



# QUARTERLY STATEMENT

AS OF JUNE 30, 2009  
OF THE CONDITION AND AFFAIRS OF THE

## Cumberland Casualty & Surety Company

NAIC Group Code 0000 (Current Period) 0000 (Prior Period) NAIC Company Code 24660 Employer's ID Number 59-2859008

Organized under the Laws of Florida State of Domicile or Port of Entry Florida  
Country of Domicile United States

Incorporated/Organized 05/04/1988 Commenced Business 05/04/1988

Statutory Home Office 2020 Capital Circle SE Alexander Bldg Tallahassee, FL 32301  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 4311 West Waters Avenue Suite 401 Tampa, FL 33614 850-413-4452  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 2020 Capital Cir Alexander Bldg #350 Tallahassee, FL 32301  
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 4311 West Waters Avenue Suite 401 Tampa, FL 33614 850-413-4452  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.cumberlandtech.com

Statutory Statement Contact Edward W. Stewart 850-413-4452  
(Name) (Area Code) (Telephone Number) (Extension)  
Edward.Stewart@myfloridafco.com 850-922-0289  
(E-Mail Address) (Fax Number)

Name	Title	Name	Title

### OFFICERS

### OTHER OFFICERS

### DIRECTORS OR TRUSTEES

State of Florida  
County of ss

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 asscribed 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.

*Patti Turpin*

Patti Turpin  
Deputy Receiver

Subscribed and sworn to before me this  
14<sup>th</sup> day of August 2009

*Judith M. Bostwick*

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

b. If no,

1. State the amendment number
2. Date filed
3. Number of pages attached



STATEMENT AS OF JUNE 30, 2009 OF THE Cumberland Casualty & Surety 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	249,996		249,996	249,654
2. Stocks:				
2.1 Preferred stocks				0
2.2 Common stocks				0
3. Mortgage loans on real estate:				
3.1 First liens				0
3.2 Other than first liens				0
4. Real estate:				
4.1 Properties occupied by the company (less encumbrances)				0
\$				0
4.2 Properties held for the production of income (less \$ encumbrances)				0
4.3 Properties held for sale (less encumbrances)				0
\$				0
5. Cash (\$ 4,797,919 )				
cash equivalents (\$ 0 )				
and short-term investments (\$ 525,133 )	5,323,052		5,323,052	5,472,057
6. Contract loans (including \$ premium notes)				0
7. Other invested assets	0			0
8. Receivables for securities				0
9. Aggregate write-ins for invested assets	0			0
10. Subtotals, cash and invested assets (Lines 1 to 9)	5,573,048		5,573,048	5,721,711
11. Title plants less \$ charged off (for Title insurers only)				0
12. Investment income due and accrued	4,349		4,349	17,060
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	757,609	757,609		0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)				0
13.3 Accrued retrospective premiums				0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				0
14.2 Funds held by or deposited with reinsured companies				0
14.3 Other amounts receivable under reinsurance contracts				0
15. Amounts receivable relating to uninsured plans				0
16.1 Current federal and foreign income tax recoverable and interest thereon				0
16.2 Net deferred tax asset				0
17. Guaranty funds receivable or on deposit				0
18. Electronic data processing equipment and software				0
19. Furniture and equipment, including health care delivery assets (\$ )	2,429	2,429		0
20. Net adjustment in assets and liabilities due to foreign exchange rates				0
21. Receivables from parent, subsidiaries and affiliates	457,189	457,189		0
22. Health care (\$ ) and other amounts receivable				0
23. Aggregate write-ins for other than invested assets	11,158	11,158		0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	6,805,782	1,228,385	5,577,397	5,738,771
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				0
26. Total (Lines 24 and 25)	6,805,782	1,228,385	5,577,397	5,738,771
<b>DETAILS OF WRITE-INS</b>				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0		0
2301. Prepaid expenses	11,158	11,158		0
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0		0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	11,158	11,158		0

