. 31 of Current Year on Bonds not in default	9.2 Gross Amt Received During Year	Increase by Adjustment in Book Value During Year	Decrease by Adjustment in Book Value During Year	Amount of interest due and accrued Dec. 31, current year on bonds in default as to principal or interest	§NAIC Designation	Year Acquired	Effective Rate of Interest at Which Purchase Was Made	†Amortized or Investment Value Dec. 31 of Current Year	‡Increase in Amortized Value During Year	‡Decrease in Amortized Value During Year
See Supplemental Schedule								6,748,076	6,750,000		6,508,028	6,746,644	96,982	314,815	317	-0-	-0-				6,748,076		
	Totals	XXX	XXX	XXX	XXX	XXX	XXX	6,748,076	6,750,000		6,508,028	6,746,644	96,982	314,815	317	-0-	-0-	XXX	XXX	XXX	6,748,076		

* Insert initial letters of months in which interest is payable.

** Where a bond is payable in a foreign currency the par value and purchase price in that currency should be included as a part of the description.

† Perpetual bonds, bonds in default as to principal or interest and bonds not amply secured, are to be entered in this column at market value.

‡ Associations which use "Amortized Values" as "Book Values" may omit entering figures in these columns, and provide the following footnote: "The increases and decreases in amortized values are the same as those shown in the columns for 'Increase and Decrease by Adjustment in Book Value', excepting as otherwise indicated."

§ Insert the NAIC designation for such security provided in the NAIC Valuation of Securities Manual.

NOTE—This supplemental information, required of all Associations which amortize their bonds, is not to be used as a substitute for the information required in preceding columns but is addition thereto.

‡‡ Show year and call price pertaining to option, if any, on which amortization is based. On bonds purchased at a premium, the maturity date or call feature producing lowest amortized value should be used.

§§ Where amortized value or any value other than the market value published in the NAIC Valuation of Securities Manual is entered in Column 7, insert a symbol alongside of the amount reported.

*** May be left blank if no CUSIP identification number is listed in the NAIC Valuation of Securities Manual.

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE COLONIAL INSURANCE COMPANY
(Write or Stamp name of Association)

Stocks to be grouped in following order and each group arranged alphabetically.
Railroads. (unaffiliated)
Public Utilities. (unaffiliated)
Banks, Trust and Insurance Companies. (unaffiliated)
Industrial and Miscellaneous. (unaffiliated)
Parents, Subsidiaries and Affiliates.

Show sub-totals for each group.

SCHEDULE D — PART 2 — SECTION 1
Showing all PREFERRED STOCKS Owned December 31 of Current Year

The figures on this page do not include Separate Account Items, if any.

1 DESCRIPTION		2	3	4	5	6	6A	6B	7	DIVIDENDS		9	10	11	12
CUSIP Identification***	Give complete and accurate description of all preferred stocks owned, including redeemable options, if any, and location of all street railway, bank, trust and miscellaneous companies.	No. of Shares	Par Value Per Share	Book Value	Rate Per Share	Statement Value	Rate Per Share Used to Obtain Market Value	Market Value	Actual Cost	8.1 Declared but Unpaid	8.2 Amount Received During Year	Increase by Adjustment in Book Value During Year	Decrease by Adjustment in Book Value During Year	§NAIC Designation	Year Acquired
	NONE														
	Total Preferred Stocks	XXXX	XXXX		XXXX										XXXX

Stocks to be grouped in following order and each group arranged alphabetically.
Railroads. (unaffiliated)
Public Utilities. (unaffiliated)
Banks, Trust and Insurance Companies. (unaffiliated)
Industrial and Miscellaneous. (unaffiliated)
Parents, Subsidiaries and Affiliates.

Show sub-totals for each group.

SCHEDULE D — PART 2 — SECTION 2
Showing all COMMON STOCKS Owned December 31 of Current Year

1 DESCRIPTION		2	3	4	5	6	DIVIDENDS		8	9	10	11
CUSIP Identification***	Give complete and accurate description of all common stocks owned, including redeemable options, if any, and addresses (City and State) of all street railway, banks, trust and insurance companies, savings and loan or building and loan associations and miscellaneous companies.	No. of Shares	Book Value	Rate Per Share Used to Obtain Market Value	Market Value	Actual Cost	7.1 Declared but Unpaid	7.2 Amount Received During Year	Increase by Adjustment in Book Value During Year	Decrease by Adjustment in Book Value During Year	§NAIC Designation	Year Acquired
	NONE											
	Total Common Stocks	XXXX		XXXX								XXXX
	Total Preferred and Common Stocks	XXXX		XXXX								XXXX

NOTES: Complete information must be furnished in connection with any holding of preferred or common stock on the statement date which is optioned or restricted in any way as to its sale by the insurer.
Identify all such securities by the symbol "R" to be inserted beside the figure shown as the rate per share to obtain market value.
Transferable shares only of Savings and Loan or Building and Loan Associations to be reported herein.
***May be left blank if no CUSIP identification number is listed in the NAIC Valuation of Securities Manual.

§Insert the NAIC designation for such security printed in the NAIC Valuation of Securities Manual.

Form 5 **ANNUAL STATEMENT FOR THE YEAR 20 06 OF THE** COLONIAL INSURANCE COMPANY
(Write or Stamp Name of Association)

SCHEDULE D — PART 3

Showing all Bonds and Stocks ACQUIRED During Year

Bonds, preferred stocks and common stocks to be grouped separately showing sub-totals for each group.

1 DESCRIPTION§ CUSIP Identification***	Give complete and accurate description of each bond and stock, including location of all street railway, bank, trust and miscellaneous companies. If bonds are serial issues give amounts maturing each year.	2 *Date Acquired	3 *Name of Vendor	4 Number of Shares of Stock	5 Actual Cost (Excluding Accrued Interest and Dividends)	6 Par Value of Bonds	7 Paid for Accrued Interest and Dividends
	See Supplemental Schedule	VARIOUS	Guilford Securities	N/A	198,189	200,000	-0-
	TOTALS			XXXX	198,189	200,000	-0-

*The items with reference to each issue of bonds or stocks acquired at public offerings may be totaled in one line and the word "Various" inserted in Columns 2 and 3.
§ Enter as a summary item the totals of Columns 5, 7 and 15 of Part 5. All bonds and stocks acquired and fully disposed of during the year are not to be itemized in this Part.

SCHEDULE D — PART 4

Showing all Bonds and Stocks SOLD, REDEEMED or otherwise DISPOSED OF During Year

Bonds, preferred stocks and common stocks to be grouped separately showing sub-totals for each group.

1 DESCRIPTION‡ CUSIP Identification***	Give complete and accurate description of each bond and stock, including location of all street railway, bank, trust and miscellaneous companies. If bonds are serial issues give amounts maturing each year. Associations at their option summarize all bonds of the same issue called, matured or redeemed during the year and omit dates under Column 2.	2 Disposal Date	3 Name of Purchaser (If matured or called under redemption option, so state and give price at which called.)	4 Number of Shares of Stock	5 Consideration (Excluding Accrued Interest and Dividends)	6 Par Value of Bonds	7 Actual Cost (Excluding Accrued Interest and Dividends)	8 Book Value at Disposal Date	9 Increase by Adjustment in Book Value During Year	10 Decrease by Adjustment in Book Value During Year	11 Profit on Disposal	12 Loss on Disposal	13 Interest on Bonds Received During Year (Including Accrued Interest on Bonds Disposed of)	14 Dividends on Stocks Received During Year (Including Accrued Dividends on Stocks Disposed of)
	See Supplemental Schedule	VARIOUS	VARIOUS	N/A	396,825	400,000	398,190	400,000	1,811	-0-	-0-	3,175	14,119	-0-
	TOTALS			XXXX	396,825	400,000	398,190	400,000	1,811	-0-	-0-	3,175	14,119	-0-

‡ Enter as a summary item the totals of Columns 6 to 14 of Part 5. All bonds and stocks acquired and fully disposed of during the year are not to be itemized in this Part.

