



QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2006
OF THE CONDITION AND AFFAIRS OF THE

LUMBERMENS MUTUAL CASUALTY COMPANY

NAIC Group Code 0108 0108 NAIC Company Code 22977 Employer's ID Number 36-1410470
(Current Period) (Prior Period)

Organized under the Laws of Illinois, State of Domicile or Port of Entry Illinois

Country of Domicile United States of America

Incorporated/Organized 11/18/1912 Commenced Business 11/25/1912

Statutory Home Office 1 Kemper Drive, Long Grove, IL 60049-0001
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 1 Kemper Drive Long Grove, IL 60049-0001 847-320-2000
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1 Kemper Drive, Long Grove, IL 60049-0001
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 1 Kemper Drive Long Grove, IL 60049-0001 847-320-3127
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.kemperinsurance.com

Statutory Statement Contact Fredrick Thomas Griffith 847-320-3127
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OFFICERS

Name	Title	Name	Title
<u>Douglas Sean Andrews</u>	<u>President and CEO</u>	<u>John Keating Conway</u>	<u>Secretary</u>
<u>Fredrick Thomas Griffith</u>	<u>Chief Accounting Officer</u>	<u>Geoffrey Andrew Cooke</u>	<u>Treasurer</u>

OTHER OFFICERS

<u>Frederick Otto Kist</u>	<u>Senior Vice President</u>	<u>Benjamin David Schwartz</u>	<u>Senior Vice President</u>
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DIRECTORS OR TRUSTEES

<u>Douglas Sean Andrews #</u>	<u>John Thomas Chain Jr.</u>	<u>Peter Bannerman Hamilton</u>	<u>George Ralph Lewis</u>
<u>Arthur James Massolo #</u>	<u>David Barrett Mathis</u>		

State of Illinois

ss

County of Lake

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.

Douglas Sean Andrews
President and CEO

John Keating Conway
Secretary

Fredrick Thomas Griffith
Chief Accounting Officer

Subscribed and sworn to before me this
6th day of November, 2006

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 SEPTEMBER 30, 2006 OF THE LUMBERMENS MUTUAL CASUALTY 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	1,397,666,218	0	1,397,666,218	1,551,961,871
2. Stocks:				
2.1 Preferred stocks	0	0	0	0
2.2 Common stocks	97,538,659	0	97,538,659	93,861,274
3. Mortgage loans on real estate:				
3.1 First liens	0	0	0	795,919
3.2 Other than first liens	0	0	0	8,257
4. Real estate:				
4.1 Properties occupied by the company (less \$0 encumbrances)	0	0	0	0
4.2 Properties held for the production of income (less \$0 encumbrances)	0	0	0	0
4.3 Properties held for sale (less \$0 encumbrances)	4,241,182	0	4,241,182	4,241,182
5. Cash (\$8,060,752), cash equivalents (\$24,982,292) and short-term investments (\$163,321,192)	196,364,236	0	196,364,236	308,270,902
6. Contract loans, (including \$0 premium notes)	0	0	0	0
7. Other invested assets	28,665,817	0	28,665,817	28,686,507
8. Receivables for securities	0	0	0	32,476,418
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	1,724,476,112	0	1,724,476,112	2,020,302,330
11. Title plants less \$0 charged off (for Title insurers only)	0	0	0	0
12. Investment income due and accrued	15,505,641	0	15,505,641	15,771,735
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	55,040,432	30,556,951	24,483,481	74,550,449
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$0 earned but unbilled premiums)	40,517,385	7,304,874	33,212,511	47,995,805
13.3 Accrued retrospective premiums	45,216,456	1,044,978	44,171,478	58,656,689
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	283,710,559	0	283,710,559	336,460,424
14.2 Funds held by or deposited with reinsured companies	11,527,988	0	11,527,988	10,558,018
14.3 Other amounts receivable under reinsurance contracts	0	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0	0
16.2 Net deferred tax asset	778,639,112	778,639,112	0	0
17. Guaranty funds receivable or on deposit	0	0	0	0
18. Electronic data processing equipment and software	0	0	0	0
19. Furniture and equipment, including health care delivery assets (\$0)	0	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
21. Receivables from parent, subsidiaries and affiliates	0	0	0	0
22. Health care (\$0) and other amounts receivable	0	0	0	0
23. Aggregate write-ins for other than invested assets	185,886,884	38,008,772	147,878,112	170,769,609
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	3,140,520,569	855,554,687	2,284,965,882	2,735,065,059
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	3,140,520,569	855,554,687	2,284,965,882	2,735,065,059
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. Amounts receivable under high deductible policies	47,694,952	12,241,904	35,453,048	32,433,674
2302. Reinsurance accounted for as a deposit	16,331,890		16,331,890	20,053,594
2303. Advance to claims service provider	16,498,076		16,498,076	16,548,677
2398. Summary of remaining write-ins for Line 23 from overflow page	105,361,966	25,766,868	79,595,098	101,733,664
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	185,886,884	38,008,772	147,878,112	170,769,609

