



QUARTERLY STATEMENT

AS OF JUNE 30, 2008
OF THE CONDITION AND AFFAIRS OF THE

Seaton Insurance Company

NAIC Group Code 1343, 1343 NAIC Company Code 25763 Employer's ID Number 91-0341780
(Current Period) (Prior Period)

Organized under the Laws of Rhode Island, State of Domicile or Port of Entry Rhode Island
Country of Domicile United States

Incorporated/Organized 04/01/1901 Commenced Business 04/01/1901

Statutory Home Office 200 Metro Center Blvd, Suite 8, Warwick, RI 02886
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 200 Metro Center Blvd, Suite 8 Warwick, RI 02886 401-921-5234
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 200 Metro Center Blvd, Suite 8, Warwick, RI 02886
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 200 Metro Center Blvd, Suite 8 Warwick, RI 02886 401-921-5234-207
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address _____

Statutory Statement Contact Teresa Reali 401-921-5234-207
(Name) (Area Code) (Telephone Number) (Extension)
teresa.reali@enstargroup.us.com 401-921-5238
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
<u>Karl John Wall</u>	<u>President & Chief Operating Officer</u>	<u>Robert Barry Carlson</u>	<u>Treasurer</u>
<u>Thomas John Balkan</u>	<u>Secretary</u>		

OTHER OFFICERS

<u>Joseph Patrick Follis</u>	<u>Vice President</u>		
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DIRECTORS OR TRUSTEES

<u>Robert Barry Carlson</u>	<u>Karl John Wall</u>	<u>Matthew Charles Kaufman</u>	<u>Neil Clark Krauter</u>
<u>Joshua Brendan Porter #</u>			

State ofRhode Island.....
County ofKent.....

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The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

<u>Karl John Wall</u> President & Chief Operating Officer	<u>Robert Barry Carlson</u> Treasurer	<u>Thomas John Balkan</u> Secretary
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a. Is this an original filing? Yes [X] No []

Subscribed and sworn to before me this
8th day of August, 2008

b. If no,
1. State the amendment number _____
2. Date filed 08/15/2008
3. Number of pages attached _____

Teresa M. Reali, Notary Public
April 11, 2010

STATEMENT AS OF JUNE 30, 2008 OF THE Seaton Insurance Company

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	40,466,389		40,466,389	39,668,760
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$244,644), cash equivalents (\$0) and short-term investments (\$11,587,563)	11,832,208		11,832,208	14,169,093
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets	0	0	0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	52,298,597	0	52,298,597	53,837,853
11. Title plants less \$ charged off (for Title insurers only)			0	0
12. Investment income due and accrued	372,360		372,360	414,580
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection			0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	21,784,148		21,784,148	22,430,109
14.2 Funds held by or deposited with reinsured companies	311,540		311,540	337,755
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset	11,874,695	11,874,695	0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets (\$)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates			0	0
22. Health care (\$) and other amounts receivable			0	0
23. Aggregate write-ins for other than invested assets	573,939	0	573,939	446,397
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	87,215,279	11,874,695	75,340,584	77,466,694
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	87,215,279	11,874,695	75,340,584	77,466,694
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Misc Receivable.....	573,939		573,939	446,397
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	573,939	0	573,939	446,397