SCHEDULE D — PART 5

Showing all Bonds and Stocks ACQUIRED During the Current Year and Fully DISPOSED OF During the Current Year

Bonds, preferred stocks and common stocks to be grouped separately showing sub-totals for each group.

1 DESCRIPTION CUSIP Identification***	Give complete and accurate description of each bond and stock, including location of all street railway, bank, trust and miscellaneous companies. If bonds are serial issues give amounts maturing each year. Associations may at their option summarize all bonds of the same issue called, matured or redeemed during the year and omit dates under Column 4.	2 *Date Acquired	3 *Name of Vendor	4 Disposal Date	5 Name of Purchaser (If matured or called under redemption option, so state and give price at which called.)	6 Par Value (Bonds) or Number of Shares (Stocks)	7 Cost to Company (Excluding Accrued Interest and Dividends)	8 Consideration (Excluding Accrued Interest and Dividends)	9 Book Value at Disposal Date	10 Increase by Adjustment in Book Value During Year	11 Decrease by Adjustment in Book Value During Year	12 Profit on Disposal	13 Loss on Disposal	14 Interest and Dividends Received During Year (Including Accrued Interest and Dividends on Bonds and Stocks Disposed of)	15 Paid for Accrued Interest and Dividends
	BONDS See Supplemental Schedule	VARIOUS	VARIOUS	VARIOUS	VARIOUS	200,000	198,190	200,000	200,000	1,811	-0-	-0-	-0-	1,811	-0-
	Sub-totals — Bonds					200,000	198,190	200,000	200,000	1,811	-0-	-0-	-0-	1,811	-0-
	STOCKS														
	Sub-totals — Stocks					XXXX									
	GRAND TOTALS					XXXX	198,190	200,000	200,000	1,811	-0-	-0-	-0-	1,811	-0-

*The items with reference to each issue of bonds and stocks acquired at public offerings may be totaled in one line and the word "Various" inserted in Columns 2 and 3.
***May be left blank if no CUSIP identification number is listed in the NAIC Valuation of Securities Manual.

Form 5

ANNUAL STATEMENT FOR THE YEAR 202~~2~~ OF THE COLONIAL INSURANCE COMPANY
(Write or stamp name of Association)

SCHEDULE E

Showing All Losses and Claims Unpaid *December 31 of Current Year* except *those incurred during the year but not reported until the following year and excluding claims incurred during the last three months of the year upon which proofs have not been completed.*

Date of Death or of Notice of Disability	Name of Insured	P.O. Address		Amount of Certificate or Claim	Amount Due and Unpaid	Amount Adjusted but not Due	Amount Resisted (Not Outlawed)	In Process of Adjustment or Reported	Why Unpaid or Restated
		City or Town	State						
		NONE							
		Totals,							

Note: — Claims, other than death claims, arising under Accident and Health certificates on which notice was not received until after November 30th of the year of statement need not be entered in this schedule.

SCHEDULE F

Showing all Losses and Claims Compromised, Scaled Down or Dropped During the Year

Date of Death or Proof of Disability	Amount of Certificate or Claim	Amount Paid Member or Beneficiary	Name of Insured	P.O. Address City or Town	P.O. Address State	Why Compromised, Scaled Down or Dropped
	NONE					
Totals						

SCHEDULE G

Showing (1) all payments in excess of $1,000 to each Trade Association, Service Organization, Statistical, Actuarial or Rating Bureau or Organization during the year; and (2) all salaries, compensation and emoluments, excepting bonafide commissions paid to or retained by agents, received in the current year by: (a) each director or trustee regardless of the amount thereof, (b) each of the ten officers or employees receiving the largest amounts, and (c) any other person, firm or corporation if the amount received was in excess of $30,000. (Any other items to be shown where required by statute.)

LIST ITEMS UNDER (1) AND (2) IN SEPARATE GROUPINGS

Title	Name of Payee	Location of Payee	Amount Paid		Date	By Whom Authorized
	See Schedule Attached					
		Totals				

Form 5 ANNUAL STATEMENT FOR THE YEAR 2006 OF THE COLONIAL INSURANCE COMPANY

(Write or Stamp Name of Association)

SCHEDULE N

Showing All Balances (according to Association's Records) Carried in Each Bank or Trust Company on the Last Day of Each Month of the Current Year

1 DEPOSITORY* (Give Full Name and Location. State if depository is a parent, subsidiary or affiliate.) Show rate of interest and maturity date in the case of certificates of deposit or time deposits maturing more than one year from statement date.	2 BALANCE December 31 of Current Year	3 Rate of Interest	4 Amount of Interest Received During Year	5 Amount of Interest Accrued Dec. 31 of Current Year	6 JANUARY	7 FEBRUARY	8 MARCH	9 APRIL	10 MAY	11 JUNE	12 JULY	13 AUGUST	14 SEPTEMBER	15 OCTOBER	16 NOVEMBER	17 DECEMBER
OPEN DEPOSITORIES																
See Schedule Attached																
Totals — Open Depositories	239,420		5,637	-0-	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
SUSPENDED DEPOSITORIES																
Totals — Suspended Depositories					XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
GRAND TOTALS	239,420		5,637		XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX

*In each case where the depository is not incorporated and subject to governmental supervision, the word "PRIVATE" in capitals and in parentheses, thus — (PRIVATE), should be inserted to the left of the name of the depository.
Any deposit in a suspended depository which is taken credit for should have a star placed opposite the amount in the schedule.

Form 5 ANNUAL STATEMENT FOR THE YEAR 20 06 OF THE COLONIAL INSURANCE COMPANY
(Write or Stamp Name of Association)

SCHEDULE X — PART 1 — UNLISTED ASSETS

* Showing all property owned by the Association or in which it had any interest, on December 31 of current year, which is not entered on any other schedule and which is not included in the financial statement for the current year

1 Description	2 From Whom Acquired	3 Date When Acquired	4 Date When Charged Off From Statement	5 Par Value	6 Actual Cost	7 Book Value When Charged Off	8 Market Value December 31 of Current Year	9 Gross Income Therefrom During Year	10 Outlays Made During Year	11 Reasons For Not Carrying Property on Books
	NONE									
		Totals	XXXX							

SCHEDULE X — PART 2

Showing all property acquired or transferred to Schedule X, Part 1, during the year except that shown in Schedules A, B, C and D and except furniture, fixtures and supplies

1 Description	2 Date of Acquisition	3 From Whom Acquired	4 Par Value	5 Actual Cost
NONE				
		Totals		

SCHEDULE X — PART 3

* Showing all property owned by the Association or in which it had any other schedule and which is not included in the financial statement for the current year