STATEMENT AS OF SEPTEMBER 30, 2006 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$3,003,000)	1,189,833,122	1,416,382,931
2. Reinsurance payable on paid losses and loss adjustment expenses	35,612,735	36,560,978
3. Loss adjustment expenses	459,910,498	593,179,696
4. Commissions payable, contingent commissions and other similar charges	319,118	989,595
5. Other expenses (excluding taxes, licenses and fees)	26,095,125	21,309,938
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	44,257,630	48,881,275
7.1 Current federal and foreign income taxes (including \$0 on realized capital gains (losses))	8,041,554	8,256,345
7.2 Net deferred tax liability	0	0
8. Borrowed money \$0 and interest thereon \$0	0	0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$6,750,405 and including warranty reserves of \$865,421)	10,321,839	19,045,951
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)	15,873,803	19,035,927
13. Funds held by company under reinsurance treaties	13,638,938	10,619,735
14. Amounts withheld or retained by company for account of others	156,565,380	183,081,209
15. Remittances and items not allocated	9,158,148	12,222,013
16. Provision for reinsurance	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates	4,570,821	5,339,676
18. Drafts outstanding	0	0
19. Payable to parent, subsidiaries and affiliates	14,108,902	13,191,661
20. Payable for securities	0	0
21. Liability for amounts held under uninsured plans	0	0
22. Capital notes \$0 and interest thereon \$0	0	0
23. Aggregate write-ins for liabilities	167,635,200	178,654,978
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	2,155,942,813	2,566,751,908
25. Protected cell liabilities		0
26. Total liabilities (Lines 24 and 25)	2,155,942,813	2,566,751,908
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock	0	0
29. Preferred capital stock	0	0
30. Aggregate write-ins for other than special surplus funds	1,500,000	1,500,000
31. Surplus notes	698,355,598	698,355,598
32. Gross paid in and contributed surplus	0	0
33. Unassigned funds (surplus)	(570,832,529)	(531,542,447)
34. Less treasury stock, at cost:		
34.10 shares common (value included in Line 28 \$0)	0	0
34.20 shares preferred (value included in Line 29 \$0)	0	0
35. Surplus as regards policyholders (Lines 27 to 33, less 34)	129,023,069	168,313,151
36. TOTALS	2,284,965,882	2,735,065,059
DETAILS OF WRITE-INS		
2301. Accounts payable and other liabilities	163,785,095	164,401,923
2302. Reinsurance accounted for as a deposit	3,850,105	14,253,055
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)	167,635,200	178,654,978
2701.		
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)	0	0
3001. Guaranty fund	1,500,000	1,500,000
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)	1,500,000	1,500,000

