



QUARTERLY STATEMENT

AS OF MARCH 31, 2009
OF THE CONDITION AND AFFAIRS OF THE

Stonewall Insurance Company

NAIC Group Code 1343, 1343 NAIC Company Code 22276 Employer's ID Number 63-0202590
(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 02/10/1866 Commenced Business 02/10/1866

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 Web Site Address _____

Statutory Statement Contact Teresa M Reali 401-921-5234-207
(Name) (Area Code) (Telephone Number) (Extension)
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(E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
<u>Karl John Wall</u>	<u>President and COO</u>	<u>Robert Barry Carlson</u>	<u>Treasurer</u>
<u>Thomas John Balkan</u>	<u>Secretary</u>		

OTHER OFFICERS

<u>Raymond Rizzi</u>	<u>Vice President</u>	<u>Joseph Follis</u>	<u>Vice President</u>
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DIRECTORS OR TRUSTEES

<u>Karl John Wall</u>	<u>Robert Barry Carlson</u>	<u>Phillip Raygorodetsky</u>	<u>David Browne</u>
<u>Seth Goldberg #</u>			

State of Rhode Island

ss

County of Keny

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.

Karl John Wall
President and COO

Robert Barry Carlson
Treasurer

Thomas John Balkan
Secretary

a. Is this an original filing? Yes [X] No []

Subscribed and sworn to before me this 7 day of May, 2009

b. If no,
1. State the amendment number _____
2. Date filed 05/15/2009
3. Number of pages attached _____

Teresa M. Reali, Notary Public
April 11, 2010

STATEMENT AS OF MARCH 31, 2009 OF THE Stonewall 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	57,102,099		57,102,099	54,195,551
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	1,046,209		1,046,209	1,110,197
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 (\$976,387), cash equivalents (\$0) and short-term investments (\$18,687,551)	19,663,938		19,663,938	22,482,899
6. Contract loans (including \$premium notes)			0	0
7. Other invested assets	1,360,749	1,360,749	0	0
8. Receivables for securities			0	195,670
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	79,172,995	1,360,749	77,812,246	77,984,317
11. Title plants less \$ charged off (for Title insurers only)			0	0
12. Investment income due and accrued	655,041		655,041	536,720
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	9,822,182		9,822,182	9,686,930
14.2 Funds held by or deposited with reinsured companies			0	0
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	52,806		52,806	311,449
16.2 Net deferred tax asset			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	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	89,703,024	1,360,749	88,342,275	88,519,416
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	89,703,024	1,360,749	88,342,275	88,519,416
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.....			0	0
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)	0	0	0	0