1 Description	2 Date of Acquisition	3 From Whom Acquired	4 Par Value	5 Actual Cost	6 Date of Sale	7 To Whom Sold	8 Consideration	9 Gross Income Therefrom During Year	10 Outlay Thereon During Year Other Than Cost
		NONE							
Totals									

COLONIAL INSURANCE COMPANY
ANNUAL STATEMENT FOR THE YEAR 2006
SCHEDULE D - PART 1
Showing all BONDS Owned December 31 of Current Year

SEE FOOTNOTE *

1 DESCRIPTION		2 INTEREST		3 DATE OF				4	5	6	7	8	INTEREST		10	11	12	13	14	15	16	17	18
				Maturity		Option							9.1	9.2									
CUSIP ID	BONDS	Rate Of	How Paid	Yr	Mo	Yr	Call	Book Value	Par Value	Rate Used To Obtain Market Value	Market Value (exclude accrued interest)	Actual Cost (exclude accrued interest)	Amt Accd. 12/31/2006 Bonds not in default	Gross Amt Received During Year	Increase by Adjustment in Book Value During Yr	Decrease by Adjustment in Book Value During Yr	Interest Accrued 12/31/2006 Bonds in default	NAIC Designation	Year Acq.	Effective Rate of Interest time of Purchase	Amortized or Investment Value 12/31/2006	Increase in Amortized Value During Yr	Decrease in Amortized Value During Yr
	GOVERNMENT																						
3133MN-KH-3	FEDERAL HOME LOAN BANK DATED 03-12-03	5.050%	M, S	13	03	06	100	100,000	100,000	97.854	97,854	100,000	1,502	5,050	0	0	0		03	5.050%	100,000	OPTION YR. 07 PRICE 100	
3133MN-YR-6	FEDERAL HOME LOAN BANK DATED 03-18-03	4.780%	M, S	13	03	06	100	400,000	400,000	97.139	388,556	400,000	5,364	19,120	0	0	0		03	4.780%	400,000	OPTION YR. 07 PRICE 100	
3136F2-7G-7	FED NATIONAL MORTGAGE ASSOC DATED 03-18-03	5.000%	M, S	13	03	06	100	299,885	300,000	97.388	292,164	299,813	4,209	15,000	19	0	0		03	5.008%	299,885	OPTION YR. 07 PRICE 100	
3133MX-V8-9	FEDERAL HOME LOAN BANK DATED 04-15-03	5.050%	A, O	13	04	06	100	250,000	250,000	97.625	244,063	250,000	2,585	12,625	0	0	0		03	5.050%	250,000	OPTION YR. 07 PRICE 100	
3133EY-3N-0	FEDERAL HOME LOAN BANK DATED 07-17-03	4.250%	J, J	13	07	06	100	300,000	300,000	94.330	282,990	299,850	5,739	12,750	0	0	0		03	4.256%	300,000	OPTION YR. 07 PRICE 100	
3136F3-TJ-5	FED NATIONAL MORTGAGE ASSOC DATED 05-28-03	4.000%	Mo.	11	11	06	100	299,728	300,000	95.039	285,117	299,531	33	12,000	55	0	0		03	4.022%	299,728	OPTION YR. 07 PRICE 100	
3133Q-Q5-9	FEDERAL FARM CREDIT BANK DATED 06-10-03	4.480%	J, D	13	06	06	100	300,000	300,000	95.737	287,211	300,000	708	13,440	0	0	0		03	4.480%	300,000	OPTION YR. 07 PRICE 100	
3133EY-7M-8	FEDERAL HOME LOAN BANK DATED 07-15-03	4.030%	J, J	11	07	06	100	200,000	200,000	95.480	190,960	200,000	3,672	8,060	0	0	0		03	4.030%	200,000	OPTION YR. 07 PRICE 100	
3133EY-5J-7	FEDERAL HOME LOAN BANK DATED 07-18-03	4.375%	J, J	13	07	06	100	300,000	300,000	95.160	285,480	299,906	5,943	13,125	0	0	0		03	4.379%	300,000	OPTION YR. 07 PRICE 100	
3133X-D6-8	FEDERAL HOME LOAN BANK DATED 06-19-03	4.000%	J, D	11	12	06	100	200,000	200,000	94.989	189,978	200,000	222	8,000	0	0	0		03	4.000%	200,000	OPTION YR. 07 PRICE 100	
3133EY-CD-2	FEDERAL HOME LOAN BANK DATED 07-09-03	4.375%	J, J	13	07	06	100	300,000	300,000	95.173	285,519	300,000	6,198	13,125	0	0	0		03	4.375%	300,000	OPTION YR. 07 PRICE 100	
3133EY-FA-5	FEDERAL HOME LOAN BANK DATED 07-23-03	4.200%	J, J	12	01	06	100	299,776	300,000	95.700	287,100	299,625	5,460	12,600	44	0	0		03	4.218%	299,776	OPTION YR. 07 PRICE 100	
3133Q-U4-7	FEDERAL FARM CREDIT BANK DATED 06-17-03	4.170%	J, D	13	06	06	100	200,000	200,000	93.999	187,998	199,938	278	8,340	0	0	0		03	4.174%	200,000	OPTION YR. 07 PRICE 100	
3133EY-F7-2	FEDERAL HOME LOAN BANK DATED 07-23-03	4.430%	J, J	13	07	06	100	299,013	300,000	95.422	286,266	298,500	5,760	13,290	150	0	0		03	4.493%	299,013	OPTION YR. 07 PRICE 100	
3133EY-MP-4	FEDERAL HOME LOAN BANK DATED 07-23-03	4.600%	J, J	13	07	06	100	200,000	200,000	96.130	192,260	200,000	3,966	9,200	0	0	0		03	4.600%	200,000	OPTION YR. 07 PRICE 100	
3133EY-RU-8	FEDERAL HOME LOAN BANK DATED 07-23-03	4.800%	J, J	13	07	06	100	300,000	300,000	97.119	291,357	300,000	6,240	14,400	0	0	0		03	4.800%	300,000	OPTION YR. 07 PRICE 100	
3133EY-TT-9	FEDERAL HOME LOAN BANK DATED 07-30-03	4.750%	J, J	13	07	06	100	300,000	300,000	96.836	290,508	300,000	5,698	14,250	0	0	0		03	4.750%	300,000	OPTION YR. 07 PRICE 100	
3136F5-BH-3	FEDERAL NATIONAL MORTGAGE ASSOC DATED 02-27-04	5.000%	F, A	12	02	06	100	200,000	200,000	97.882	195,764	200,000	3,388	10,000	0	0	0		04	5.000%	200,000	OPTION YR. 07 PRICE 100	
3136F3-2G-0	FEDERAL NATIONAL MARKETING ASSOC DATED 08-05-03	5.000%	F, A	13	08	06	100	249,674	250,000	97.258	243,145	249,531	5,000	12,500	49	0	0		04	5.025%	249,674	OPTION YR. 07 PRICE 100	
3133X4-ZH-7	FEDERAL HOME LOAN BANK DATED 03-24-04	4.850%	M, S	14	03	06	100	500,000	500,000	96.791	483,955	500,000	6,400	24,250	0	0	0		04	4.850%	500,000	OPTION YR. 07 PRICE 100	
3128X2-V4-4	FEDERAL HOME LOAN MTG CORP DATED 04-01-04	5.000%	A, O	14	04	06	100	500,000	500,000	96.714	483,570	500,000	6,110	25,000	0	0	0		04	5.000%	500,000	OPTION YR. 07 PRICE 100	
3136F5-KE-0	FEDERAL NATIONAL MTG ASSN DATED 04-06-04	4.930%	A, O	14	04	06	100	200,000	200,000	97.254	194,508	200,000	2,218	9,860	0	0	0		04	4.930%	200,000	OPTION YR. 07 PRICE 100	
3128X2-4M-4	FEDERAL HOME LN MORTGAGE DATED 04-23-04	5.000%	A, O	14	04	06	100	100,000	100,000	98.892	98,892	100,000	917	5,000	0	0	0		05	5.000%	100,000	OPTION YR. 07 PRICE 100	
3133XA-JY-1	FEDERAL HOME LOAN BANK DATED 01-12-05	5.375%	J, J	15	01	06	100	100,000	100,000	99.965	99,965	100,000	2,493	5,375	0	0	0		05	5.375%	100,000	OPTION YR. 07 PRICE 100	
3133XA-JM-0	FEDERAL HOME LOAN BANK DATED 02-17-05	5.250%	F, A	15	02	06	100	100,000	100,000	99.146	99,146	100,000	1,925	5,250	0	0	0		05	5.250%	100,000	OPTION YR. 07 PRICE 100	
3133XA-MA-2	FEDERAL HOME LOAN BANK DATED 02-17-05	5.250%	F, A	15	02	06	100	150,000	150,000	99.146	148,719	150,000	2,888	7,875	0	0	0		05	5.250%	150,000	OPTION YR. 07 PRICE 100	
3136F6-E7-0	FEDERAL NATIONAL MTG ASSN DATED 02-25-05	5.330%	F, A	15	02	06	100	100,000	100,000	97.383	97,383	99,950	1,838	5,330	0	0	0		05	5.337%	100,000	OPTION YR. 07 PRICE 100	
	GOVERNMENT							6,748,076	6,750,000		6,508,028	6,746,644	96,992	314,815	317	0	0				6,748,076		
	STATES, TERRITORIES																						
	STATES, TERRITORIES							0	0		0	0	0	0	0	0	0				0		
	SPECIAL REVENUE AND ASSESSMENTS																						
	SPECIAL REVENUE AND ASSESSMENTS							0	0		0	0	0	0	0	0	0				0		
	TOTALS							6,748,076	6,750,000		6,508,028	6,746,644	96,992	314,815	317	0	0				6,748,076		