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 \$ (1,342,057))	1,122,269	17,765,350	13,200,294
1.2 Assumed (written \$ 2,234,669)	17,023,792	45,079,048	50,643,209
1.3 Ceded (written \$ (3,131,253))	5,398,085	46,664,506	42,543,182
1.4 Net (written \$ 4,023,865)	12,747,976	16,179,892	21,300,321
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 9,599,000):			
2.1 Direct	118,395,855	88,503,712	(38,844,631)
2.2 Assumed	(11,389,526)	28,386,490	(100,338,972)
2.3 Ceded	(9,775,309)	(33,009,247)	(208,038,760)
2.4 Net	116,781,638	149,899,449	68,855,157
3. Loss expenses incurred	(10,469,986)	5,073,156	81,151,050
4. Other underwriting expenses incurred	76,225,846	81,160,761	96,054,126
5. Aggregate write-ins for underwriting deductions	(1,574,700)	540,492	540,492
6. Total underwriting deductions (Lines 2 through 5)	180,962,798	236,673,858	246,600,825
7. Net income of protected cells		0	0
8. Net underwriting gain or (loss) (Line 1.4 minus Line 6 + Line 7)	(168,214,822)	(220,493,966)	(225,300,504)
INVESTMENT INCOME			
9. Net investment income earned	51,589,916	56,046,319	73,925,822
10. Net realized capital gains (losses) less capital gains tax of \$ 0	(1,487,560)	(2,208,812)	(4,946,946)
11. Net investment gain (loss) (Lines 9 + 10)	50,102,356	53,837,507	68,978,876
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 836,461 amount charged off \$ 16,823,720)	(15,987,259)	281,799	21,454,888
13. Finance and service charges not included in premiums	0	363	363
14. Aggregate write-ins for miscellaneous income	5,267,041	21,616,791	33,608,958
15. Total other income (Lines 12 through 14)	(10,720,218)	21,898,953	55,064,209
16. Net income before dividends to policyholders after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(128,832,684)	(144,757,506)	(101,257,418)
17. Dividends to policyholders	3,682,100	5,042,686	7,127,581
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)	(132,514,784)	(149,800,192)	(108,384,999)
19. Federal and foreign income taxes incurred	(2,176,292)	(18,214,530)	(24,410,660)
20. Net income (Line 18 minus Line 19)(to Line 22)	(130,338,492)	(131,585,662)	(83,974,339)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	168,313,151	171,434,880	171,434,880
22. Net income (from Line 20)	(130,338,492)	(131,585,662)	(83,974,339)
23. Net transfers (to) from Protected Cell accounts	0	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	7,760,473	(776,730)	2,373,602
25. Change in net unrealized foreign exchange capital gain (loss)	768,855	197,312	179,366
26. Change in net deferred income tax	18,670,656	36,417,810	67,534,087
27. Change in nonadmitted assets	11,647,835	106,312	(26,101,978)
28. Change in provision for reinsurance	0	0	0
29. Change in surplus notes	0	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0	0
31. Cumulative effect of changes in accounting principles	0	0	0
32. Capital changes:			
32.1 Paid in	0	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33. Surplus adjustments:			
33.1 Paid in	0	0	0
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34. Net remittances from or (to) Home Office	0	0	0
35. Dividends to stockholders	0	0	0
36. Change in treasury stock	0	0	0
37. Aggregate write-ins for gains and losses in surplus	52,200,591	24,438,803	36,867,533
38. Change in surplus as regards policyholders (Lines 22 through 37)	(39,290,082)	(71,202,155)	(3,121,729)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	129,023,069	100,232,725	168,313,151
DETAILS OF WRITE-INS			
0501. Change in premium deficiency reserve	(1,574,700)	540,492	540,492
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	(1,574,700)	540,492	540,492
1401. Other income	5,267,041	21,616,791	33,608,958
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	5,267,041	21,616,791	33,608,958
3701. Provision for uncollectible reinsurance	52,200,591	26,579,153	28,800,055
3702. Correction of errors	0	(2,140,350)	8,067,478
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above)	52,200,591	24,438,803	36,867,533

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	86,860,767	121,303,463
2. Net investment income.....	53,753,955	77,586,938
3. Miscellaneous income.....	(11,690,188)	61,067,450
4. Total (Lines 1 to 3).....	128,924,534	259,957,851
5. Benefits and loss related payments.....	291,529,825	680,407,190
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	197,857,791	345,924,776
8. Dividends paid to policyholders.....	(11,390,923)	(45,229,907)
9. Federal and foreign income taxes paid (recovered) \$0 net of tax on capital gains (losses)	(1,961,501)	(2,924,637)
10. Total (Lines 5 through 9).....	476,035,192	978,177,422
11. Net cash from operations (Line 4 minus Line 10).....	(347,110,658)	(718,219,571)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	386,786,094	724,237,280
12.2 Stocks.....	1,985,392	60,868,816
12.3 Mortgage loans.....	768,916	1,301,825
12.4 Real estate.....	0	32,137,952
12.5 Other invested assets.....	1,250,908	21,949,623
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(644)	(22,340)
12.7 Miscellaneous proceeds.....	32,476,418	427,801
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	423,267,084	840,900,957
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	237,850,032	699,567,760
13.2 Stocks.....	0	49,401,466
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	588,000	0
13.6 Miscellaneous applications.....	2,411	30,120,903
13.7 Total investments acquired (Lines 13.1 to 13.6).....	238,440,443	779,090,129
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).....	184,826,641	61,810,828
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).....	50,377,351	26,697,849
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	50,377,351	26,697,849
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).....	(111,906,666)	(629,710,894)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	308,270,902	937,981,796
19.2 End of period (Line 18 plus Line 19.1).....	196,364,236	308,270,902

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

No change.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

No change.

3. BUSINESS COMBINATIONS AND GOODWILL

Not applicable.