STATEMENT AS OF JUNE 30, 2008 OF THE Seaton Insurance Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$)	168,830,512	166,062,120
2. Reinsurance payable on paid losses and loss adjustment expenses	7,407,108	6,839,031
3. Loss adjustment expenses	30,117,535	30,800,883
4. Commissions payable, contingent commissions and other similar charges		0
5. Other expenses (excluding taxes, licenses and fees)	307,000	2,459
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		0
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	945,920	696,158
7.2 Net deferred tax liability		0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$)		0
10. Advance premium		0
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)		0
13. Funds held by company under reinsurance treaties	158,198	158,198
14. Amounts withheld or retained by company for account of others		0
15. Remittances and items not allocated		0
16. Provision for reinsurance	10,857,760	10,857,760
17. Net adjustments in assets and liabilities due to foreign exchange rates	58,302	(112,509)
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates		0
20. Payable for securities		0
21. Liability for amounts held under uninsured plans		0
22. Capital notes \$ and interest thereon \$		0
23. Aggregate write-ins for liabilities	(154,937,665)	(162,941,954)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	63,744,670	52,362,146
25. Protected cell liabilities		0
26. Total liabilities (Lines 24 and 25)	63,744,670	52,362,146
27. Aggregate write-ins for special surplus funds	157,999,999	157,999,999
28. Common capital stock	2,600,000	2,600,000
29. Preferred capital stock		0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes		0
32. Gross paid in and contributed surplus	52,400,000	52,400,000
33. Unassigned funds (surplus)	(201,404,084)	(187,895,453)
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		0
34.2 shares preferred (value included in Line 29 \$)		0
35. Surplus as regards policyholders (Lines 27 to 33, less 34)	11,595,915	25,104,546
36. TOTALS	75,340,585	77,466,692
DETAILS OF WRITE-INS		
2301. Special Surplus from Retro Reinsurance	(156,895,854)	(164,900,143)
2302. Special Surplus from Retro Reinsurance	1,958,189	1,958,189
2303.		0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	(154,937,665)	(162,941,954)
2701. Special Surplus from Retro Reinsurance	(1,000,000)	(1,000,000)
2702. Special Surplus from Retro Reinsurance	158,999,999	158,999,999
2703.		0
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	157,999,999	157,999,999
3001.		0
3002.		0
3003.		0
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$0)	0	0	0
1.2 Assumed (written \$)	(9,772)	767	906
1.3 Ceded (written \$)	0	0	0
1.4 Net (written \$0)	(9,772)	767	906
DEDUCTIONS:			
2. Losses incurred (current accident year \$):			
2.1 Direct	(853,604)	3,116,858	1,257,985
2.2 Assumed	14,498,410	9,338,945	18,034,430
2.3 Ceded	3,176,429	13,825,964	15,823,856
2.4 Net	10,468,377	(1,370,161)	3,468,559
3. Loss adjustment expenses incurred	2,713,406	6,594,444	8,032,195
4. Other underwriting expenses incurred	1,004,685	1,136,425	2,340,373
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	14,186,468	6,360,708	13,841,126
7. Net income of protected cells	0	0	0
8. Net underwriting gain or (loss) (Line 1.4 minus Line 6 + Line 7)	(14,196,240)	(6,359,941)	(13,840,220)
INVESTMENT INCOME			
9. Net investment income earned	1,125,997	1,209,323	2,419,811
10. Net realized capital gains (losses) less capital gains tax of \$	4,039	0	0
11. Net investment gain (loss) (Lines 9 + 10)	1,130,036	1,209,323	2,419,811
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$)		0	0
13. Finance and service charges not included in premiums	0	0	0
14. Aggregate write-ins for miscellaneous income	(21,876)	4,644,409	6,367,017
15. Total other income (Lines 12 through 14)	(21,876)	4,644,409	6,367,017
16. Net income before dividends to policyholders after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(13,088,080)	(506,209)	(5,053,392)
17. Dividends to policyholders	0	0	0
18. Net income, after dividends to policyholders after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(13,088,080)	(506,209)	(5,053,392)
19. Federal and foreign income taxes incurred	249,762	(120,157)	0
20. Net income (Line 18 minus Line 19)(to Line 22)	(13,337,842)	(386,052)	(5,053,392)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	25,104,545	40,030,452	40,030,451
22. Net income (from Line 20)	(13,337,842)	(386,052)	(5,053,392)
23. Net transfers (to) from Protected Cell accounts	0	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	24	(301)	(304)
25. Change in net unrealized foreign exchange capital gain (loss)	(170,812)	525,385	985,550
26. Change in net deferred income tax	3,952,460	(864,211)	1,208,080
27. Change in nonadmitted assets	(3,952,460)	864,211	(1,208,080)
28. Change in provision for reinsurance	0	0	(10,857,760)
29. Change in surplus notes	0	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0	0
31. Cumulative effect of changes in accounting principles	0	0	0
32. Capital changes:			
32.1 Paid in	0	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33. Surplus adjustments:			
33.1 Paid in	0	0	0
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34. Net remittances from or (to) Home Office	0	0	0
35. Dividends to stockholders	0	0	0
36. Change in treasury stock	0	0	0
37. Aggregate write-ins for gains and losses in surplus	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37)	(13,508,630)	139,032	(14,925,906)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	11,595,915	40,169,484	25,104,545
DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401. Misc Income or Expense	45,506	18,689	19,230
1402. Run - off Expense	345	(996)	(24,366)
1403. Retro Reinsurance	0	4,626,716	6,411,380
1498. Summary of remaining write-ins for Line 14 from overflow page	(67,726)	0	(39,227)
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(21,876)	4,644,409	6,367,017
3701. Prior Period Adjustment ULAE Reserve	0	0	0
3702. Prior Period Adjustment - Interest Paid to NICO	0	0	0
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	(9,772)	906
2. Net investment income	1,376,984	1,549,305
3. Miscellaneous income	4,340	87,142
4. Total (Lines 1 to 3)	1,371,552	1,637,353
5. Benefits and loss related payments	6,485,947	24,132,669
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	4,096,898	7,877,957
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	(761,138)
10. Total (Lines 5 through 9)	10,582,845	31,249,488
11. Net cash from operations (Line 4 minus Line 10)	(9,211,293)	(29,612,135)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	13,450,344	10,732,396
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	13,450,344	10,732,396
13. Cost of investments acquired (long-term only):		
13.1 Bonds	14,281,866	13,420,823
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	14,281,866	13,420,823
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(831,522)	(2,688,427)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	7,705,935	29,120,061
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	7,705,935	29,120,061
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(2,336,880)	(3,180,501)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	14,169,088	17,349,589
19.2 End of period (Line 18 plus Line 19.1)	11,832,207	14,169,088