STATEMENT AS OF MARCH 31, 2009 OF THE Stonewall Insurance Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$)	76,942,720	77,027,200
2. Reinsurance payable on paid losses and loss adjustment expenses	(232,071)	428,200
3. Loss adjustment expenses	28,741,567	29,136,511
4. Commissions payable, contingent commissions and other similar charges		0
5. Other expenses (excluding taxes, licenses and fees)	85,262	955,572
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))		0
7.2 Net deferred tax liability	6,843,629	6,966,458
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)	22,383	22,383
13. Funds held by company under reinsurance treaties	1,310,148	1,310,148
14. Amounts withheld or retained by company for account of others		0
15. Remittances and items not allocated		0
16. Provision for reinsurance	811,026	811,026
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
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	(85,687,772)	(86,672,373)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	28,836,892	29,985,125
25. Protected cell liabilities		0
26. Total liabilities (Lines 24 and 25)	28,836,892	29,985,125
27. Aggregate write-ins for special surplus funds	13,517,662	13,500,464
28. Common capital stock	2,000,000	2,000,000
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	73,966,820	73,966,820
33. Unassigned funds (surplus)	(29,979,099)	(30,932,991)
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)	59,505,383	58,534,293
36. TOTALS	88,342,275	88,519,418
DETAILS OF WRITE-INS		
2301. Retro Reinsurance	(85,687,772)	(86,672,373)
2302.		
2303.		
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)	(85,687,772)	(86,672,373)
2701. Special Surplus from Retro Reinsurance	13,517,662	13,500,464
2702.		
2703.		
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)	13,517,662	13,500,464
3001.		
3002.		
3003.		
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 \$)		0	
1.3 Ceded (written \$)		0	
1.4 Net (written \$0)	0	0	0
DEDUCTIONS:			
2. Losses incurred (current accident year \$):			
2.1 Direct	0	(3,033,413)	4,590,622
2.2 Assumed		805,109	476,253
2.3 Ceded		(2,403,867)	2,237,816
2.4 Net	0	175,563	2,829,059
3. Loss adjustment expenses incurred	77,884	505,856	2,858,127
4. Other underwriting expenses incurred	268,719	509,327	2,416,308
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	346,603	1,190,746	8,103,494
7. Net income of protected cells		0	0
8. Net underwriting gain or (loss) (Line 1.4 minus Line 6 + Line 7)	(346,603)	(1,190,746)	(8,103,494)
INVESTMENT INCOME			
9. Net investment income earned	689,859	766,783	3,294,875
10. Net realized capital gains (losses) less capital gains tax of \$	30,842	0	219,457
11. Net investment gain (loss) (Lines 9 + 10)	720,701	766,783	3,514,332
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
14. Aggregate write-ins for miscellaneous income	25,354	325,397	3,626,248
15. Total other income (Lines 12 through 14)	25,354	325,397	3,626,248
16. Net income before dividends to policyholders after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	399,452	(98,566)	(962,914)
17. Dividends to policyholders		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)	399,452	(98,566)	(962,914)
19. Federal and foreign income taxes incurred	258,643	(270,521)	(356,191)
20. Net income (Line 18 minus Line 19)(to Line 22)	140,809	171,955	(606,723)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	58,534,299	59,336,827	59,336,830
22. Net income (from Line 20)	140,809	171,955	(606,723)
23. Net transfers (to) from Protected Cell accounts		0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	(64,067)	(16,408)	135,753
25. Change in net unrealized foreign exchange capital gain (loss)		0	0
26. Change in net deferred income tax	122,829	(222,342)	(50,585)
27. Change in nonadmitted assets	771,519	0	(771,519)
28. Change in provision for reinsurance		0	490,544
29. Change in surplus notes		0	0
30. Surplus (contributed to) withdrawn from protected cells		0	0
31. Cumulative effect of changes in accounting principles		0	0
32. Capital changes:			
32.1 Paid in		0	0
32.2 Transferred from surplus (Stock Dividend)		0	0
32.3 Transferred to surplus		0	0
33. Surplus adjustments:			
33.1 Paid in		0	0
33.2 Transferred to capital (Stock Dividend)		0	0
33.3 Transferred from capital		0	0
34. Net remittances from or (to) Home Office		0	0
35. Dividends to stockholders		0	0
36. Change in treasury stock		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)	971,090	(66,795)	(802,531)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	59,505,389	59,270,032	58,534,299
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	8,156	1,114	21,241
1402. Charge-offs	0	2	(3,190)
1403. Retro Reinsurance	17,198	324,281	3,608,197
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	25,354	325,397	3,626,248
3701. Prior Period Adjustment Interest Paid to NICO		0	0
3702. Prior Period Adjustment for ULAE		0	0
3703. Prior Period Adjustment for Tax - ULAE		0	0
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

STATEMENT AS OF MARCH 31, 2009 OF THE Stonewall Insurance Company

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	0	0
2. Net investment income	603,850	3,115,487
3. Miscellaneous income	8,156	18,051
4. Total (Lines 1 to 3)	612,006	3,133,538
5. Benefit and loss related payments	880,003	4,619,404
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	1,611,857	6,343,339
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	(817,458)
10. Total (Lines 5 through 9)	2,491,860	10,145,285
11. Net cash from operations (Line 4 minus Line 10)	(1,879,854)	(7,011,747)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	6,109,742	21,186,402
12.2 Stocks	0	195,671
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	195,670	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	6,305,412	21,382,073
13. Cost of investments acquired (long-term only):		
13.1 Bonds	9,017,840	29,760,825
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	195,670
13.7 Total investments acquired (Lines 13.1 to 13.6)	9,017,840	29,956,495
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)	(2,712,428)	(8,574,422)
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).....	1,773,318	463,550
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	1,773,318	463,550
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)	(2,818,964)	(15,122,619)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	22,482,907	37,605,526
19.2 End of period (Line 18 plus Line 19.1)	19,663,944	22,482,907

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 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 debts 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 – Case Losses and Loss Expense are booked as reported by the ceding companies. A 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, Partnership and Limited Liability Companies (A-B)

Not applicable

7. Investment Income

- A. Accrued Investment Income
 No material changes since year end 2008
- B. Amounts Non- Admitted
 Not Applicable

8. Derivative Instruments (A-F)

Not applicable

9. Income Taxes

On April 10, 2004, Congress enacted into law the Pension Funding Equity Act of 2004. As a result of this legislation, the Company no longer qualifies for tax exempt status under IRC Section 501 ©. Accordingly, effective January 1, 2004, the Company became subject to federal income tax. The impact on surplus as of January 1, 2004, as a result of recording deferred taxes in accordance with Statement of Statutory Accounting Principles No. 10, Income Taxes (SSAP 10), is an increase approximately \$.814 million. This amount has been recorded in the 3rd quarter of 2004 in accordance with statutory accounting principles, which require that deferred tax liabilities and assets be adjusted in the period of enactment for the effect of an enacted change in tax laws.