* FOOTNOTE - COLUMNS 17 & 18, INCREASE/DECREASE IN AMORTIZED VALUE DURING YEAR

THE INCREASES AND DECREASES IN AMORTIZED VALUES ARE THE SAME AS THOSE SHOWN IN THE COLUMNS FOR "INCREASE OR DECREASE BY ADJUSTMENT IN BOOK VALUE", EXCEPTING AS OTHERWISE INDICATED.

COLONIAL INSURANCE COMPANY
ANNUAL STATEMENT FOR THE YEAR ENDED 2006
SCHEDULE D - PART 3
Showing all Bonds and Stocks ACQUIRED During Year

1 DESCRIPTION		2	3	4	5	6	7
CUSIP ID	BONDS	DATE ACQUIRED	NAME OF VENDOR	NO. OF SHARES OF STOCK	ACTUAL COST	PAR VALUE OF BONDS	PAID FOR ACCRUED INTEREST
	GOVERNMENT						
36959J-EN-9	GENERAL ELEC CAP CORP COMMERCIAL PAPER	3/22/2006	GILFORD SECURITIES	N/A	99,307	100,000	0
36959J-HM-8	GENERAL ELEC CAP CORP COMMERCIAL PAPER	5/22/2006	GILFORD SECURITIES	N/A	98,882	100,000	0
	FROM PART 5						
	GOVERNMENTS				198,189	200,000	0
	TOTALS				198,189	200,000	0

COLONIAL INSURANCE COMPANY
ANNUAL STATEMENT FOR THE YEAR 2006
SCHEDULE D - PART 4
Showing all Bonds and Stocks SOLD, REDEEMED or otherwise DISPOSED OF During Year

1 DESCRIPTIONS CUSIP ID	BONDS	2 DISPOSAL DATE	3 NAME OF PURCHASER	4 NO. OF SHARES OF STOCK	5 CONSIDERATION	6 PAR VALUE OF BONDS	7 ACTUAL COST	8 BOOK VALUE AT DISPOSAL DATE	9 INCR. BY ADJUST IN BOOK VALUE	10 DECR. BY ADJUST IN BOOK VALUE	11 PROFIT ON DISPOSAL	12 LOSS ON DISPOSAL	13 INTEREST ON BONDS RECD. DURING YEAR	14 DIVIDENDS ON STOCKS RECD. DURING YEAR
	GOVERNMENT													
3128X4-PH-8	FEDERAL HOME LOAN MTG CORP DATED 10-14-05	12/12/06	GILFORD	N/A	98,450	100,000	100,000	100,000	0	0	0	1,550	6,518	N/A
3133XB-PG-4	FEDERAL HOME LOAN BANK DATED 05-18-05	12/06/06	GILFORD	N/A	98,375	100,000	100,000	100,000	0	0	0	1,625	5,790	N/A
	FROM PART 5				200,000	200,000	198,190	200,000	1,811	0	0	0	1,811	N/A
	GOVERNMENT				396,825	400,000	398,190	400,000	1,811	0	0	3,175	14,119	0
	STATES, TERRITORIES													
	STATES , TERRITORIES				0	0	0	0	0	0	0	0	0	
	POLITICAL SUBDIVISIONS													
	POLITICAL SUBDIVISIONS				0	0	0	0	0	0	0	0	0	
	SPECIAL REVENUE AND ASSESSMENTS													
	SPECIAL REVENUE AND ASSESSMENTS				0	0	0	0	0	0	0	0	0	
	TOTALS				396,825	400,000	398,190	400,000	1,811	0	0	3,175	14,119	

25

COLONIAL INSURANCE COMPANY
ANNUAL STATEMENT FOR THE YEAR 2006
SCHEDULE D - PART 5
Showing all BONDS Acquired During The Current Year and Fully Disposed of During The Current Year

1 DESCRIPTION		2		4	5	6	7	8	9	10	11	12	13	14	15
CUSIP ID	BONDS	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds)	Cost to Company (exclude accrued interest)	Consideration	Book Value at Disposal Date	Increase by Adjustment in Book Value During Yr	Decrease by Adjustment in Book Value During Yr	Profit on Disposal	Loss on Disposal	Interest Received During Year	Paid for Accrued Interest and Dividends
	GOVERNMENT														
36959J-EN-9	GENERAL ELEC CAP CORP COMMERCIAL PAPER	3/22/2006	GILFORD SECURITIES	5/22/2006	MATURED	100,000	99,307	100,000	100,000	693	0	0	0	693	0
36959J-HM-8	GENERAL ELEC CAP CORP COMMERCIAL PAPER	5/22/2006	GILFORD SECURITIES	8/21/2006	MATURED	100,000	98,883	100,000	100,000	1,118	0	0	0	1,118	0
	GOVERNMENT					200,000	198,190	200,000	200,000	1,811	0	0	0	1,811	0
		TOTALS				200,000	198,190	200,000	200,000	1,811	0	0	0	1,811	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE COLONIAL INSURANCE COMPANY
SCHEDULE G