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

- A. The accompanying financial statements of the Company have been prepared in conformity with accounting practice prescribed or permitted by the NAIC *Accounting Practices and Procedures* manual and the State of Rhode Island.
- B. The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.
- C. The Company uses the following accounting policies:
1. Short-term investments are stated at cost,
 2. Bonds, including issuer obligations, mortgage-backed securities and asset-backed securities rated 1 and 2 are stated at amortized cost using the interest method; all others are stated at the lower of amortized cost or market.
 3. Common Stocks, other than investments in stocks of subsidiaries and affiliates, are reported at fair market values as determined by the Securities Valuation of the NAIC.
 4. Preferred Stocks – High quality redeemable preferred stocks (NAIC designations 1 and 2), which have characteristics of debt securities, shall be valued at cost or amortized costs. All other redeemable preferred stocks (NAIC designations 3 – 6 shall be reported at the lower of cost, amortized cost or fair value.
 5. Mortgage Loans – Not Applicable
 6. Loan-Backed Securities – Not Applicable
 7. Investments in subsidiaries, controlled and affiliated companies – Not Applicable
 8. Investments in joint ventures, partnerships and limited liability companies – Not Applicable
 9. Derivatives – Not Applicable
 10. Premium Deficiency – Not Applicable
 11. Loss/Claim Adjustment Expenses – Asbestos, Environmental and Other Latent Injury Type Claims
Direct Losses – An exposure analysis on an account by account basis is performed and the appropriate reserves are established whether it be case reserves or a bulk IBNR reserve. IBNR reserves are established for the unknown or unreported cases, adverse development on known cases and allocated adjustment expenses.
Assumed Losses – An exposure analysis on a treaty by treaty is performed and the appropriate case reserves are established. A more detailed category review assists in the development of the IBNR reserves.
 12. Capitalization Policy – Not Applicable.
 13. Pharmaceutical Rebate Receivables – Not Applicable

2. Accounting Changes and Corrections of Errors

- A. There have been no material changes in accounting principles and/or correction of errors the current year.
- B. Disclosure for Insurers Upon Initial Implementation of Codification
 The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Rhode Island prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual, Version effective January 1, 2001, subject to any deviations prescribed or permitted by the State of Rhode Island insurance commissioner

3. Business Combinations and Goodwill (A-C)

Not Applicable

4. Discontinued Operations

Not Applicable

5. Investments (A-G)

Not Applicable

6. Joint Ventures, Partnerships and Limited Liabilities Companies (A-B)

Not Applicable

7. Investment Income

A. Accrued Investment Income
 No material changes since year end 2007

B. Amounts Non-Admitted
 Not Applicable

8. Derivative Instruments (A-F)

Not Applicable

9. Income Taxes

A. Components of the Admitted Net Deferred Tax Asset:

	06/30/2008	12/31/2007
Total gross deferred tax assets	\$ 17,966,121	\$ 14,342,293
Total deferred tax liabilities	(6,091,426)	(6,420,057)
Net deferred tax asset	11,874,695	7,922,236
Non-admitted deferred tax asset	11,874,695	7,922,236
Admitted net deferred tax asset	0	0
Increase in net gross deferred tax asset	3,952,459	1,208,080
Increase in non-admitted gross deferred tax assets	3,952,459	1,208,080

B. Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Significant Components of Income Taxes Incurred and Changes in Deferred Taxes

	06/30/2008	12/31/2007
Current year estimated federal income tax liability	\$ 249,762	\$ -
Total current federal income tax expense	\$ 249,762	\$ -

Deferred Taxes: Gross Deferred Tax Assets and Liabilities

	06/30/2008	12/31/2007
Loss Reserve discount	\$ 7,821,708	\$ 7,739,734
Net Operating Loss carryforward	10,120,233	\$ 6,602,558
Foreign exchange	19,823	0
Book/Tax Basis - Stock	4,357	0
Total gross deferred tax assets	\$ 17,966,121	\$ 14,342,292
Retroactive reinsurance recoverable	(6,091,426)	(6,406,117)
Marketable securities		24,313
Foreign exchange		(38,253)
Total gross deferred tax liabilities	(6,091,426)	(6,420,057)
Net deferred tax asset	\$ 11,874,695	\$ 7,922,235

D. Reconciliation of Expected to Actual Current Federal Income Tax Expense

	06/30/2008	12/31/2007
Tax Expense - Current		
Statutory Income - pre-tax	\$(13,090,342)	\$ (5,053,393)
Loss reserve discount	241,101	(320,985)
Market discount	0	(23,272)
Retroactive reinsurance recoverable	925,562	880,960
Net operating loss	(17,841,712)	(14,988,974)
Market discount - reversed on sales		86,375
Net taxable (loss)	\$(29,765,391)	\$ (19,419,289)
Alternative Minimum Tax	0	-
Current tax benefit - due from Stonewall Ins Co	0	-
Current income tax expense	0	-

E. The Company incurred net operating losses of \$1,854,450, \$13,342,029 and \$4,892,932 for the year ended December 31, 2004, 2005 and 2007, respectively. The NOL incurred in 2004 and 2005 offset 2006 taxable income totaling \$2,186,643 of which \$429,890 is attributed to Stonewall Insurance Company under a tax sharing agreement. The remaining NOL totaling \$17,902,768 is available to offset taxable income through December 31, 2027. In addition, the Company incurred a NOL totaling \$11,923,679 for the six months ended June 30, 2008. The 2007 and June 30, 2008, NOLs are based on estimates and the actual amounts may change.