- A. Components of the Admitted Net Deferred Tax Asset:

NOTES TO FINANCIAL STATEMENTS

	March 31, 2009	December 31, 2008
Total gross deferred tax assets - Gross DTAs	7,928,293	7,923,383
Nonadmitted deferred tax assets	(1,446,024)	(1,424,269)
Total net DTAs	6,482,268	6,499,114
Total deferred tax liabilities - DTLs	(13,325,897)	(13,465,573)
Net deferred tax liability	(6,843,629)	(6,966,459)
Gross deferred tax assets	7,928,293	7,923,383
Non-admitted deferred tax asset	(1,446,024)	(1,424,269)
Admitted net deferred tax asset - DTA	6,482,268	6,499,114
Increase (Decrease) in gross deferred tax asset	4,910	(554,655)
(Increase) Decrease in non-admitted gross DTAs	(21,755)	263,677
Increase (Decrease) in admitted net DTA	(16,846)	(290,978)
B. Not applicable		
C. Significant Components of Income Taxes Incurred and Changes in Deferred Taxes		
	March 31, 2009	December 31, 2008
Current year estimated federal income expense (benefit)	258,643	(356,191)
Total current federal income tax expense	258,643	(356,191)
Deferred Taxes: Gross DTAs/DTLs		
	March 31, 2009	December 31, 2008
Loss Reserve discount	3,713,543	3,730,389
Stocks and Bonds	1,446,024	1,424,269
Surplus Notes	2,768,725	2,768,725
Total gross deferred tax assets - Gross DTAs	7,928,293	7,923,383
Nonadmitted deferred tax assets	(1,446,024)	(1,424,269)
Net deferred tax asset	6,482,268	6,499,114
Reinsurance Recoverable	(186,389)	(186,399)
Note Payable - Nico	(1,957,341)	(1,957,341)
Retroactive Reinsurance	(11,182,167)	(11,321,833)
Total deferred tax liabilities (DTLs)	(13,325,897)	(13,465,573)
Net deferred tax liability - DTL	(6,843,629)	(6,966,459)
D. Reconciliation of Expected to Actual Current Federal Income Tax Expense		
Tax Expense - Current		
	March 31, 2009	December 31, 2008
Statutory Income - pre-tax	399,453	(962,916)
Accretion reversed on securities sold/matured	0	379,345
Reinsurance written off - recovered	0	121,438
Loss reserve discount	(49,547)	(855,816)
Reinsurance recoverable	28	468,987
Retroactive reinsurance recoverable	410,782	238,046
Market discount Accretion - Current	0	(398,454)

NOTES TO FINANCIAL STATEMENTS

Tax exempt interest	0	(38,250)
Net Income	760,716	(1,047,620)
Tax Rate	34%	34%
Current Federal Income Tax Expense	258,643	(356,191)

E. The Company realized capital losses totaling \$777,410 for its tax year ended December 31, 2007. Such capital losses may be carried back and offset capital gains realized in 2004 and 2006.

Capital Gains remaining in 2006 after the capital loss carry back total \$235,851 and may be offset by capital losses realized through 2009.

The Company also realized net operating losses totaling \$1,047,620 for the year ended 12/31/08. Such losses may be carried back and offset taxable income in 2006.