STATEMENT AS OF JUNE 30, 2009 OF THE Cumberland Casualty & Surety Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ )	4,872,690	5,116,266
2. Reinsurance payable on paid losses and loss adjustment expenses	2,033,452	1,788,805
3. Loss adjustment expenses	838,778	839,489
4. Commissions payable, contingent commissions and other similar charges	0	0
5. Other expenses (excluding taxes, licenses and fees)	74,181	74,743
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	73,196	76,465
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	0	0
7.2 Net deferred tax liability	0	0
8. Borrowed money \$ and interest thereon \$	0	0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$ )	0	0
10. Advance premium	0	0
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	0	0
13. Funds held by company under reinsurance treaties	0	0
14. Amounts withheld or retained by company for account of others	1,531,926	1,500,871
15. Remittances and items not allocated	0	0
16. Provision for reinsurance	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates	0	0
18. Drafts outstanding	0	0
19. Payable to parent, subsidiaries and affiliates	0	0
20. Payable for securities	0	0
21. Liability for amounts held under uninsured plans.	0	0
22. Capital notes \$ and interest thereon \$	0	0
23. Aggregate write-ins for liabilities	0	0
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	9,424,223	9,396,639
25. Protected cell liabilities	0	0
26. Total liabilities (Lines 24 and 25)	9,424,223	9,396,639
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock	2,000,000	2,000,000
29. Preferred capital stock	0	0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes	0	0
32. Gross paid in and contributed surplus	3,048,734	3,048,734
33. Unassigned funds (surplus)	(8,895,560)	(8,706,602)
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$ )	0	0
34.2 shares preferred (value included in Line 29 \$ )	0	0
35. Surplus as regards policyholders (Lines 27 to 33, less 34)	(3,846,826)	(3,657,868)
36. TOTALS	5,577,397	5,738,771
<b>DETAILS OF WRITE-INS</b>		
2301. Other liabilities	0	0
2302.	0	0
2303.	0	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)	0	0
2701.	0	0
2702.	0	0
2703.	0	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)	0	0
3001.	0	0
3002.	0	0
3003.	0	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 AS OF JUNE 30, 2009 OF THE Cumberland Casualty & Surety Company

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ 0 )	0	4,738	2,176
1.2 Assumed (written \$ )		0	0
1.3 Ceded (written \$ )		0	0
1.4 Net (written \$ 0 )	0	4,738	2,176
2. Losses incurred (current accident year \$ ):			
2.1 Direct	(35,040)	(371,084)	(687,121)
2.2 Assumed		0	(42,615)
2.3 Ceded		0	0
2.4 Net	(35,040)	(371,084)	(729,736)
3. Loss adjustment expenses incurred	144,950	514,047	307,068
4. Other underwriting expenses incurred	174,454	239,418	435,608
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	284,364	382,381	12,940
7. Net income of protected cells	(284,364)	(377,643)	(10,764)
8. Net underwriting gain or (loss) (Line 1.4 minus Line 6 + Line 7)	57,864	100,978	167,288
9. Net investment income earned	57,864	100,978	167,288
10. Net realized capital gains (losses) less capital gains tax of \$		0	0
11. Net investment gain (loss) (Lines 9 + 10)	57,864	100,978	167,288
<b>OTHER INCOME</b>			
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	17,087	15,301	47,979
15. Total other income (Lines 12 through 14)	17,087	15,301	47,979
16. Net income before dividends to policyholders after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(209,413)	(261,364)	204,503
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)	(209,413)	(261,364)	204,503
19. Federal and foreign income taxes incurred		0	0
20. Net income (Line 18 minus Line 19)(to Line 22)	(209,413)	(261,364)	204,503
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	(3,657,868)	(3,946,054)	(3,946,054)
22. Net income (from Line 20)	(209,413)	(261,364)	204,503
23. Net transfers (to) from Protected Cell accounts		0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$		0	0
25. Change in net unrealized foreign exchange capital gain (loss)		0	0
26. Change in net deferred income tax	20,455	45,280	83,683
27. Change in nonadmitted assets		0	0
28. Change in provision for reinsurance		0	0
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
38. Change in surplus as regards policyholders (Lines 22 through 37)	(188,958)	(216,084)	288,186
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	(3,846,826)	(4,162,138)	(3,657,868)
<b>DETAILS OF WRITE-INS</b>			
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. Other Income	17,087	15,301	47,979
1402.			
1403.			
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)	17,087	15,301	47,979
3701. Change in nonadmitted mortgage loans		0	0
3702.			
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