F. Consolidated Federal Income Tax Return Filing and Income Tax Allocation Agreement:

a. A Federal Tax Sharing Agreement, effective for tax years beginning on or after the first day of January, 2005 was entered into by Seaton Insurance Company, Seaton Acquisition Corporation and Seaton Insurance Company.

b. The tax payable on the consolidated federal income tax return by each member under this Agreement shall be based on the separate tax return liability of each member for the applicable year. To the extent the sum of the separate tax returns liabilities of all members exceeds or is less than the consolidated tax liability, such differences shall be allocated to each member to the extent those members' items or attributes are reflected in the group tax liability.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. Nature of Relationships
No material changes since year end 2007
- B. Detail of Transactions Greater than ½% of Admitted Assets
None
- C. Change in terms of Intercompany Arrangements
Not Applicable
- D. Amounts Due to or from Related Parties
None
- E. Guarantees or Contingencies for related parties
Not Applicable
- F. Related Parties Management Agreement
None

NOTES TO FINANCIAL STATEMENTS

- G. Nature of Relationships that Could Affect Operations
All outstanding shares of the Company are owned by the Parent
- H. Amount Deducted for Investment in Upstream Company
Not Applicable
- I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets
Not Applicable
- J. Write down for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies
Not Applicable

11. Debt

Not applicable

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans (A-E)

Not Applicable

13. Capital and Surplus, Dividend Restrictions and Quasi- Reorganizations

- A. Outstanding Shares
No changes since year end 2007
- B. Dividend Rate of Preferred Stock
No changes since year end 2007
- C, D & E – Dividend Restrictions
No material changes since year end 2007
- F. Mutual Surplus Advances
Not Applicable
- G. Company Stock Held for Special Purposes
Not Applicable
- H. Changes in Special Surplus Funds
Changes in balances of special surplus funds from the prior year are due to the changes in the Retroactive Reinsurance that is disclosed as a separate write-in. Refer to Note #23 (F)
- I. Changes in Unassigned Funds
No material changes since year end 2007
- J. Surplus Notes
Not Applicable
- K & L – Quasi Reorganizations
Not Applicable

14. Contingencies

- A. Contingent Commitments
Not Applicable
- B. Assessments
Not Applicable
- C. Gain Contingencies
Not Applicable
- D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits
The company did not settle any claims that included extra contractual obligation or bad faith claims stemming from lawsuits.
- E. All Other Contingencies
Not Applicable

15. Leases (A-B)

Not Applicable

16. Information About Financial Instruments With Off- Balance Sheet Risk and Financial Instruments With Concentration of Credit Risk (A-D)

Not Applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables Reported as Sales
Not Applicable
- B. Transfer and Servicing of Financial Assets
Not Applicable
- C. Wash Sales
Not Applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans (A-C)

Not Applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not Applicable

20. Other Items

- A. Extraordinary items
Not Applicable
- B. Troubled Debt Restructuring
Not Applicable
- C. Other Disclosures
Not Applicable

NOTES TO FINANCIAL STATEMENTS

- D. Uncollectible Premium Receivable
Not Applicable
- E. Business Interruption Insurance Recoveries
Not Applicable
- F. State Transferable Tax Credits
Not Applicable
- G. Hybrid Securities
Not Applicable
- H. Subprime Mortgage Related Risk Exposure
Not Applicable

21. Events Subsequent

Not Applicable

22. Reinsurance

- A. Unsecured Reinsurance Recoverable
No material changes since year end 2007
- B. Reinsurance Recoverable in Dispute
No material changes since year end 2007
- C. Reinsurance Assumed and Ceded
No material changes since year end 2007
- D. Uncollectible Reinsurance
No material changes since year end 2007
- E. Commutation of Ceded Reinsurance
The Company did not commute any reinsurance during 2007
- F. Retroactive Reinsurance
The Company exhausted the \$350 million limit and therefore nothing is ceded to the Retroactive Treaty with National Indemnity Co. The Company has \$154,937,666 to collected on a cash basis.

23. Retrospectively Rated Contracts (A-D)

Not Applicable

24. Changes in Incurred Losses and Loss Adjustment Expenses

No material changes since year end 2007

25. Intercompany Pooling Arrangements (A-F)

Not Applicable

26. Structured Settlements

Not Applicable

27. Health Care Receivables (A-B)

Not Applicable

28. Participating Accident and Health Policies

Not Applicable

29. Premium Deficiency Reserves

Not Applicable

30. High Deductibles

Not Applicable

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

Not Applicable

32. Asbestos/Environmental Reserves

No material changes since year end 2007

33. Subscriber Savings Account

Not Applicable

34. Multi Peril Crop

Not Applicable

GENERAL INTERROGATORIES

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

**PART 1 - COMMON INTERROGATORIES
GENERAL**

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []

- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

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

- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

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

- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/17/2006
- 6.4 By what department or departments?
Rhode Island Department of Business Regulation.....

- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [] NA []
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] NA []

- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [X] No []
- 7.2 If yes, give full information:
The State of Missouri Suspended it's Certificate of Authority due to Insurance Company no longers writed any business in the state.....

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

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

GENERAL INTERROGATORIES

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

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

9.2 Has the code of ethics for senior managers been amended?..... Yes No

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

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

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

FINANCIAL

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

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

INVESTMENT

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

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

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

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

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

14.2 If yes, please complete the following:

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

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

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

GENERAL INTERROGATORIES

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No []

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Wachovia Bank.....	1525 West W T Harris Blvd, Charlotte, NC 28288.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter?

Yes [] No [X]

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
CRD ID # 11949.....	Madison Scottsdale.....	8777 N. Gainey Drive, Scottsdale, AZ 85228.....

17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?

Yes [X] No []

17.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES

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

PART 2

PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [] No [] NA [X]

If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [] No [X]

If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [] No [X]

3.2 If yes, give full and complete information thereto.

.....