Showing payments to organizations, officers, employees, directors and others

TITLE	NAME OF PAYEE	LOCATION OF PAYEE	AMOUNT PAID	DATE	BY WHOM AUTHORIZED
Actuary	Actuarial Management	Wins.-Sal. NC	$ 8,310	Various	Deputy Rehabilitator
			8,310		
Controller	Nancy Holz	Cleveland, OH	11,464	Biweekly	Deputy Rehabilitator
Manager	Kathleen Delaney	Cleveland, OH	47,738	Biweekly	Deputy Rehabilitator
Asst. Controller	Kathleen Meyer	Cleveland, OH	36,304	Biweekly	Deputy Rehabilitator
Customer Service Rep.	Laura Reiman	Cleveland, OH	28,989	Biweekly	Deputy Rehabilitator
Accounting Clerk	Jean O'Coin	Cleveland, OH	16,542	Biweekly	Deputy Rehabilitator
			141,038		
Auditors	Hausser & Taylor CPA	Cleveland, OH	14,625	Various	Deputy Rehabilitator
			14,625		
		Total	$163,973		

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE COLONIAL INSURANCE COMPANY

SCHEDULE N

Showing All Balances (according to Association's Records) Carried in Each Bank or Trust Company on the Last Day of Each Month of the Current Year

1 DEPOSITORY	2 BALANCE December 31 of Current Year	3 Rate of Interest	4 Amount of Interest Received During Year	5 Amount of Interest Accrued Dec 31 of Current Year	6 JANUARY	7 FEBRUARY	8 MARCH	9 APRIL	10 MAY	11 JUNE	12 JULY	13 AUGUST	14 SEPTEMBER	15 OCTOBER	16 NOVEMBER	17 DECEMBER
OPEN DEPOSITORIES																
FIRST MERIT CLEVELAND, OH CHECKING ACCOUNT	$65,495		$0	$0	$33,094	$53,746	$21,661	$44,348	$54,718	$1,025	$34,669	$32,887	$35,093	$38,599	($4,508)	$65,495
	$65,495		$0	$0												
FIRST MERIT CLEVELAND, OH MONEY MARKET ACCOUNT	$164,775	0.2504%	$4,191	$0	$271,137	$201,512	$177,054	$142,417	$77,642	$143,509	$58,726	$162,423	$102,750	$136,360	$79,644	$164,805
GILFORD SECURITIES INC NEWPORT BEACH, CA EVERGREEN MONEY MART FUND	$9,210	4.33%	$1,446	$0	$68,393	$90,073	$23,695	$53,849	$58,900	$9,261	$68,450	$21,526	$54,356	$1,207	$4,965	$9,210
	$173,985		$5,637	$0												
Totals-Open Depositories	$239,480		$5,637	$0	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
SUSPENDED DEPOSITORIES																
NONE																
Total-Suspended Depositories	$0		$0	$0	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
GRAND TOTALS	$239,480		$5,637	$0	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX

Annual Statement for the year ~~2004~~ 2006 of the COLONIAL INSURANCE COMPANY

ASSET VALUATION RESERVE

	Default Component			Equity Component			
	1 Other Than Mortgage Loans	2 Mortgage Loans	3 Total (Cols. 1 + 2)	4 Common Stock	5 Real Estate and Other Invested Assets	6 Total (Cols. 4 + 5)	7 Total Amount (Cols. 3 + 6)
1. Reserve as of December 31, prior year			28			0	28
2. Realized capital gains/(losses) net of taxes - General Account			(3,175)				(3,175)
3. Realized capital gains/(losses) net of taxes - Separate Accounts							
4. Unrealized capital gains/(losses) - net of deferred taxes - General Account							
5. Unrealized capital gains/(losses) - net of deferred taxes - Separate Accounts							
6. Capital gains credited/(losses charged) to contract benefits, payments or reserves							
7. Basic contribution (LINE 34, COL. 6)	4	0	4	0	0	0	4
8. Accumulated balances (Lines 1 through 5, minus 6 plus 7)	(3,143)	0	(3,143)	0	0	0	(3,143)
9. Maximum reserve (LINE 34, COL. 10)	28	0	28	0	0	0	28
10. Reserve objective (LINE 34, COL. 8)	21	0	21	0	0	0	21
11. 20% of (Line 10 minus Line 8)	633	0	633	0	0	0	633
12. Balance before transfers (Lines 8 + 11)	(2,510)		(2,510)				(2,510)
13. Transfers							xxx
14. Voluntary contribution							
15. Adjustment down to maximum/up to zero			2,538			0	2,538
16. Reserve as of December 31, current year (Lines 12 + 13 + 14 + 15)	28	0	28	0	0	0	28

ASSET VALUATION RESERVE

Basic Contribution, Reserve Objective and Maximum Reserve Calculations

Default Component

Line Number	NAIC Designation	Description	1 Book/Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1 + 2 + 3)	Basic Contribution 5 Factor	Basic Contribution 6 Amount (Cols. 4 x 5)	Reserve Objective 7 Factor	Reserve Objective 8 Amount (Cols. 4 x 7)	Maximum Reserve 9 Factor	Maximum Reserve 10 Amount (Cols. 4 x 9)
		LONG-TERM BONDS										
1		Exempt obligations		XXX	XXX		0.0000	0	0.0000		0.0000	0
2	1	Highest quality		XXX	XXX		0.0004		0.0023		0.0030	
3	2	High quality		XXX	XXX		0.0019		0.0080		0.0140	
4	3	Medium quality		XXX	XXX		0.0093		0.0240		0.0350	
5	4	Low quality		XXX	XXX		0.0213		0.0530		0.0750	
6	5	Lower quality		XXX	XXX		0.0432		0.1100		0.1700	
7	6	In or near default		XXX	XXX		0.0000		0.2000		0.2000	
8		Total unrated multi-class securities acquired by conversion		XXX	XXX		XXX		XXX		XXX	
9		Total bonds (sum of Lines 1 through 8) (Page 2, Line 1, Net admitted asset)	6,748,070	XXX	XXX	6,748,070	XXX	0	XXX	0	XXX	0
		PREFERRED STOCKS										
10	1	Highest quality		XXX	XXX		0.0004		0.0023		0.0030	
11	2	High quality		XXX	XXX		0.0019		0.0080		0.0140	
12	3	Medium quality		XXX	XXX		0.0093		0.0240		0.0350	
13	4	Low quality		XXX	XXX		0.0213		0.0530		0.0750	
14	5	Lower quality		XXX	XXX		0.0432		0.1100		0.1700	
15	6	In or near default		XXX	XXX		0.0000		0.2000		0.2000	
16		Affiliated life with AVR		XXX	XXX		0.0000		0.0000		0.0000	
17		Total preferred stocks (sum of Lines 10 through 16) (Page 2, Line 2.1, Net admitted asset)	0	XXX	XXX	0	XXX		XXX	0	XXX	0
		SHORT-TERM BONDS										
18		Exempt obligations		XXX	XXX		0.0000		0.0000		0.0000	
19	1	Highest quality		XXX	XXX	9,210	0.0004	4	0.0023	21	0.0030	28
20	2	High quality		XXX	XXX		0.0019		0.0080		0.0140	
21	3	Medium quality		XXX	XXX		0.0093		0.0240		0.0350	
22	4	Low quality		XXX	XXX		0.0213		0.0530		0.0750	
23	5	Lower quality		XXX	XXX		0.0432		0.1100		0.1700	
24	6	In or near default		XXX	XXX		0.0000		0.2000		0.2000	
25		Total short-term bonds (sum of Lines 18 thru 24)	9,210	XXX	XXX	9,210	XXX	4	XXX	21	XXX	28