4. DISCONTINUED OPERATIONS

No change.

5. INVESTMENTS

No change.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

No change.

7. INVESTMENT INCOME

No change.

8. DERIVATIVE INSTRUMENTS

Not applicable.

9. INCOME TAXES

A. The components of the Company's net deferred tax asset are as follows:

		September 30, 2006		December 31, 2005
Total of gross deferred tax assets	\$	782,032,096		763,361,440
Total of deferred tax liabilities		(3,392,984)		(3,392,984)
Net deferred tax asset		778,639,112		759,968,456
Deferred tax asset nonadmitted		(778,639,112)		(759,968,456)
Net admitted deferred tax asset		0		0
Increase in nonadmitted asset	\$	(18,670,656)		

C2. The change in net deferred income taxes is comprised of the following:

		September 30, 2006		December 31, 2005		Change
Total deferred tax assets	\$	782,032,096		763,361,440	\$	18,670,656
Total deferred tax liabilities		(3,392,984)		(3,392,984)		0
Net deferred tax asset	\$	778,639,112		759,968,456		18,670,656
Tax effect of unrealized gains (losses)						0
Changes in net deferred income tax					\$	18,670,656

NOTES TO FINANCIAL STATEMENTS

- D. The provision for Federal and foreign income taxes incurred plus the change in deferred income taxes is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

		September 30, 2006
Provision computed at statutory rate	\$	(46,380,174)
Receivables		7,607,802
Reinsurance adjustment		18,270,207
Foreign income tax		(319,391)
Other		(25,392)
Total	\$	(20,846,948)
Federal and foreign income taxes incurred	\$	(2,176,292)
Change in net deferred income taxes		(18,670,656)
Total statutory income taxes	\$	(20,846,948)

- F. No change.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

No change.

11. DEBT

Not applicable.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POST EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

B. Deferred Compensation Plans

Retention Plans

The Company's workforce decreased to approximately 280 employees at September 30, 2006, from 284 employees at December 31, 2005, and 340 at December 31, 2004. To help stabilize the workforce, the Company in 2004 implemented, among other things, a retention plan providing for scheduled quarterly payments. The retention payments for 2006 (through three quarters), 2005, and 2004 totaled \$3.5 million, \$5.3 million, and \$2.6 million, respectively.

As an additional retention plan, the Company maintains a severance program for its employees which provides a maximum benefit of up to one year of salary depending on the level of an employee and service time with the Company. Severance liabilities are not reflected on the Company's balance sheet unless an employee is notified of termination without cause. Severance payments in 2006 (through nine months), 2005, and 2004 totaled \$0.7 million, \$2.4 million, and \$20.5 million, respectively, and severance liabilities recorded at September 30, 2006 and December 31, 2005 and 2004 totaled \$0.4 million, \$0.4 million, and \$0.7 million, respectively. In 2006, with the approval of the Division, the Company made a one-time deposit of \$4.75 million into a long-term retention trust to secure severance obligations.

Incentive Plans

The Company has had in place since 2004 an annual incentive plan linked to successfully achieving or exceeding certain targets as anticipated from time to time in the Company's run-off plan (the "Short-Term Plan"). The Short-Term Plan payments totaled \$2.7 million in 2005 and \$2.4 million in 2006. In addition to the Short-Term Plan, the Company, with final approval from the Division in 2006, established a long-term incentive plan linked to the successful maintenance of the commercial run-off as anticipated in the Company's run-off plan. At September 30, 2006, the Company has accrued approximately \$4.5 million under the incentive plans for payments to be made in 2007 and 2008.

NOTES TO FINANCIAL STATEMENTS

13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

Each payment of interest on and repayment of principal of the surplus notes issued by the Company in 1996 and 1997 may be made only with the prior approval of the Director of the Illinois Department of Financial and Professional Regulation – Division of Insurance (the “Division of Insurance”), which approval will only be granted if, in the judgment of the Director, the financial condition of the Company warrants the making of such payments and the Company's policyholders' surplus reflects sufficient funds to cover the amount of such payment. The amount of interest due and not paid plus interest that is not accrued for at September 30, 2006 is \$233,275,000. On May 2, 2006, the Division of Insurance disapproved the payment of interest due on June 1, 2006 and July 1, 2006 (and all previously disapproved interest payments) on the \$400,000,000 9.15% Surplus Notes due on July 1, 2026, the \$200,000,000 8.30% Surplus Notes due on December 1, 2037, and the \$100,000,000 8.45% Surplus Notes due on December 1, 2097.