STATEMENT AS OF JUNE 30, 2009 OF THE Cumberland Casualty & Surety Company

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance	38,171	86,619
2. Net investment income	70,233	178,037
3. Miscellaneous income	17,087	47,979
4. Total (Lines 1 to 3)	125,491	312,635
5. Benefit and loss related payments	208,536	(461,753)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	79,299	946,674
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	287,835	484,921
11. Net cash from operations (Line 4 minus Line 10)	(162,344)	(172,286)
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
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)	0	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	0
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)	0	0
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)	0	0
<b>Cash from Financing and Miscellaneous Sources</b>		
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)	13,339	(106,995)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	13,339	(106,995)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(149,005)	(279,281)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	5,472,057	5,751,338
19.2 End of period (Line 18 plus Line 19.1)	5,323,052	5,472,057

## NOTES TO FINANCIAL STATEMENTS

### Note 1 - Summary of Significant Accounting Policies

#### A. Accounting Practices

The accompanying financial statements of Cumberland Casualty & Surety Company (the "Company") are presented on the basis of accounting practices prescribed or permitted by the Florida Department of Financial Services.

The Florida Department of Financial Services recognizes only statutory accounting practices prescribed or permitted by the state of Florida for determining and reporting the financial condition and result of operations of an insurance company for determining its solvency under the Florida Insurance Law. The National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures manual, version effective January 1, 2001, ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the state of Florida.

On February 26, 2004, the Second Circuit Court of the State of Florida issued its Final Order of Rehabilitation, appointing the Florida Department of Financial Services as Receiver for the Company. The Receiver, the Deputy Receiver, and their authorized representatives conduct the business of Cumberland Casualty & Surety Company under the terms of the receivership order.

The Receivership Order directed the Receiver and Deputy Receiver to take control and possession of all of the Company's property and affairs. The Deputy Receiver and her authorized representatives take the place of the board of directors for the purpose of the financial statement and answers to the various "General Interrogatories" contained herein. Also, the General Interrogatories are answered to the best of the Deputy Receiver and authorized representatives' knowledge, and the answers to such questions may be subject to change or further revision.

Information for periods prior to the receivership is presented as previously reported to the Department by the Company, or as presented in the books and records of the Company. The Deputy Receiver continues to evaluate the way in which the Company reported its pre-receivership information. Before the Company was placed in receivership, the Company operated under previously adopted protocols and agreements. The Deputy Receiver continues to evaluate these protocols and agreements, and the results of this evaluation may necessitate further changes to the Company's financials.

#### B. Use of Estimates in the Preparation of the Financial Statements

The preparation of the 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. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance assumed.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced by ceding allowances received or receivable.

Net investment income earned consists primarily of interest and is recognized on an accrual basis.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost using the scientific interest method.
- (2) Bonds are amortized at cost using the scientific interest method.
- (3) The Company holds no investment in common stock.
- (4) The Company holds no investment in preferred stock.
- (5) Mortgage loans on real estate are at the aggregate unpaid balance.
- (6) The Company holds no investment in loan-backed securities.
- (7) The Company holds no investment in affiliated companies.
- (8) The Company holds no investment in joint ventures, partnerships, or LLCs.
- (9) The Company holds no investment in derivatives.
- (10) The Company does not anticipate investment income as a factor in premium deficiency calculations.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

### Note 2 - Accounting Changes and Corrections of Errors

## NOTES TO FINANCIAL STATEMENTS

No significant change

Note 3 Business Combinations and Goodwill

Not applicable

Note 4 - Discontinued Operations

Not applicable

Note 5 - Investments

No significant change

Note 6 - Joint Ventures Partnerships and Limited Liability Companies

Not applicable

Note 7 - Investment Income

- A. The Company does not admit investment income due and accrued if amounts are over 90 days past due. No amounts have been non-admitted.