ASSET VALUATION RESERVE (continued)

Basic Contribution, Reserve Objective and Maximum Reserve Calculations

Default Component

Line Number	NAIC Designation	Description	1 Book/Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1 + 2 + 3)	Basic Contribution 5 Factor	Basic Contribution 6 Amount (Cols. 4 x 5)	Reserve Objective 7 Factor	Reserve Objective 8 Amount (Cols. 4 x 7)	Maximum Reserve 9 Factor	Maximum Reserve 10 Amount (Cols. 4 x 9)
		DERIVATIVE INSTRUMENTS										
26		Exchange-traded				0	0.0004	0		0	0.0030	0
27	1	Highest quality				0	0.0004	0		0	0.0030	0
28	2	High quality				0	0.0019	0		0	0.0040	0
29	3	Medium quality				0	0.0093	0		0	0.0140	0
30	4	Low quality				0	0.0213	0		0	0.0750	0
31	5	Lower quality				0	0.0432	0		0	0.1200	0
32	6	In or near default				0	0.0000	0		0	0.2000	0
33		Total derivative instruments	0			0	XXX	0	XXX	0	XXX	0
34		TOTAL (Lines 9 + 17 + 25 + 33)	6,757,286			6,757,286	XXX	4	XXX	21	XXX	28
		MORTGAGE LOANS										
		In good standing:										
35		Farm mortgages				0		0		0		0
36		Residential mortgages-insured or guaranteed				0	0.0003	0	0.0006	0	0.0010	0
37		Residential mortgages-all other				0	0.0013	0	0.0030	0	0.0040	0
38		Commercial mortgages-insured or guaranteed				0	0.0003	0	0.0006	0	0.0010	0
39		Commercial mortgages-all other				0		0		0		0
40		In good standing with restructured terms				0		0		0		0
		Overdue, not in process:										
41		Farm mortgages				0	0.0420	0	0.0250	0	0.1200	0
42		Residential mortgages-insured or guaranteed				0	0.0005	0	0.0012	0	0.0020	0
43		Residential mortgages-all other				0	0.0025	0	0.0058	0	0.0060	0
44		Commercial mortgages-insured or guaranteed				0	0.0005	0	0.0012	0	0.0020	0
45		Commercial mortgages-all other				0	0.0420	0	0.0250	0	0.1200	0
		In process of foreclosure:										
46		Farm mortgages				0	0.0000	0	0.1700	0	0.1700	0
47		Residential mortgages-insured or guaranteed				0	0.0000	0	0.0040	0	0.0040	0
48		Residential mortgages-all other				0	0.0000	0	0.0130	0	0.0130	0
49		Commercial mortgages-insured or guaranteed				0	0.0000	0	0.0040	0	0.0040	0
50		Commercial mortgages-all other				0	0.0000	0	0.1700	0	0.1700	0
51		Total Schedule B mortgages (sum of Lines 35 through 50) (Page 2, Line 3, Net admitted asset)	0	0		0	XXX	0	XXX	0	XXX	0
52		Schedule DA mortgages				0		0		0		0
53		Total mortgage loans on real estate (Lines 51 + 52)	0	0		0	XXX	0	XXX	0	XXX	0

(a) Times the company's experience adjustment factor (EAF).

(b) Column 9 is the greater of 6.4% without any EAF adjustments or a company's EAF adjusted In Good Standing (IGS) factor plus 150 basis points. Columns 5 and 7 are 28% and 62% respectively of Column 9.

(c) Determined using the same factors and breakdowns used for directly owned mortgage loans.

ASSET VALUATION RESERVE

Basic Contribution, Reserve Objective and Maximum Reserve Calculations

Equity and Other Invested Asset Component

Line Number	NAIC Designation	Description	1 Book/Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1 + 2 + 3)	Basic Contribution 5 Factor	Basic Contribution 6 Amount (Cols. 4 x 5)	Reserve Objective 7 Factor	Reserve Objective 8 Amount (Cols. 4 x 7)	Maximum Reserve 9 Factor	Maximum Reserve 10 Amount (Cols. 4 x 9)
		COMMON STOCK										
1		Unaffiliated public		XXX	XXX	0	0.0000	0		0		0
2		Unaffiliated private		XXX	XXX	0	0.0000	0	0.0000	0	0.0000	0
3		Federal Home Loan Bank		XXX	XXX	0	0.0000	0	0.0000	0	0.0000	0
4		Affiliated life with AVR		XXX	XXX	0	0.0000	0	0.0000	0	0.0000	0
		Affiliated Investment Subsidiary:										
5		Fixed income exempt obligations				0	XXX		XXX		XXX	
6		Fixed income highest quality				0	XXX		XXX		XXX	
7		Fixed income high quality				0	XXX		XXX		XXX	
8		Fixed income medium quality				0	XXX		XXX		XXX	
9		Fixed income low quality				0	XXX		XXX		XXX	
10		Fixed income lower quality				0	XXX		XXX		XXX	
11		Fixed income in/near default				0	XXX		XXX		XXX	
12		Unaffiliated common stock public				0	0.0000	0		0		0
13		Unaffiliated common stock private				0	0.0000	0	0.1600	0		0
14		Mortgage loans				0		0		0		0
15		Real estate				0		0		0		0
16		Affiliated - certain other (see SVO Purposes and Procedures manual)		XXX	XXX	0	0.0000	0	0.1300	0	0.1900	0
17		Affiliated - all other		XXX	XXX	0	0.0000	0	0.1600	0	0.1900	0
18		Total common stock (sum of Lines 1 through 17) (Page 2, Line 2.2, Net admitted asset)	0 0	0 0	0 0	0 0	XXX	0 0	XXX	0 0	XXX	0 0
		REAL ESTATE										
19		Home office property (General Account only)				0	0.0000	0	0.0750	0	0.0750	0
20		Investment properties				0	0.0000	0	0.0750	0	0.0750	0
21		Properties acquired in satisfaction of debt				0	0.0000	0	0.4100	0	0.1100	0
22		Total real estate (sum of Lines 19 through 21)	0 0	0 0	0 0	0 0	XXX	0 0	XXX	0 0	XXX	0 0
		OTHER INVESTED ASSETS										
		INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF BONDS										
23		Exempt obligations		XXX	XXX	0	0.0000	0	0.0000	0	0.0000	0
24	1	Highest quality		XXX	XXX	0	0.0004	0	0.0023	0	0.0030	0
25	2	High quality		XXX	XXX	0	0.0018	0	0.0058	0	0.0090	0
26	3	Medium quality		XXX	XXX	0	0.0093	0	0.0230	0	0.0140	0
27	4	Low quality		XXX	XXX	0	0.0213	0	0.0530	0	0.0750	0
28	5	Lower quality		XXX	XXX	0	0.0432	0	0.1100	0	0.1700	0
29	6	In or near default		XXX	XXX	0	0.0000	0	0.2000	0	0.2000	0
30		Total with bond characteristics (sum of Lines 23 through 29)	0 0	XXX	XXX	0 0	XXX	0 0	XXX	0 0	XXX	0 0