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see annual statement instructions pertaining to disclosure of discounting for definition of "tabular reserves") discounted at a rate of interest greater than zero? Yes [] No [X]

4.2 If yes, complete the following schedule:

			TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
1	2	3	4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Discount Rate	Unpaid Losses	Unpaid LAE	IBNR	TOTAL	Unpaid Losses	Unpaid LAE	IBNR	TOTAL
.....
.....
TOTAL			0	0	0	0	0	0	0	0

SCHEDULE F—CEDED REINSURANCE

Showing all new reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Location	5 Is Insurer Authorized? (Yes or No)
		AFFILIATES		
		US INSURERS		
		POOLS AND ASSOCIATIONS		
		ALL OTHER INSURERS		
NONE				

STATEMENT AS OF JUNE 30, 2008 OF THE Seaton Insurance Company

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama	AL	N	0	(3,354)	200,520	21	44,633
2. Alaska	AK	N	0	0	0	0	0
3. Arizona	AZ	L	0	310,285	1,042,297	4,936,305	5,848,103
4. Arkansas	AR	L	0	0	0	0	0
5. California	CA	L	0	(2,268,686)	607,472	25,043,394	24,545,506
6. Colorado	CO	L	0	(19,766)	0	158,053	139,028
7. Connecticut	CT	L	0	(643)	0	350,027	228,245
8. Delaware	DE	L	0	0	0	0	0
9. District of Columbia	DC	L	0	3,112	0	190,415	11,374
10. Florida	FL	N	0	0	0	4,324,731	4,449,191
11. Georgia	GA	N	0	0	0	0	0
12. Hawaii	HI	N	0	0	0	0	0
13. Idaho	ID	R	0	(11,219)	1,378	250,580	218,844
14. Illinois	IL	L	0	317,904	214,501	25,947,613	28,335,071
15. Indiana	IN	L	0	0	0	1,184,905	1,219,005
16. Iowa	IA	N	0	0	0	0	0
17. Kansas	KS	L	0	0	0	0	0
18. Kentucky	KY	N	0	0	0	0	0
19. Louisiana	LA	N	0	0	0	0	0
20. Maine	ME	L	0	1,564	1,933	107,830	116,500
21. Maryland	MD	L	0	(375)	262	16,762	4,250
22. Massachusetts	MA	L	0	0	0	0	0
23. Michigan	MI	L	0	(1,222)	0	6,155,711	6,332,865
24. Minnesota	MN	L	0	0	0	2,955,877	3,040,942
25. Mississippi	MS	N	0	0	0	0	0
26. Missouri	MO	L	0	0	0	0	0
27. Montana	MT	L	0	0	0	27,054	23,628
28. Nebraska	NE	N	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	6,218
30. New Hampshire	NH	L	0	0	0	0	0
31. New Jersey	NJ	N	0	940,892	69,958	5,205,238	6,982,531
32. New Mexico	NM	N	0	0	0	0	0
33. New York	NY	L	0	26,580	2,226,632	5,076,393	14,048,378
34. North Carolina	NC	L	0	(375)	(525)	0	0
35. North Dakota	ND	N	0	0	0	0	0
36. Ohio	OH	L	0	0	0	0	0
37. Oklahoma	OK	L	0	0	0	0	0
38. Oregon	OR	L	0	(124,737)	998,331	202,906	52,872
39. Pennsylvania	PA	L	0	232,189	8,607	31,155,541	26,668,308
40. Rhode Island	RI	L	0	0	0	0	0
41. South Carolina	SC	N	0	0	0	0	0
42. South Dakota	SD	N	0	0	0	0	0
43. Tennessee	TN	L	0	0	0	0	0
44. Texas	TX	L	0	(7,546)	889,768	3,997,193	4,318,080
45. Utah	UT	L	0	(47,003)	0	258,494	227,124
46. Vermont	VT	N	0	0	0	17,738	18,249
47. Virginia	VA	L	0	0	0	0	0
48. Washington	WA	L	0	(581,215)	76,339	14,947,973	10,525,637
49. West Virginia	WV	N	0	0	0	0	0
50. Wisconsin	WI	L	0	0	1,807	7,093,095	7,297,617
51. Wyoming	WY	N	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0
57. Canada	CN	L	0	0	0	0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0
59. Totals	(a)	31	0	(1,233,615)	6,339,280	139,603,849	144,702,199
DETAILS OF WRITE-INS							
5801.	XXX						
5802.	XXX						
5803.	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page.	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0

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

PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire			.00	.00
2. Allied Lines		16,968	.00	.00
3. Farmowners multiple peril		698,604	.00	.00
4. Homeowners multiple peril		(555,704)	.00	.00
5. Commercial multiple peril		(928,666)	.00	.00
6. Mortgage guaranty			.00	.00
8. Ocean marine			.00	.00
9. Inland marine		(44,707)	.00	.00
10. Financial guaranty			.00	.00
11.1 Medical malpractice - occurrence			.00	.00
11.2 Medical malpractice - claims-made			.00	.00
12. Earthquake			.00	.00
13. Group accident and health			.00	.00
14. Credit accident and health			.00	.00
15. Other accident and health		1,168	.00	.00
16. Workers' compensation		1,039,788	.00	.00
17.1 Other liability - occurrence		(1,428,351)	.00	.00
17.2 Other liability - claims-made			.00	.00
18.1 Products liability - occurrence		239,254	.00	.00
18.2 Products liability - claims-made			.00	.00
19.1,19.2 Private passenger auto liability		75,095	.00	.00
19.3,19.4 Commercial auto liability		(149)	.00	.00
21. Auto physical damage		(1,094)	.00	.00
22. Aircraft (all perils)			.00	.00
23. Fidelity		(819)	.00	.00
24. Surety		1,060	.00	.00
26. Burglary and theft		33,949	.00	.00
27. Boiler and machinery			.00	.00
28. Credit			.00	.00
29. International			.00	.00
30. Warranty			.00	.00
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	.00	.00
35. TOTALS	0	(853,604)	0.0	0.0
DETAILS OF WRITE-INS				
3401.				
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	.00	.00
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0.0	0.0