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 January 1, 2005, was entered into by Stonewall Insurance Company, Stonewall Acquisition Corporation and Seaton Insurance Company.

b. The tax liability 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 return liabilities of all members exceeds or is less than the consolidated tax liability, such difference shall be allocated to each member to the extent that such members' items or attributes are reflected in the group tax liability.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. Nature of Relationships
On June 13, 2008 Virginia Holdings Ltd acquired 44.4% of Stonewall Acquisition Corp, the parent of Stonewall Insurance Co. Virginia Holdings Ltd is ultimately owned by Enstar Group Ltd. Enstar (US) Inc., also a subsidiary of Enstar Group Ltd has been the Run-off Administrator for Stonewall Insurance Company since January 2006. The terms of the agreement between Enstar (US) Inc and Stonewall Insurance Co are contained in a written agreement between parties.
- B. Detail of Transactions Greater than ½% of Admitted Assets
No material changes since year end 2008
- C. Change in terms of Intercompany Arrangements
Not Applicable
- D. Amounts Due to or from Related Parties
Not Applicable
- E. Guarantees or Contingencies for Related Parties
Not Applicable
- F. Related Party Arrangements
See note 10A.
- G. Nature of Relationships that Could Affect Operations
See above.
- 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

NOTES TO FINANCIAL STATEMENTS

Not Applicable

12. Retirement Plans, Deferred Compensation, Postemployment Benefits 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 2008
- B. Dividend Rate of Preferred Stock
Not Applicable
- C, D & E – Dividend Restrictions
No material changes since year end 2008
- F. Mutual Surplus Advances
Not Applicable
- G. Company Stock Held for Special Purposes
Not Applicable
- H. Changes in Special Surplus Funds
No material changes since year end 2008
- I. Changes in Unassigned Funds
No material changes since year end 2008
- 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 Concentrations of Credit Risk

Not Applicable

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

- A. Transfer 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
No material changes since year end 2008
- D. Uncollectible Assets
Not Applicable
- E. Business Interruption Insurance Recoveries

NOTES TO FINANCIAL STATEMENTS

- Not Applicable
 - F. State Transferable Tax Credits
Not Applicable
 - G. The Company has no tax deposits which are on deposit with the IRS
 - H. Hybrid Securities
Not Applicable
 - I. Subprime Mortgage Related Risk Exposure
Not Applicable
- 21. Events Subsequent**
Not Applicable
- 22. Reinsurance**
- A. Unsecured Reinsurance Recoverable
No material changes since year end 2008
 - B. Reinsurance Recoverable in Dispute
No material changes since year end 2008
 - C. Reinsurance Assumed and Ceded
No material changes since year end 2008
 - D. Uncollectible Reinsurance
No material changes since year end 2008
 - E. Commutation of Ceded Reinsurance
The Company has not commute any ceded reinsurance during the first three months of 2009.
 - F. Retroactive Reinsurance
The Company ceded an additional \$17,198 of incurred loss in the first three months of 2009 to the Retroactive Treaty with National Indemnity Co.
- 23. Retrospectively Rated Contracts (A-D)**
Not Applicable
- 24. Changes in Incurred Losses and Loss Adjustment Expenses**
No material changes since year end 2008
- 25. Intercompany Pooling Arrangements (A-F)**
Not Applicable
- 26. Structured Settlements (A-B)**
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 2008
- 33. Subscriber Savings Accounts**
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:

- 3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
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. 12/31/2008
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004
- 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 Regulations.....
- 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:
Arkansas suspended its certificate due to Stonewall no longer writes 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 - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?.....

Yes 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 WT Harris Blvd 1525 West WT 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

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 Dr, Ste 220, 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 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