Note 8 - Derivative Instruments

Not applicable

Note 9 - Income Taxes

- A. Unrecognized DTLs

Not applicable

- B. Current tax and change in deferred tax

Not applicable

- C. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

Not applicable

- D. Operating Loss and Tax Credit Carry-forward

At December 31, 2007, the Company had a net operating loss carryforward of \$9,037,215. At December 31, 2007, the Company provided a reserve for the entire deferred tax credit that would result from this net operating loss carryforward.

- E. The Company's Federal income tax return is consolidated with Cumberland Technologies, Inc. and its subsidiaries. The method of allocation between the companies is subject to a written agreement approved by the Board of Directors. Allocation is based upon separate return calculations with current credit for net losses.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

- A. Nature of Relationships

All outstanding shares of the Company are owned by Cumberland Technologies, Inc., a Florida domiciled Company.

- B. Detail of Transactions Greater than 1/2% of Admitted Assets

Not applicable

- C. Change in Terms of Inter-company Arrangements

Not applicable

- D. Amounts Due to or from Related Parties

At June 30, 2009 the Company reported \$457,189 receivables from Parent and affiliates.

- E. Guarantees or Contingencies for Related Parties

## NOTES TO FINANCIAL STATEMENTS

Not applicable

F. Management, Service Contracts, Cost Sharing Arrangements

The Company had agency agreements with its affiliates, Surety Group, Surety Associates, and Surety Specialists. Effective January 1, 2008 Surety Group agency was sold. Effective July 1, 2005, Surety Associates, as an agency, was closed and no longer operates as an agency. Surety Specialists has not actively sold insurance for four years and has become a dormant corporation.

Currently the Company has a cost sharing arrangement with Cumberland Technologies, Inc., and Qualex Consulting Inc., whereby employee time and costs are reimbursed on a quarterly basis.

G. Nature of Relationships that Could Affect Operations

All outstanding shares are owned by Cumberland Technologies, Inc.

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

### Note 11 - Debt

Not applicable

### Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Post-retirement Benefit Plans

Not applicable

### Note 13 - Capital and Surplus Shareholders' Dividend Restrictions and Quasi-Reorganizations

Not applicable

### Note 14 - Contingencies

No significant changes

### Note 15 - Leases

No significant changes

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

Not applicable

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

No significant changes

### Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

Not applicable

### Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable

### Note 20 - Other Items

A. Extraordinary Items

Not applicable

Troubled Debt Restructuring for Debtors

## NOTES TO FINANCIAL STATEMENTS

Not applicable

B. Other Disclosures

Assets on Deposit

Assets in the amount of \$2,733,343 and \$2,713,221 at June 30, 2009 and December 31, 2008 respectively, were on deposit with government authorities or trustees as required by law.

C. Uncollectible Premiums Receivable

The Company has non-admitted premiums receivable at June 30, 2009 in the amount of \$757,609. The Deputy Receiver is exercising her authority in the collection of these premiums due.

D. Non-cash transactions

Not applicable

Note 21 – Events Subsequent

A. Description of related losses and contingencies

Not applicable

Note 22 – Reinsurance

A. Unsecured Reinsurance Recoverables

Not applicable

B. Reinsurance Recoverables in Dispute

Not applicable

C. Reinsurance Assumed and Ceded

Not applicable

D. Uncollectible Reinsurance

Not applicable

E. Commutation of Ceded Reinsurance

Not applicable

F. Retroactive Reinsurance

Not applicable

G. Reinsurance accounted for as a deposit

Not applicable

Note 23 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable

Note 24 - Change in Incurred Losses and Loss Adjustment Expenses

The Company incurred combined losses and loss adjustment expenses of \$109,910 and \$142,963 for the six months ending June 30, 2009 and 2008, respectively. Increases or decreases occur as the result of claim settlements, subrogation and changes in reserves during the year. As additional information is received regarding individual claims a change from the original estimates of the cost of these claims incur. Recent loss development trends are also taken into account in evaluating the overall adequacy of unpaid losses and loss adjustment expenses.