PART 2 - DIRECT PREMIUMS WRITTEN

Lines of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire	0		0
2. Allied Lines	0		0
3. Farmowners multiple peril	0		0
4. Homeowners multiple peril	0		0
5. Commercial multiple peril	0		0
6. Mortgage guaranty	0		0
8. Ocean marine	0		0
9. Inland marine	0		0
10. Financial guaranty	0		0
11.1 Medical malpractice - occurrence	0		0
11.2 Medical malpractice - claims-made	0		0
12. Earthquake	0		0
13. Group accident and health	0		0
14. Credit accident and health	0		0
15. Other accident and health	0		0
16. Workers' compensation	0		0
17.1 Other liability - occurrence	0		0
17.2 Other liability - claims-made	0		0
18.1 Products liability - occurrence	0		0
18.2 Products liability - claims-made	0		0
19.1,19.2 Private passenger auto liability	0		0
19.3,19.4 Commercial auto liability	0		0
21. Auto physical damage	0		0
22. Aircraft (all perils)	0		0
23. Fidelity	0		0
24. Surety	0		0
26. Burglary and theft	0		0
27. Boiler and machinery	0		0
28. Credit	0		0
29. International	0		0
30. Warranty	0		0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0
35. TOTALS	0	0	0
DETAILS OF WRITE-INS			
3401.			
3402.			
3403.			
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0

NONE

STATEMENT AS OF JUNE 30, 2008 OF THE Seaton Insurance Company

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2008 Loss and LAE Payments on Claims Reported as of Prior Year-End	2008 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2008 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2005 + Prior	106,293	90,570	196,863	11,097		11,097	106,945		92,003	198,948	11,749	1,433	13,182
2. 2006			0			0				0	0	0	0
3. Subtotals 2006 + Prior	106,293	90,570	196,863	11,097	0	11,097	106,945	0	92,003	198,948	11,749	1,433	13,182
4. 2007			0			0				0	0	0	0
5. Subtotals 2007 + Prior	106,293	90,570	196,863	11,097	0	11,097	106,945	0	92,003	198,948	11,749	1,433	13,182
6. 2008	XXX	XXX	XXX	XXX		0	XXX			0	XXX	XXX	XXX
7. Totals	106,293	90,570	196,863	11,097	0	11,097	106,945	0	92,003	198,948	11,749	1,433	13,182
8. Prior Year-End's Surplus As Regards Policyholders	25,105										Col. 11, Line 7 As % of Col. 1 Line 7	Col. 12, Line 7 As % of Col. 2 Line 7	Col. 13, Line 7 As % of Col. 3 Line 7
											1. 11.1	2. 1.6	3. 6.7
													Col. 13, Line 7 As a % of Col. 1 Line 8
													4. 52.5

13

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

RESPONSE

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

Explanation:

- 1.
- 2.
- 3.

Bar Code:

- 1. 
2 5 7 6 3 2 0 0 8 4 9 0 0 0 0 0 2
- 2. 
2 5 7 6 3 2 0 0 8 4 5 5 0 0 0 0 2
- 3. 
2 5 7 6 3 2 0 0 8 3 6 5 0 0 0 0 2

OVERFLOW PAGE FOR WRITE-INS

PQ004 Additional Aggregate Lines for Page 04 Line 14.

*STMTINCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
1404. Reinsurance Unpaid Paid writeoff.....	(67,726)	0	(39,227)
1497. Summary of remaining write-ins for Line 14 from Page 04	(67,726)	0	(39,227)

SCHEDULE A - VERIFICATION

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
NONE		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		0
2.2 Additional investment made after acquisitions		0
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		0
5. Deduct amounts received on disposals		0
6. Total foreign exchange change in book/adjusted carrying value		0
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amount		0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
NONE		
1. Book value/recorded investment excluding accrued interest receivable as of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		0
2.2 Additional investment made after acquisitions		0
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted accounts		0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

SCHEDULE BA – VERIFICATION

Other Long Term Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
NONE		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		0
2.2 Additional investment made after acquisitions		0
3. Capitalized deferred interest and other		
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and depreciation		0
9. Total foreign exchange change in book/adjusted carrying value		0
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts		0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	39,668,756	37,072,104
2. Cost of bonds and stocks acquired	14,281,866	13,420,819
3. Accrual of discount	15,654	(3,221)
4. Unrealized valuation increase (decrease)	24	(304)
5. Total gain (loss) on disposals	4,039	0
6. Deduct consideration for bonds and stocks disposed of	13,450,344	10,732,396
7. Deduct amortization of premium	53,606	88,246
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	40,466,389	39,668,756
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	40,466,389	39,668,756