STATEMENT AS OF MARCH 31, 2009 OF THE Stonewall 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	L	0	0	0	2,017,057	2,266,482
2. Alaska	AK	L	0	0	0	0	0
3. Arizona	AZ	L	0	(12,191)	887,547	2,059,291	4,089,267
4. Arkansas	AR	L	0	0	0	517,253	781,634
5. California	CA	L	0	(2,190)	(1,380)	18,774,887	1,647,702
6. Colorado	CO	L	0	0	0	0	0
7. Connecticut	CT	N	0	0	0	0	0
8. Delaware	DE	L	0	0	0	5,171,941	7,815,454
9. District of Columbia	DC	N	0	0	0	0	0
10. Florida	FL	L	0	11,543	101,742	1,829,826	2,899,326
11. Georgia	GA	L	0	0	0	517,194	781,545
12. Hawaii	HI	N	0	0	0	0	0
13. Idaho	ID	L	0	0	0	0	0
14. Illinois	IL	L	0	(810)	(2,429)	2,221,332	3,403,605
15. Indiana	IN	L	0	0	0	0	0
16. Iowa	IA	L	0	0	0	0	0
17. Kansas	KS	L	0	27,919	0	6,113,234	1,891,340
18. Kentucky	KY	L	0	0	0	0	0
19. Louisiana	LA	L	0	0	0	4,241,030	1,172,434
20. Maine	ME	N	0	0	0	0	0
21. Maryland	MD	L	0	0	0	2,586	3,908
22. Massachusetts	MA	L	0	0	0	0	0
23. Michigan	MI	L	0	17,216	(2,496)	3,620	15,110
24. Minnesota	MN	L	0	0	0	0	0
25. Mississippi	MS	L	0	0	0	56	0
26. Missouri	MO	L	0	27,919	0	2,782,809	0
27. Montana	MT	L	0	0	0	0	2,422,906
28. Nebraska	NE	L	0	0	0	0	0
29. Nevada	NV	L	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0
32. New Mexico	NM	L	0	0	0	0	0
33. New York	NY	L	0	24,992	2,261,438	3,527,361	5,542,431
34. North Carolina	NC	L	0	0	0	0	0
35. North Dakota	ND	L	0	0	0	0	0
36. Ohio	OH	L	0	0	0	5,177,227	164,298
37. Oklahoma	OK	L	0	0	0	541,578	818,392
38. Oregon	OR	L	0	0	0	2,006,713	812,807
39. Pennsylvania	PA	N	0	0	21,407	12,462,094	12,827,866
40. Rhode Island	RI	L	0	0	0	0	0
41. South Carolina	SC	L	0	0	0	0	0
42. South Dakota	SD	L	0	0	0	0	0
43. Tennessee	TN	L	0	11,545	738,562	181,018	1,397,142
44. Texas	TX	L	0	0	0	29,089,639	24,040,149
45. Utah	UT	L	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0
47. Virginia	VA	L	0	0	0	31,031,762	46,892,813
48. Washington	WA	L	0	0	1,000,000	0	563,091
49. West Virginia	WV	N	0	0	0	0	0
50. Wisconsin	WI	L	0	0	0	4,706,466	6,564,981
51. Wyoming	WY	L	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	N	0	0	0	0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0
59. Totals	(a)	42	0	105,941	5,004,391	134,975,973	128,814,686
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

Line 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			.00	.00
3. Farmowners multiple peril			.00	.00
4. Homeowners multiple peril			.00	.00
5. Commercial multiple peril			.00	.00
6. Mortgage guaranty			.00	.00
8. Ocean marine			.00	.00
9. Inland marine			.00	.00
10. Financial guaranty			.00	.00
11.1 Medical professional liability - occurrence			.00	.00
11.2 Medical professional liability - 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			.00	.00
16. Workers' compensation			.00	.00
17.1 Other liability - occurrence			.00	.00
17.2 Other liability - claims-made			.00	.00
18.1 Products liability - occurrence			.00	.00
18.2 Products liability - claims-made			.00	.00
19.1,19.2 Private passenger auto liability			.00	.00
19.3,19.4 Commercial auto liability			.00	.00
21. Auto physical damage			.00	.00
22. Aircraft (all perils)			.00	.00
23. Fidelity			.00	.00
24. Surety			.00	.00
26. Burglary and theft			.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	0	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

Line 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 professional liability - occurrence	0		0
11.2 Medical professional liability - claims-made	0		0
12. Earthquake	0		0
13. Group accident and health	0		0
14. Credit accident and health	0		0
15. Other accident and health	0		0
16. Workers' compensation	0		0
17.1 Other liability - occurrence	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 MARCH 31, 2009 OF THE Stonewall 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)	2009 Loss and LAE Payments on Claims Reported as of Prior Year-End	2009 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2009 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. 2006 + Prior	45,597	60,567	106,164	557		557	61,066		44,618	105,684	16,026	(15,948)	.78
2. 2007	0		0			0				0	0	0	0
3. Subtotals 2007 + Prior	45,597	60,567	106,164	557	0	557	61,066	0	44,618	105,684	16,026	(15,948)	.78
4. 2008			0			0				0	0	0	0
5. Subtotals 2008 + Prior	45,597	60,567	106,164	557	0	557	61,066	0	44,618	105,684	16,026	(15,948)	.78
6. 2009	XXX	XXX	XXX	XXX		0	XXX			0	XXX	XXX	XXX
7. Totals	45,597	60,567	106,164	557	0	557	61,066	0	44,618	105,684	16,026	(15,948)	.78
8. Prior Year-End's Surplus As Regards Policyholders	58,534										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. 35.1	2. (26.3)	3. 0.1
													Col. 13, Line 7 As a % of Col. 1 Line 8
													4. 0.1

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 Professional Liability Supplement) be filed with this statement?NO.....
- 3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?NO.....