ASSET VALUATION RESERVE (continued)

Basic Contribution, Reserve Objective and Maximum Reserve Calculations

			Equity and Other Invested Asset Component				Basic Contribution		Reserve Objective		Maximum Reserve	
Line Number	NAIC Designation	Description	1 Book/Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1 + 2 + 3)	5 Factor	6 Amount (Cols. 4 x 5)	7 Factor	8 Amount (Cols. 4 x 7)	9 Factor	10 Amount (Cols. 4 x 9)
		INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF PREFERRED STOCKS										
31	1	Highest quality		XXX	XXX	0	0.0000	0	0.0000	0	0.0000	0
32	2	High quality		XXX	XXX	0	0.0000	0	0.0000	0	0.0000	0
33	3	Medium quality		XXX	XXX	0	0.0000	0	0.0000	0	0.0000	0
34	4	Low quality		XXX	XXX	0	0.0000	0	0.0000	0	0.0000	0
35	5	Lower quality		XXX	XXX	0	0.0000	0	0.0000	0	0.0000	0
36	6	In or near default		XXX	XXX	0	0.0000	0	0.0000	0	0.0000	0
37		Affiliated life with AVR	0	XXX	XXX	0	XXX	0	XXX	0	XXX	0
38		Total with preferred stock characteristics (sum of Lines 31 through 37)										
		INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF MORTGAGE LOANS										
		In Good Standing:										
39		Farm mortgages			XXX	0		0		0		0
40		Residential mortgages-insured or guaranteed			XXX	0	0.0003	0	0.0006	0	0.0010	0
41		Residential mortgages-all other		XXX	XXX	0	0.0013	0	0.0030	0	0.0040	0
42		Commercial mortgages-insured or guaranteed			XXX	0	0.0003	0	0.0006	0	0.0010	0
43		Commercial mortgages-all other			XXX	0		0		0		0
44		In good standing with restructured terms										
		Overdue, Not in Process:										
45		Farm mortgages			XXX	0	0.0420	0	0.0870	0	0.1200	0
46		Residential mortgages-insured or guaranteed			XXX	0	0.0005	0	0.0012	0	0.0020	0
47		Residential mortgages-all other			XXX	0	0.0026	0	0.0060	0	0.0030	0
48		Commercial mortgages-insured or guaranteed			XXX	0	0.0005	0	0.0012	0	0.0020	0
49		Commercial mortgages-all other			XXX	0	0.0420	0	0.0870	0	0.1200	0
		In Process of foreclosure:										
50		Farm mortgages			XXX	0	0.0000	0	0.1700	0	0.1700	0
51		Residential mortgages-insured or guaranteed			XXX	0	0.0000	0	0.0040	0	0.0040	0
52		Residential mortgages-all other			XXX	0	0.0000	0	0.0130	0	0.0130	0
53		Commercial mortgages-insured or guaranteed			XXX	0	0.0000	0	0.0040	0	0.0040	0
54		Commercial mortgages-all other			XXX	0	0.0000	0	0.1700	0	0.1700	0
55		Total with mortgage loan characteristics (sum of Lines 39 through 54)	0	0	XXX	0	XXX	0	XXX	0	XXX	0

ASSET VALUATION RESERVE (continued)

Basic Contribution, Reserve Objective and Maximum Reserve Calculations

			Equity and Other Invested Asset Component				Basic Contribution		Reserve Objective		Maximum Reserve	
Line Number	NAIC Designation	Description	1 Book/Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1 + 2 + 3)	5 Factor	6 Amount (Cols. 4 x 5)	7 Factor	8 Amount (Cols. 4 x 7)	9 Factor	10 Amount (Cols. 4 x 9)
		INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF COMMON STOCK										
56		Unaffiliated public		XXX	XXX	0	0.0000	0		0		0
57		Unaffiliated private		XXX	XXX	0	0.0000	0	0.1600	0	0.1600	0
58		Affiliated life with AVR		XXX	XXX	0	0.0000	0	0.0000	0	0.0000	0
59		Affiliated certain other (see SVO Purposes and Procedures manual)		XXX	XXX	0	0.0000	0	0.1300	0	0.1300	0
60		Affiliated other - all other		XXX	XXX	0	0.0000	0	0.1600	0	0.1600	0
61		Total with common stock characteristics (sum of Lines 56 through 60)	0	XXX	XXX	0	XXX	0	XXX	0	XXX	0
		INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF REAL ESTATE										
62		Home office property (general account only)				0	0.0000	0	0.0750	0	0.0750	0
63		Investment properties				0	0.0000	0	0.0750	0	0.0750	0
64		Properties acquired in satisfaction of debt				0	0.0000	0	0.1100	0	0.1100	0
65		Total with real estate characteristics (Lines 62 through 64)	0	0	0	0	XXX	0	XXX	0	XXX	0
		ALL OTHER INVESTMENTS										
66		Other invested assets - Schedule BA		XXX		0	0.0000	0	0.1500	0	0.1300	0
67		Other short-term invested assets - Schedule DA		XXX		0	0.0000	0	0.1300	0	0.1300	0
68		Total all other (sum of Lines 66 + 67)	0	XXX	0	0	XXX	0	XXX	0	XXX	0
69		Total other invested assets - Schedule BA & DA (Sum of Lines 30, 38, 55, 61, 65 and 68)	0	0	0	0	XXX	0	XXX	0	XXX	0

(a) Times the company's experience adjustment factor (EAF).
(b) Column 9 is the greater of 6.4% without any EAF adjustments or a company's EAF adjusted In Good Standing (IGS) factor plus 150 basis points. Columns 5 and 7 are 28% and 62% respectively of Column 9.
(c) Determined using the same factors and breakdowns used for directly owned mortgage loans.
(d) Times the company's weighted average portfolio beta (Minimum .10, Maximum .20).
(e) Determined using same factors and breakdowns used for directly owned real estate.

ASSET VALUATION RESERVE (continued)

Basic Contributions, Reserve Objective and Maximum Reserve Calculations

Replications (Synthetic) Assets

1 RSAT Number	2 Type	3 CUSIP	4 Description of Asset(s)	5 NAIC Designation or Other Description of Asset	6 Value of Asset	7 AVR Basic Contribution	8 AVR Reserve Objective	9 AVR Maximum Reserve

NONE

Supplement for the year 2006 of the COLONIAL INSURANCE CAMPANY

SUPPLEMENTAL COMPENSATION EXHIBIT

(To be filed by March 1)

PART 1 - INTERROGATORIES

1. The reporting insurer is a member of a group of insurers or other holding company system: Yes No x
   If yes, do the above amounts represent
   1)total gross compensation paid to each individual by or on behalf of all companies which are part of the group Yes
   or 2) allocation to each insurer Yes
2. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this Yes No x
3. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than Yes No x

Part 2 - OFFICERS AND EMPLOYEES COMPENSATION

	1	2	Annual Compensation			
			3	4	5	6
	Name and Principal Position	Year	Salary	Bonus	All Other Compensation	Totals
1.	Nancy J. Holz Controller Jan-Sept part-time 2006	2006	11,484			11,464
	Controller-2005	2005	58,462			58,462
	Chairman,Secy-Treas. 2004	2004	53,673			53,673
2.	Kathleen M Delaney - Manager	2006	47,738			47,738
	Manager -2005	2005	49,829			49,829
	President 2004	2004	48,334			48,334
3.		2006				0
		2005				0
		2004				0
4.		2006				0
		2005				0
		2004				0
5.		2006				0
		2005				0
		2004				0
6.		2006				0
		2005				0
		2004				0
7.		2006				0
		2005				0
		2004				0
8.		2006				0
		2005				0
		2004				0
9.		2006				0
		2005				0
		2004				0
10.		2006				0
		2005				0
		2004				0