Notes 24 through 33 - Various Items

Not applicable

**NOTES TO FINANCIAL STATEMENTS**

**STATEMENT AS OF JUNE 30, 2009 OF THE Cumberland Casualty & Surety Company**

**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: Yes [ ] No [X]
- 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 [ ] No [ ] NA [X]  
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. 12/31/2002
- 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. 12/31/2002
- 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). 10/15/2003
- 6.4 By what department or departments?  
Florida Office of Insurance 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 [ ] No [X]
- 7.2 If yes, give full information.
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]
- 8.4 If 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

STATEMENT AS OF JUNE 30, 2009 OF THE Cumberland Casualty & Surety Company

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 [X] 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: Yes [ ] No [X]

9.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]

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

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

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

FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 457,189

INVESTMENT

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

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

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

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 [X]

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 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 [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ]

If no, attach a description with this statement.

**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 [X] No [ ]

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

<sup>1</sup> Name of Custodian(s)	<sup>2</sup> Custodian Address

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:

<sup>1</sup> Name(s)	<sup>2</sup> Location(s)	<sup>3</sup> 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:

<sup>1</sup> Old Custodian	<sup>2</sup> New Custodian	<sup>3</sup> Date of Change	<sup>4</sup> 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:

<sup>1</sup> Central Registration Depository	<sup>2</sup> Name(s)	<sup>3</sup> Address

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:



**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		
<b>NONE</b>				

STATEMENT AS OF JUNE 30, 2009 OF THE Cumberland Casualty & Surety Company

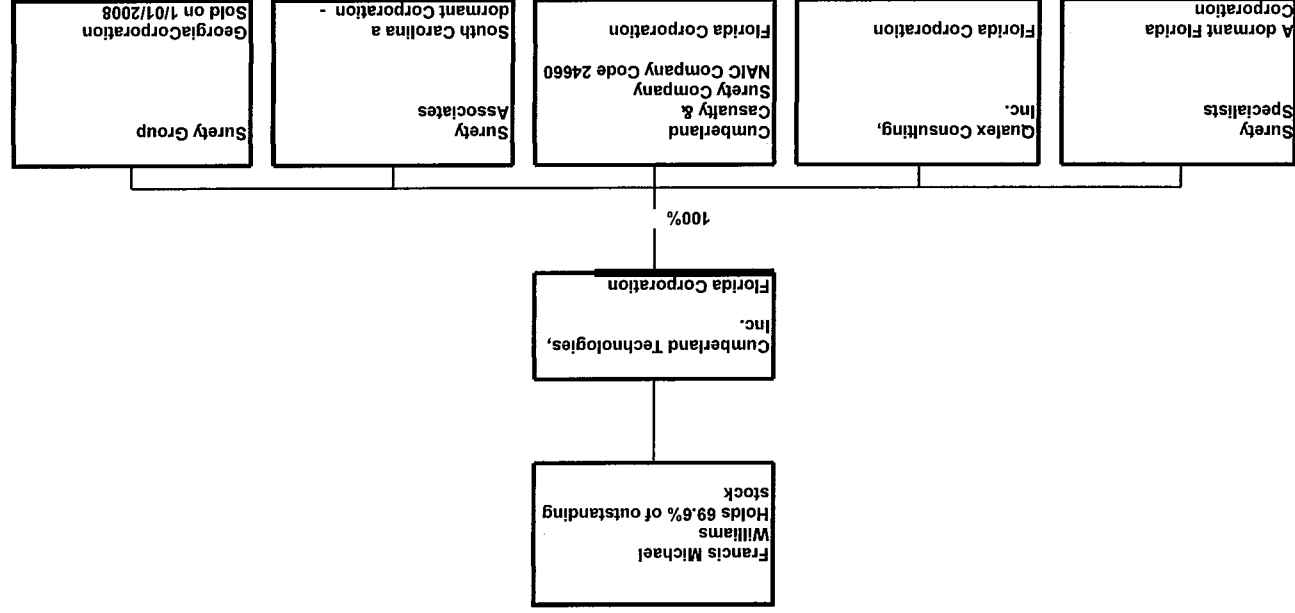
**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