STATEMENT AS OF JUNE 30, 2008 OF THE Seaton Insurance Company

SCHEDULE D - PART 1B

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	52,794,015	19,493,116	21,504,800	(10,200)	52,794,015	50,772,130	.0	53,497,293
2. Class 2 (a).....	2,031,912		1,010,037	256,949	2,031,912	1,278,824	.0	2,038,640
3. Class 3 (a).....	262,735			(262,734)	262,735	.1	.0	262,711
4. Class 4 (a).....	.0				.0	.0	.0	.0
5. Class 5 (a).....	.0				.0	.0	.0	.0
6. Class 6 (a).....	0				0	0	0	0
7. Total Bonds	55,088,662	19,493,116	22,514,837	(15,985)	55,088,662	52,050,955	0	55,798,644
PREFERRED STOCK								
8. Class 1.....	.0				.0	.0	.0	.0
9. Class 2.....	.0				.0	.0	.0	.0
10. Class 3.....	.0				.0	.0	.0	.0
11. Class 4.....	.0				.0	.0	.0	.0
12. Class 5.....	.0				.0	.0	.0	.0
13. Class 6.....	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	55,088,662	19,493,116	22,514,837	(15,985)	55,088,662	52,050,955	0	55,798,644

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....498,051 ; NAIC 2 \$.....; NAIC 3 \$.....; NAIC 4 \$.....; NAIC 5 \$.....; NAIC 6 \$.....

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SCHEDULE DA - PART 1**Short-Term Investments Owned End of Current Quarter**

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals	11,587,564	XXX	11,585,298	166,560	3,333

SCHEDULE DA - VERIFICATION**Short-Term Investments**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	6,133,886	15,628,478
2. Cost of short-term investments acquired	36,282,206	59,103,810
3. Accrual of discount.....	2,266	
4. Unrealized valuation increase (decrease).....		(7,599)
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals.....	30,829,124	68,590,803
7. Deduct amortization of premium.....	1,670	
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	11,587,563	6,133,886
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	11,587,563	6,133,886

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

SCHEDULE E-VERIFICATION

(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	9,996,000	
2. Cost of cash equivalents.....		9,996,000
3. Accrual of discount.....		
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration received on disposals.....	9,996,000	
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	0	9,996,000
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11)	0	9,996,000

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

STATEMENT AS OF JUNE 30, 2008 OF THE Seaton Insurance Company

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator ^(a)
3128X7-YG-2	FEDERAL HOME LN MTG CORP		05/28/2008	BAIRD, ROBERT W., & COMPA		997,000	1,000,000		1
3136F9-PJ-6	FEDERAL NATL MTG ASSN		05/08/2008	MERRILL LYNCH		998,984	1,000,000		1
3136F9-SJ-3	FEDERAL NATL MTG ASSN		05/28/2008	MORGAN KEEGAN and COMPANY		1,000,000	1,000,000		1
3136F9-UZ-4	FEDERAL NATL MTG ASSN		06/09/2008	MORGAN KEEGAN and COMPANY		1,000,000	1,000,000		1
912828-HQ-6	UNITED STATES TREAS NTS		04/16/2008	FIRST TENNESSEE SECURITIE		1,240,403	1,235,000	7,511	1
0399999 - Total	- Bonds - U.S. Government					5,236,387	5,235,000	7,511	XXX
135087-YG-3	CANADA GOVT	F	06/10/2008	RBC TORONTO		1,012,500	1,000,000	1,233	1FE
1099999 - Total	- Bonds - All Other Government					1,012,500	1,000,000	1,233	XXX
383750-WL-9	GNMA REMIC TRUST 2008-50		06/09/2008	STEPHENS INC		998,125	1,000,000	4,333	1
3199999 - Total	- Bonds - Special Revenue					998,125	1,000,000	4,333	XXX
71713U-AQ-5	PHARMACIA CORP		05/20/2008	SOUTHWEST SECURITIES INC		550,410	500,000	15,528	1FE
4599999 - Total	- Bonds - Industrial, Misc.					550,410	500,000	15,528	XXX
6099997 - Total	- Bonds - Part 3					7,797,422	7,735,000	28,605	XXX
6099999 - Total	- Bonds					7,797,422	7,735,000	28,605	XXX
6599999 - Total	- Preferred Stocks					0	XXX	0	XXX
7299999 - Total	- Common Stocks					0	XXX	0	XXX
7399999 - Total	- Preferred and Common Stocks					0	XXX	0	XXX
7499999 - Totals						7,797,422	XXX	28,605	XXX

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

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STATEMENT AS OF JUNE 30, 2008 OF THE Seaton Insurance Company