Explanation:

- 1.
- 2.
- 3.

Bar Code:

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

OVERFLOW PAGE FOR WRITE-INS

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 acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Current year change in encumbrances	0	0
4. Total gain (loss) on disposals	0	0
5. Deduct amounts received on disposals	0	0
6. Total foreign exchange change in book/adjusted carrying value	0	0
7. Deduct current year's other than temporary impairment recognized	0	0
8. Deduct current year's depreciation	0	0
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 amounts	0	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, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and mortgage interest points and commitment fees	0	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest	0	0
10. Deduct current year's other than temporary impairment recognized	0	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. Total valuation allowance	0	0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	1,360,749	1,360,749
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and depreciation	0	0
9. Total foreign exchange change in book/adjusted carrying value	0	0
10. Deduct current year's other than temporary impairment recognized	0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	1,360,749	1,360,749
12. Deduct total nonadmitted amounts	1,360,749	1,360,749
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	55,305,743	46,375,652
2. Cost of bonds and stocks acquired	9,017,840	29,760,824
3. Accrual of discount	4,886	398,271
4. Unrealized valuation increase (decrease)	(64,067)	135,753
5. Total gain (loss) on disposals	30,842	219,457
6. Deduct consideration for bonds and stocks disposed of	6,109,742	21,382,072
7. Deduct amortization of premium	37,198	202,142
8. Total foreign exchange change in book/adjusted carrying value	0	0
9. Deduct current year's other than temporary impairment recognized	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	58,148,304	55,305,743
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	58,148,304	55,305,743

STATEMENT AS OF MARCH 31, 2009 OF THE Stonewall 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).....	69,287,150	21,703,517	29,572,121	(24,827)	61,393,719	0	0	69,287,150
2. Class 2 (a).....	6,447,304		1,000,000	(795,688)	4,651,616	0	0	6,447,304
3. Class 3 (a).....	0			788,124	788,124	0	0	0
4. Class 4 (a).....	0				0	0	0	0
5. Class 5 (a).....	0				0	0	0	0
6. Class 6 (a).....	28,530				28,530	0	0	28,530
7. Total Bonds	75,762,984	21,703,517	30,572,121	(32,391)	66,861,989	0	0	75,762,984
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 & Preferred Stock	75,762,984	21,703,517	30,572,121	(32,391)	66,861,989	0	0	75,762,984

(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 \$.....; NAIC 2 \$.....; NAIC 3 \$.....; NAIC 4 \$.....; NAIC 5 \$.....; NAIC 6 \$.....

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SCHEDULE DA - PART 1

Short-Term Investments

	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
9199999	18,687,551	XXX	18,687,551	9,517	

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.....	21,567,433	9,365,325
2. Cost of short-term investments acquired	21,613,339	77,184,678
3. Accrual of discount.....		13,590
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals.....	24,493,221	64,988,718
7. Deduct amortization of premium.....		7,442
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	18,687,551	21,567,433
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	18,687,551	21,567,433

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.....		28,488,600
2. Cost of cash equivalents acquired.....		0
3. Accrual of discount.....		0
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals.....		28,488,600
7. Deduct amortization of premium.....		0
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	0	0
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	0	0

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 MARCH 31, 2009 OF THE Stonewall 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)
3133XS-ZG-6	FEDERAL HOME LOAN BANKS		.01/30/2009	BAIRD, ROBERT W., & COMPA		1,000,000	1,000,000		1
3136F9-6U-2	FEDERAL NATL MTG ASSN		.01/30/2009	BARCLAYS CAPITAL INC		1,000,000	1,000,000		1
0399999 - Total	Bonds - U.S. Government					2,000,000	2,000,000	0	XXX
73358T-R9-4	PORT AUTH N Y & N J CON		.03/12/2009	FIRST ALBANY CORP		968,000	1,000,000	271	1FE
977100-AV-8	WISCONSIN ST GEN FD ANNUAL APP REV		.03/12/2009	MORGAN KEEGAN and COMPANY		1,002,500	1,000,000	19,788	1FE
3199999 - Total	Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of...					1,970,500	2,000,000	20,059	XXX
428236-AV-5	HEWLETT PACKARD CO		.02/25/2009	SOUTHWEST SECURITIES INC		1,000,290	1,000,000	792	1FE
532457-BE-7	LILLY ELI & CO		.03/11/2009	RBC DAIN RAUSCHER INC		1,013,250	1,000,000	1,167	1FE
717081-DA-8	PFIZER INC		.03/20/2009	SOUTHWEST SECURITIES INC		1,036,100	1,000,000	149	1FE
	PRECISION PARTNERS		.02/13/2009	PAYMENT IN KIND			21,164		6*
478115-AA-6	THE JOHN HOPKINS UNIVERSITY		.03/24/2009	JEFFRIES		994,760	1,000,000	146	1FE
911312-AL-0	UNITED PARCEL SERVICE INC		.03/20/2009	SOUTHWEST SECURITIES INC		1,002,940	1,000,000	108	1FE
3899999 - Total	Bonds - Industrial, Misc.					5,047,340	5,021,164	2,362	XXX
8399997 - Total	Bonds - Part 3					9,017,840	9,021,164	22,421	XXX
8399999 - Total	Bonds					9,017,840	9,021,164	22,421	XXX
8999999 - Total	Preferred Stocks					0	XXX	0	XXX
9799999 - Total	Common Stocks					0	XXX	0	XXX
9899999 - Total	Preferred and Common Stocks					0	XXX	0	XXX
9999999 - Totals						9,017,840	XXX	22,421	XXX