States, etc.	Current Year to Date - Allocated by States and Territories						
	1 Active Status	2 Direct Premiums Written Current Year To Date	3 Prior Year To Date	4 Direct Losses Paid (Deducting Salvage) Current Year To Date	5 Prior Year To Date	6 Direct Losses Unpaid Current Year To Date	7 Prior Year To Date
1. Alabama	AL		0		0		0
2. Alaska	AK		0		0		0
3. Arizona	AZ		0		0		0
4. Arkansas	AR	L	0	(27,065)	72,195	243,896	243,659
5. California	CA		0		0		0
6. Colorado	CO		0		0		0
7. Connecticut	CT		0		0		0
8. Delaware	DE	L	0		0		0
9. District of Columbia	DC	L	0		(1,002)		0
10. Florida	FL	L	1,986	389,351 (146,874)	(356,193) 80,583	2,104,830 1,283,965	1,807,581 1,419,732
11. Georgia	GA	L	0				0
12. Hawaii	HI		0	(3,573)	(388)	32,199	0
13. Idaho	ID		0		0		0
14. Illinois	IL		0		0		0
15. Indiana	IN	L	0		0		0
16. Iowa	IA		0		0		0
17. Kansas	KS	L	0		0		0
18. Kentucky	KY	L	0	(26,084)	49,111 (124,050)	235,052	49,111 396,063
19. Louisiana	LA		0		0		0
20. Maine	ME		0	(6,950)	0		0
21. Maryland	MD	L	0		0		0
22. Massachusetts	MA	L	0		0		0
23. Michigan	MI		0		0		0
24. Minnesota	MN		0		0		0
25. Mississippi	MS		0		0		0
26. Missouri	MO	L	0	(28,618)	0		0
27. Montana	MT	L	0		794		0
28. Nebraska	NE	L	0		0		0
29. Nevada	NV		0	(500)	0		21,445
30. New Hampshire	NH		0		0		0
31. New Jersey	NJ		0		0		0
32. New Mexico	NM		0		0		0
33. New York	NY		0		0		0
34. North Carolina	NC		0		0		0
35. North Dakota	ND	L	0		0		0
36. Ohio	OH		0		0		0
37. Oklahoma	OK	L	0		0		0
38. Oregon	OR	L	0	(13,582)	(14,110)	297,943	235,120
39. Pennsylvania	PA	L	0		(15,786)		0
40. Rhode Island	RI		0		0		0
41. South Carolina	SC	L	(1,631)	21,026	22,881	128,796	32,168
42. South Dakota	SD	L	0		0		0
43. Tennessee	TN		0	(169,034)	18,717	180,089	306,459
44. Texas	TX	L	0	(3,900)	(74,194)		0
45. Utah	UT		0		0		0
46. Vermont	VT		0		0		0
47. Virginia	VA		0		0		0
48. Washington	WA		0		0		0
49. West Virginia	WV		0	(19,227)	(29,682)	55,088	57,179
50. Wisconsin	WI		0		0		0
51. Wyoming	WY		0		0		0
52. American Samoa	AS		0		0		0
53. Guam	GU		0		0		0
54. Puerto Rico	PR		0		0		0
55. U.S. Virgin Islands	VI		0		0		0
56. Northern Mariana Islands	MP		0		0		0
57. Canada	CN		0		0		0
58. Aggregate Other Alien	OT	.XXX	0	0	0	0	0
59. Totals	(a)	20	4,738	(35,040)	(371,084)	4,561,858	4,568,517
<b>DETAILS OF WRITE-INS</b>							
5801.		.XXX					
5802.		.XXX					
5803.		.XXX					
5898.	Summary of remaining write-ins for Line 58 from overflow page.						
5899.	Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)						
		.XXX	0	0	0	0	0

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

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART**

STATEMENT AS OF JUNE 30, 2009 OF THE Cumberland Casualty & Surety Company



STATEMENT AS OF JUNE 30, 2009 OF THE Cumberland Casualty & Surety Company

**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				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)		(35,040)		(7,832.1)
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	0.0
35. TOTALS	0	(35,040)	0.0	(7,832.1)
<b>DETAILS OF WRITE-INS</b>				
3401.				
3402.				
3403.				
3498.	0	0	0.0	0.0
3499.	0	0	0.0	0.0
Summary of remaining write-ins for Line 34 from overflow page				
Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)				