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
3133XC-4D-2	FEDERAL HOME LN BKS		06/13/2008	MATURITY		1,000,000	1,000,000	997,410	999,578		422		422		1,000,000			.0	20,500	06/13/2008	1
3133XM-VY-4	FEDERAL HOME LN BKS		05/21/2008	CALLED @ 100.0000000		1,000,000	1,000,000	999,570	1,001,779		.46		.46		1,001,824		(1,824)	(1,824)	30,000	11/21/2022	1
3128X6-EN-2	FEDERAL HOME LN MTG CORP		06/27/2008	CALLED @ 100.0000000		1,000,000	1,000,000	1,008,281	1,005,179		(5,179)		(5,179)		1,000,000			.0	33,125	06/27/2022	1
3136F8-DH-5	FEDERAL NATL MTG ASSN		04/18/2008	CALLED @ 100.0000000		1,000,000	1,000,000	1,000,000	1,000,000		.0		.0		1,000,000			.0	46,125	01/18/2022	1
912827-4F-6	UNITED STATES TREAS NTS		05/15/2008	MATURITY		1,235,000	1,235,000	1,249,473	1,237,701		(2,701)		(2,701)		1,235,000			.0	36,844	05/15/2008	1
0399999	Bonds - U.S. Governments					5,235,000	5,235,000	5,254,734	5,244,237	0	(7,412)	0	(7,412)	0	5,236,824	0	(1,824)	(1,824)	166,594		XXX
3133XC-T6-0	FEDERAL HM LN BANK SK-2015		06/18/2008	PRINCIPAL RECEIPT		23,315	23,315	23,489	23,454		(138)		(138)		23,315			.0	461	08/18/2015	1
3133XD-DQ-1	FEDERAL HM LN BANK T0-2015		06/20/2008	PRINCIPAL RECEIPT		19,027	19,027	19,077	19,104		(77)		(77)		19,027			.0	372	10/20/2015	1
3133XE-5D-7	SER00-0606		06/30/2008	PRINCIPAL RECEIPT		26,620	26,620	26,613	26,615		.5		.5		26,620			.0	535	12/28/2012	1
31394J-6X-0	FHLMC REMIC SERIES 2681		06/16/2008	PRINCIPAL RECEIPT		21,510	21,510	22,310	21,963		(453)		(453)		21,510			.0	363	09/15/2014	1
31396C-RR-3	FHLMC REMIC SERIES 3046		06/16/2008	PRINCIPAL RECEIPT		29,359	29,359	29,469	29,396		(37)		(37)		29,359			.0	585	02/15/2019	1
31395R-AR-9	FHLMC REMIC SERIES R001		06/16/2008	PRINCIPAL RECEIPT		38,249	38,249	38,134	38,154		.95		.95		38,249			.0	567	04/15/2015	1
31396C-3C-2	FHLMC REMIC SERIES R003		06/16/2008	PRINCIPAL RECEIPT		35,222	35,222	35,165	35,161		.61		.61		35,222			.0	597	10/15/2015	1
31410G-B8-5	FNMA PASS-THRU ADJ LIBOR		06/25/2008	PRINCIPAL RECEIPT		16,123	16,123	15,959	15,958		165		165		16,123			.0	270	05/01/2037	1
31371K-MH-1	FNMA POOL #254260		06/25/2008	PRINCIPAL RECEIPT		9,108	9,108	9,199	9,173		(65)		(65)		9,108			.0	183	03/01/2017	1
31388G-RK-9	FNMA POOL #604490		06/25/2008	PRINCIPAL RECEIPT		10,707	10,707	10,868	10,828		(121)		(121)		10,707			.0	230	11/01/2016	1
31389F-OB-1	FNMA POOL #624250		06/25/2008	PRINCIPAL RECEIPT		11,808	11,808	11,795	11,786		21		21		11,808			.0	243	01/01/2017	1
31390E-HN-5	FNMA POOL #643837		06/25/2008	PRINCIPAL RECEIPT		6,935	6,935	7,026	7,007		(72)		(72)		6,935			.0	154	05/01/2017	1
31390L-2E-5	FNMA POOL #649773		06/25/2008	PRINCIPAL RECEIPT		23,956	23,956	24,327	24,238		(282)		(282)		23,956			.0	514	06/01/2017	1
38375P-W2-3	GNMA REMIC TRUST 2008-29 VIRGINIA ST HSG DEV AUTH COMWL MTG		06/20/2008	PRINCIPAL RECEIPT		152,275	152,275	150,943			1,332		1,332		152,275			.0	925	08/20/2037	1
92812U-XA-1	Sink PMT @ 100.0000000		06/25/2008			26,086	26,086	26,005			82		82		26,086			.0	227	03/25/2038	1FE
3199999	Bonds - Special Revenues					450,300	450,300	450,379	272,837	0	516	0	516	0	450,300	0	0	0	6,226		XXX
852060-AC-6	SPRINT CAP CORP		06/18/2008	CALL		1,015,900	1,000,000	1,106,200	1,021,298		(11,261)		(11,261)		1,010,037		5,863	5,863	35,899	11/15/2008	2FE
4599999	Bonds - Industrial and Miscellaneous					1,015,900	1,000,000	1,106,200	1,021,298	0	(11,261)	0	(11,261)	0	1,010,037	0	5,863	5,863	35,899		XXX
6099997	Bonds - Part 4					6,701,200	6,685,302	6,811,313	6,538,372	0	(18,157)	0	(18,157)	0	6,697,161	0	4,039	4,039	208,719		XXX
6099999	Total - Bonds					6,701,200	6,685,302	6,811,313	6,538,372	0	(18,157)	0	(18,157)	0	6,697,161	0	4,039	4,039	208,719		XXX
6599999	Total - Preferred Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0		XXX
7299999	Total - Common Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0		XXX
7399999	Total - Preferred and Common Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0		XXX
7499999	Totals					6,701,200	XXX	6,811,313	6,538,372	0	(18,157)	0	(18,157)	0	6,697,161	0	4,039	4,039	208,719		XXX

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

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Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

Schedule E - Part 2 - Cash Equivalents

NONE