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

E04

STATEMENT AS OF MARCH 31, 2009 OF THE Stonewall 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)	
3133XA-0C-4.	FEDERAL HOME LN BKS.		03/09/2009	CALLED @ 100.0000000		1,000,000	1,000,000	967,500	968,851		308		308		969,158		30,842	30,842	28,000	03/07/2025	1	
3133XP-RK-2.	FEDERAL HOME LOAN BANKS.		01/13/2009	CALLED @ 100.0000000		1,000,000	1,000,000	998,438	1,002,435		(2,435)		(2,435)		1,000,000			0	18,792	03/10/2021	1	
3136F9-UZ-4.	FEDERAL NATL MTG ASSN.		03/30/2009	CALLED @ 100.0000000		1,000,000	1,000,000	1,000,000	1,000,000				0		1,000,000			0	15,000	06/30/2023	1	
912827-4V-1.	US TREASURY NOTES.		03/17/2009	MATURITY.		745,000	745,000	808,989	745,000				0		745,000			0	2,256	11/15/2008	1	
0399999 - Bonds - U.S. Governments						3,745,000	3,745,000	3,774,927	3,716,286	0	(2,127)	0	(2,127)	0	3,714,158	0	30,842	30,842	64,048		XXX	
3128S4-H3-4.	FHLMC PC ARM GIANT II		03/16/2009	PRINCIPAL RECEIPT.		16,604	16,604	16,604	16,604				0		16,604			0	72	05/01/2037	1	
3128NU-EA-8.	FHLMC PC HYBRD ARM		03/15/2009	PRINCIPAL RECEIPT.		4,727	4,727	4,714	4,714		13		13		4,727			0	6	08/01/2037	1	
3128QS-D9-4.	FHLMC PC HYBRD ARM		03/16/2009	PRINCIPAL RECEIPT.		397	397	393	393		4		4		397			0	2	05/01/2037	1	
3133M-KG-3.	FHLMC REMIC SERIES 2590.		03/16/2009	PRINCIPAL RECEIPT.		180,591	180,591	183,075	180,544		47		47		180,591			0	1,093	02/15/2026	1	
3133P-LS-1.	FHLMC REMIC SERIES 2602.		03/16/2009	PRINCIPAL RECEIPT.		28,494	28,494	29,006	28,648		(154)		(154)		28,494			0	120	01/15/2016	1	
31394J-GX-0.	FHLMC REMIC SERIES 2681.		03/16/2009	PRINCIPAL RECEIPT.		22,331	22,331	23,161	22,742		(411)		(411)		22,331			0	95	09/15/2014	1	
31394R-C5-6.	FHLMC REMIC SERIES 2750.		03/16/2009	PRINCIPAL RECEIPT.		33,658	33,658	34,115	33,763		(105)		(105)		33,658			0	159	02/15/2014	1	
31397C-YB-9.	FHLMC REMIC SERIES 3253.		03/16/2009	PRINCIPAL RECEIPT.		45,760	45,760	46,539	46,532		(772)		(772)		45,760			0	212	08/15/2020	1	
31410G-B8-5.	FNMA PASS-THRU ADJ LIBOR		03/25/2009	PRINCIPAL RECEIPT.		28,321	28,321	28,034	28,032		289		289		28,321			0	76	05/01/2037	1	
31412A-0M-9.	FNMA PASS-THRU ADJ LIBOR		03/25/2009	PRINCIPAL RECEIPT.		19,967	19,967	20,064	20,066		(99)		(99)		19,967			0	94	04/01/2037	1	
31371K-MH-1.	FNMA POOL #254260		03/25/2009	PRINCIPAL RECEIPT.		12,329	12,329	12,480	12,427		(98)		(98)		12,329			0	63	03/01/2017	1	
31371K-W3-1.	FNMA POOL #254566		03/25/2009	PRINCIPAL RECEIPT.		21,205	21,205	21,576	21,226		(21)		(21)		21,205			0	83	11/01/2009	1	
31388G-RK-9.	FNMA POOL #604490		03/25/2009	PRINCIPAL RECEIPT.		3,852	3,852	3,910	3,891		(39)		(39)		3,852			0	20	11/01/2016	1	