PART 3 - DIRECTOR COMPENSATION

	1	2	3	4
	Name and Principal Position or Occupation	Compensation Paid or Deferred for Services as Director	All other Compensation Paid or Deferred	Totals
1.				0
2.				0
3.				0
4.				0
5.				0
6.				0
7.				0
8.				0
9.				0
10.				0
11.				0
12.				0
13.				0
14.				0
15.				0
16.				0
17.				0
18.				0
19.				0
20.				0
21.				0
22.				0
23.				0
24.				0
25.				0

STATEMENT OF ACTUARIAL OPINION

FOR

COLONIAL INSURANCE COMPANY
(In Rehabilitation)

I, D. Joeff Williams, F.S.A., M.A.A.A., Vice President, am associated with the firm of Actuarial Management Resources, Inc., Consulting Actuaries. I have been appointed by the authority of the Board of Trustees of Colonial Insurance Company to render this opinion. I meet the Academy qualification standards for rendering the opinion and am familiar with the valuation requirements applicable to life and health insurance companies.

I have examined the actuarial assumptions and actuarial methods used in determining reserves and related actuarial items listed below, as shown in the annual statement of the company, as prepared for filing with state regulatory officials, as of December 31, 2006.

	Statement Item	Formula Reserves	Additional Actuarial Reserves	Total Reserve Amounts	Analysis Method
A.	Unearned premiums (Exh V, Line 27)	$ 114,542	0	$ 114,542	Gross Prem Val
B.	Active Life reserve (Exh V, Line 29)	2,954,762	200,000	3,154,762	Gross Prem Val
C.	Claim Liability (Exh X, Line 37)	2,099,000	0	2,099,000	Gross Prem Val
	Totals:	$5,168,304	$200,000	$5,368,304	

I have relied upon listings and summaries of policies in force and asset records prepared by Kathleen Delaney, Manager as certified below. In other respects my examination included such review of the actuarial assumptions and actuarial methods and of the underlying basic asset and liability records and such tests of the actuarial calculations as I considered necessary.

Ohio Rule 3901-3-13 (C) (2) & (3) states that "With respect to any block of contracts, or with respect to an insurer's health business as a whole, a prospective gross premium valuation is the ultimate test of reserve adequacy as of a given valuation date. ... Such a gross premium valuation is to be performed whenever a significant doubt exists as to reserve adequacy with respect to any major block of contracts, or with respect to the insurer's health business as a whole." In accordance with this regulation, I generated a gross premium valuation for the Company's accident and health insurance business. Gross premium valuations are projections of future earnings, and actual experience will almost certainly differ from the projections. I believe that the assumptions used in the gross premium valuation are reasonable.

Based on the results of the gross premium valuations, I have concluded that the amounts carried in the balance sheet on account of the actuarial items identified above:

(a) Are computed in accordance with appropriate actuarial standards consistently applied;
(b) Are based on actuarial assumptions which produce reserves at least as great as those called for in any contract provision as to reserve basis and method, and are in accordance with all other contract provisions;
(c) Meet the requirements of the insurance law and regulations of the state of Ohio;
(d) Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the preceding year end; and
(e) Include provision for all actuarial reserves and related statement items that ought to be established.

The reserves and related items, when considered in light of the assets held by the company with respect to such reserves and related actuarial items including, but not limited to, the investment earnings on such assets, and the considerations anticipated to be received and retained under such policies and contracts, make adequate provision, according to presently accepted actuarial standards of practice, for the anticipated cash flows required by the contractual obligations and related expenses of the company.

The actuarial methods, considerations and analyses used in forming my opinion conform to the appropriate Standard of Practice as promulgated by the Actuarial Standards Board, which Standards form the basis of this statement of opinion.

To the best of my knowledge, there have been no material changes from the applicable date of the annual statement to the date of the rendering of this opinion which should be considered in reviewing this opinion.

The impact of unanticipated events subsequent to the date of this opinion is beyond the scope of this opinion. The analysis of the gross premium valuation portion of this opinion should be viewed recognizing that the company's future experience may not follow all the assumptions used in this analysis.

D. Joeff Williams, F.S.A., M.A.A.A.
Actuarial Management Resources, Inc.
4964 University Parkway, Suite 203
(336) 759-0008

I, Kathleen Delaney, Manager of Colonial Insurance Company , Middleburg Heights, Ohio, hereby affirm that the listings and summaries of policies and contracts in force as of December 31, 2006, prepared for and submitted to D. Joeff Williams, F.S.A., M.A.A.A., were prepared under my direction and to the best of my knowledge and belief, are substantially accurate and complete.

Kathleen Delaney
Manager
Colonial Insurance Company
Middleburg Heights, Ohio
(440) 260-0868

I, Kathleen Delaney, Manager of Colonial Insurance Company, Middleburg Heights, Ohio, hereby affirm that the listings and summaries and analysis relating to data prepared for and submitted to D. Joeff Williams, F.S.A., M.A.A.A., in support of the asset-oriented aspects of the opinion were prepared under my direction, and to the best of my knowledge and belief, are substantially accurate and complete.

Kathleen Delaney
Manager
Colonial Insurance Company
Middleburg Heights, Ohio
(440) 260-0868

IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO
CIVIL DIVISION

MARY JO HUDSON, Superintendent, Ohio Department of Insurance, in her Capacity as Rehabilitator of Colonial Insurance Company	)	CASE NO. 03 CVC 01 00597
Plaintiff,	)	JUDGE DAVID FIAS
-vs.-	)	
COLONIAL INSURANCE COMPANY, (In Rehabilitation)	)	
Defendant.	)	

JOURNAL ENTRY AND ORDER APPROVING 2006 ANNUAL ACCOUNTING OF COLONIAL INSURANCE COMPANY

This matter came before the Court upon Motion of Plaintiff Mary Jo Hudson, Superintendent, Ohio Department of Insurance, as Rehabilitator of Colonial Insurance Company ("Rehabilitator"), for an Order Approving the Annual Accounting ("Accounting") of Defendant Colonial Insurance Company ("Colonial") for the Period from January 1, 2006 to December 31, 2006. Upon consideration of Rehabilitator's Motion, the Court finds that the Motion is well-taken and it is hereby:

ORDERED, ADJUDGED AND DECREED that the Accounting of Colonial Insurance Company for the Period from January 1, 2006 to December 1, 2006 is hereby APPROVED.

_____ _____
DATE JUDGE DAVID W. FAIS

APPROVED:

MARC DANN
ATTORNEY GENERAL STATE OF OHIO

By Special Counsel:

KOHRMAN JACKSON & KRANTZ, P.L.L.

_____
VALORIA C. HOOVER (0059596)
5455 Rings Road, Suite 100
Dublin, Ohio 43017-7519
Telephone: (614) 408-9700
Facsimile: (216) 621-6536

Special Counsel for Plaintiff, Mary Jo Hudson, Superintendent, Ohio Department of Insurance, in her Capacity as Rehabilitator of Colonial Insurance Company