**PART 2 - DIRECT PREMIUMS WRITTEN**

Line of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
	1. Fire	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	4,738
<b>DETAILS OF WRITE-INS</b>			
3401.			
3402.			
3403.			
3498.	0	0	0
3499.	0	0	0
Summary of remaining write-ins for Line 34 from overflow page			
Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)			

**NONE**

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

13	12	11	10	9	8	7	6	5	4	3	2	1	8. Prior Year-End's Surplus As Regards Policyholders	7. Totals	6. 2009	5. Subtotals 2008 + Prior	4. 2008	3. Subtotals 2007 + Prior	2. 2007	1. 2006 + Prior	8. Prior Year-End's Surplus As Regards Policyholders					
Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1)	Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	Q.S. Date IBNR Loss and LAE Reserves	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or reopened Subsequent to Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and open as of Prior Year-End	Total 2009 Loss and LAE Payments (Cols. 4 + 5)	2009 Loss and Unreported Claims as of Prior Year-End	2009 Loss and LAE Payments on Claims Reported as of Prior Year-End	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	Prior Year-End IBNR Loss and LAE Reserves	Prior Year-End Known Case Loss and LAE Reserves		2,581	XXX	2,581	1,267	2,581	543	1,564	2,581	2,581	3,374	2,581	(3,658)	
319	94	225	4,110	543	1,470	354	189	165	4,145	543	1,564	2,581	2,581	110	XXX	2,581	1,267	2,581	543	1,564	2,581	2,581	3,374	2,581	110	
0	0	0	4,653	543	1,470	354	189	165	4,688	543	1,564	2,581	2,581	319	XXX	2,581	1,267	2,581	4,653	1,564	2,581	2,581	3,374	2,581	110	
(209)	94	225	4,653	1,058	1,470	354	189	165	4,688	225	1,564	2,581	2,581	(209)	XXX	2,581	1,267	2,581	4,653	1,564	2,581	2,581	3,374	2,581	110	
110	(115)	225	5,711	3,071	2,640	354	189	165	5,956	225	1,564	2,581	2,581	110	XXX	2,581	1,267	2,581	4,653	1,564	2,581	2,581	3,374	2,581	110	
XXX	XXX	XXX	5,711	3,071	2,640	354	189	165	5,956	225	1,564	2,581	2,581	XXX	XXX	2,581	1,267	2,581	4,653	1,564	2,581	2,581	3,374	2,581	110	
1.8	(3.4)	8.7	5,711	3,071	2,640	354	189	165	5,956	225	1,564	2,581	2,581	1.8	XXX	2,581	1,267	2,581	4,653	1,564	2,581	2,581	3,374	2,581	110	
Col. 13, Line 7 As a % of Col. 3	Col. 12, Line 7 As % of Col. 2	Col. 11, Line 7 As % of Col. 1	Col. 11, Line 7 As % of Col. 1	Col. 11, Line 7 As % of Col. 1	Col. 11, Line 7 As % of Col. 1	Col. 11, Line 7 As % of Col. 1	Col. 11, Line 7 As % of Col. 1	Col. 11, Line 7 As % of Col. 1	Col. 11, Line 7 As % of Col. 1	Col. 11, Line 7 As % of Col. 1	Col. 11, Line 7 As % of Col. 1	Col. 11, Line 7 As % of Col. 1	Col. 11, Line 7 As % of Col. 1	Col. 13, Line 7 As a % of Col. 1	Col. 13, Line 7 As a % of Col. 1	Col. 13, Line 7 As a % of Col. 1	Col. 13, Line 7 As a % of Col. 1	Col. 13, Line 7 As a % of Col. 1	Col. 13, Line 7 As a % of Col. 1	Col. 13, Line 7 As a % of Col. 1	Col. 13, Line 7 As a % of Col. 1	Col. 13, Line 7 As a % of Col. 1	Col. 13, Line 7 As a % of Col. 1	Col. 13, Line 7 As a % of Col. 1	Col. 13, Line 7 As a % of Col. 1	Col. 13, Line 7 As a % of Col. 1
3.	2.	1.	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.	19.	20.	21.	22.	23.	24.