31389F-0B-1.	FNMA POOL #624250		03/25/2009	PRINCIPAL RECEIPT.		6,383	6,383	6,376	6,371		13		13		6,383			0	33	01/01/2017	1	
31390E-HN-5.	FNMA POOL #643837		03/25/2009	PRINCIPAL RECEIPT.		3,562	3,562	3,609	3,595		(33)		(33)		3,562			0	21	05/01/2017	1	
31390L-2E-5.	FNMA POOL #649773		03/25/2009	PRINCIPAL RECEIPT.		35,520	35,520	36,070	36,068		(548)		(548)		35,520			0	278	06/01/2017	1	
31391U-H7-3.	FNMA POOL #677154		03/25/2009	PRINCIPAL RECEIPT.		35,719	35,719	36,255	36,227		(508)		(508)		35,719			0	116	01/01/2033	1	
31392J-M7-1.	FNMA REMIC TRUST 2003-21.		03/25/2009	PRINCIPAL RECEIPT.		2,343	2,343	2,279	2,275		68		68		2,343			0	10	03/25/2033	1	
31393E-5W-5.	FNMA REMIC TRUST 2003-87.		03/25/2009	PRINCIPAL RECEIPT.		17,043	17,043	16,567	16,775		268		268		17,043			0	60	07/25/2033	1	
38375P-W2-3.	GNMA REMIC TRUST 2008-29.		03/20/2009	PRINCIPAL RECEIPT.		315,780	315,780	313,017	313,933		1,847		1,847		315,780			0	1,955	08/20/2037	1	
383750-WL-9.	GNMA REMIC TRUST 2008-50.		03/20/2009	PRINCIPAL RECEIPT.		467,651	467,651	466,774	466,725		926		926		467,651			0	3,272	06/20/2038	1	
92812U-XA-1.	COMWL MTG.		03/25/2009	Sink PMT @ 100.0000000		37,224	37,224	37,108	37,105		119		119		37,224			0	271	03/25/2038	1FE	
3199999 - Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of . . .						1,339,461	1,339,461	1,341,726	1,338,656	0	806	0	806	0	1,339,461	0	0	0	8,111	XXX	XXX	
393505-GS-5.	GREEN TREE FINANCIAL CO 1995-4		03/16/2009	PRINCIPAL RECEIPT.		25,281	25,281	28,239	25,683		(402)		(402)		25,281			0	172	07/15/2025	1FE	
745332-BM-7.	PUGET SOUND ENERGY INC.		03/09/2009	MATURITY.		1,000,000	1,000,000	1,075,530	1,002,594		(2,594)		(2,594)		1,000,000			0	25,840	03/09/2009	2FE	
3899999 - Bonds - Industrial and Miscellaneous						1,025,281	1,025,281	1,103,769	1,028,277	0	(2,996)	0	(2,996)	0	1,025,281	0	0	0	26,012	XXX	XXX	
8399997 - Bonds - Part 4						6,109,742	6,109,742	6,220,422	6,083,219	0	(4,317)	0	(4,317)	0	6,078,900	0	30,842	30,842	98,171	XXX	XXX	
8399999 - Total - Bonds						6,109,742	6,109,742	6,220,422	6,083,219	0	(4,317)	0	(4,317)	0	6,078,900	0	30,842	30,842	98,171	XXX	XXX	
8999999 - Total - Preferred Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9799999 - Total - Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9899999 - Total - Preferred and Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9999999 Totals						6,109,742	XXX	6,220,422	6,083,219	0	(4,317)	0	(4,317)	0	6,078,900	0	30,842	30,842	98,171	XXX	XXX	

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

E05

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