STATEMENT AS OF JUNE 30, 2009 OF THE Cumberland Casualty & Surety Company

**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing 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:**



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**OVERFLOW PAGE FOR WRITE-INS**

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STATEMENT AS OF JUNE 30, 2009 OF THE Cumberland Casualty & Surety Company

SCHEDULE A - VERIFICATION

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

SCHEDULE B - VERIFICATION

Mortgage Loans	1 Year to Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4-5+6-7-8+9-10)	0	
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)	0	
14. Deduct total nonadmitted amounts	0	
15. Statement value at end of current period (Line 13 minus Line 14)	0	

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets	1 Year To Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book/adjusted carrying value, December 31 of prior year	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	
12. Deduct total nonadmitted amounts	0	
13. Statement value at end of current period (Line 11 minus Line 12)	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	249,654	248,934
2. Cost of bonds and stocks acquired		
3. Accrual of discount		
4. Unrealized valuation increase (decrease)	342	720
5. Total gain (loss) on disposals		
6. Deduct consideration for bonds and stocks disposed of		
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)	249,996	249,654
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	249,996	249,654

STATEMENT AS OF JUNE 30, 2009 OF THE Cumberland Casualty & Surety 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	2	3	4	5	6	7	8
	Book/Adjusted Beginning of Carrying Value Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a)	774,839			290	774,839	775,129		774,654
2. Class 2 (a)	0				0	0	0	0
3. Class 3 (a)	0				0	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)	0				0	0	0	0
7. Total Bonds	774,839	0	0	290	774,839	775,129	0	774,654
<b>PREFERRED STOCK</b>								
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	774,839	0	0	290	774,839	775,129	0	774,654

(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 \$ :

STATEMENT AS OF JUNE 30, 2009 OF THE Cumberland Casualty & Surety Company

**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	525,133	XXX	525,133	206	

**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	525,000	525,000
2.	Cost of short-term investments acquired	133	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		0
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)	525,133	525,000
11.	Deduct total nonadmitted amounts		0
12.	Statement value at end of current period (Line 10 minus Line 11)	525,133	525,000

Schedule DB - Part F - Section 1  
**NONE**

Schedule DB - Part F - Section 2  
**NONE**

Schedule E Verification  
**NONE**

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**

Schedule D - Part 3  
**NONE**

Schedule D - Part 4  
**NONE**

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**

STATEMENT AS OF JUNE 30, 2009 OF THE Cumberland Casualty & Surety Company

**SCHEDULE E - PART 1 - CASH**

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	9 Book Balance at End of Each Month During Current Quarter		
					6 First Month	7 Second Month	8 Third Month
Colonial Bank Tampa, FL					440	52,876	XXX
Bank of America Tampa, FL					91,792		97,658
Bank of America Houston, TX					203,992	203,992	203,992
Bank of America Charlotte, NC		1.400	.700	.79	300,000	300,000	300,000
Bank of Guam San Francisco, CA		0.800		1.053	50,000	50,000	50,000
Hancock Bank Baton Rouge, LA		3.170		1.316	70,000	70,000	70,000
US Bank Portland, OR		2.230	252		290,048	290,048	290,048
Florida Division of Treasury Tallahassee, FL		0.460	6,662	.756	1,087,512	1,087,512	1,087,512
Florida Division of Treasury - SPIA 200 Tallahassee, FL		2.454	13,141		1,517,035	1,520,018	1,535,310
Florida Division of Treasury - SPIA 400 Tallahassee, FL		2.454	10,158		1,288,894	1,285,904	1,156,437
0199998 Deposits in depositories that do not exceed the allowable limit in any one depository (see instructions) - Open Depositories	XXX	XXX					XXX
0199999 Totals - Open Depositories	XXX	XXX	30,913	3,204	4,899,713	4,860,350	4,797,619
0399999 Total Cash on Deposit	XXX	XXX	30,913	3,204	4,899,713	4,860,350	4,797,619
0499999 Cash in Company's Office	XXX	XXX	XXX	XXX	300	300	300
0599999 Total Cash	XXX	XXX	30,913	3,204	4,900,013	4,860,650	4,797,919