14. CONTINGENCIES

D. Having entered into voluntary run-off in the first half of 2003, the Company has been operating under guidance provided within certain agreed to Corrective Orders with the Division of Insurance, pursuant to which the Company has ceased to write virtually all insurance business and is settling its liabilities under the administrative supervision of the Division of Insurance. The Company has also entered into consent agreements with certain states under which the Company agreed to cease writing business in those jurisdictions. In addition, the Company has voluntarily agreed for its license to be suspended in Florida and Tennessee, with the Company permitted to maintain its license but not permitted to write any new business. The Company has appealed the license suspension in North Carolina.

Following the releases in 2005 of approximately \$324 million of its assets on deposit in various jurisdictions, the Company received approximately \$52.9 million of releases of its assets on deposit in the first nine months of 2006, as follows: California, \$33.5 million; Oregon, \$11.1 million; Massachusetts, \$8.3 million. Additionally, the Company has received in the fourth quarter of 2006 releases from California of \$51.1 million and Arizona of \$4.0 million and is expecting further fourth-quarter 2006 releases from California of \$20.0 million and Canada of \$2.3 million. Releases reflect lower levels of liabilities of the Company that the deposits have historically secured.

15. LEASES

No change.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

Not applicable.

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

Not applicable.

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED A&H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

Not applicable.

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

Not applicable.

20. SEPTEMBER 11 EVENTS

No change.

21. OTHER ITEMS

No change.

22. EVENTS SUBSEQUENT

No change.

NOTES TO FINANCIAL STATEMENTS

23. REINSURANCE

No change.

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

No change.

25. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

No change.

26. INTERCOMPANY POOLING ARRANGEMENTS

No change.

27. STRUCTURED SETTLEMENTS

No change.

28. HEALTH CARE RECEIVABLES

Not applicable.

29. PARTICIPATING POLICIES

Not applicable.

30. PREMIUM DEFICIENCY RESERVES

No change.

31. HIGH DEDUCTIBLES

No change.

32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSE

No change.

33. ASBESTOS/ENVIRONMENTAL RESERVES

No change.

34. SUBSCRIBER SAVINGS ACCOUNT

Not applicable.

35. MULTIPLE PERIL CROP INSURANCE

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 [X] No []
- 2.2 If yes, date of change: 05/01/2006
If not previously filed, furnish herewith a certified copy of the instrument as amended.

- 3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] 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. 12/31/2005
- 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. 12/31/2000
- 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). 11/18/2003
- 6.4 By what department or departments?
Illinois, Delaware, Mississippi and Nevada.....

- 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:
Information is provided in Financial Note 14D.....

- 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

FINANCIAL

- 9.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
 9.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$

INVESTMENT

- 10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [] No [X]
 10.2 If yes, explain:

 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: \$5,315,221
 13. Amount of real estate and mortgages held in short-term investments: \$0

- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [X] No []
 14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Statement Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$91,424,689	\$95,326,535
14.24 Short-Term Investments	\$	\$
14.25 Mortgage Loans on Real Estate	\$	\$
14.26 All Other	\$27,437,526	\$27,416,836
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$118,862,215	\$122,743,371
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.

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

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

1 Name of Custodian(s)	2 Custodian Address
BNY Midwest Trust Company.....	209 W. Jackson Blvd., Suite 800, Chicago, IL 60606.....

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

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

- 16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter? Yes [] No [X]
 16.4 If yes, give full and complete information relating thereto:

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

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

1 Central Registration Depository	2 Name(s)	3 Address
109875.....	Asset Allocation Management Company, L.L.C.....	30 North LaSalle, Suite 3500, Chicago, IL 60602.....

- 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:

STATEMENT AS OF SEPTEMBER 30, 2006 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

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 [X] NA []

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 [X] No []

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
1.Homeowners/Farmowners.....		4.200			288,847	288,847			(125,282)	(125,282)
2.Private Passenger Auto Liability.....		4.200			2,355,188	2,355,188			(1,464,522)	(1,464,522)
3.Commercial Auto Liability.....		4.200			16,226,295	16,226,295			533,577	533,577
4.Workers Compensation.....		4.200			284,222,434	284,222,434			(2,635,445)	(2,635,445)
5.Commercial Multiple Peril.....		4.200			19,845,585	19,845,585			(11,962,458)	(11,962,458)
6.Medical Malpractice - Occurrence.....		4.200			2,206	2,206			(6,292)	(6,292)
7.Medical Malpractice - Claims Made.....		4.200			319,376	319,376			(217,272)	(217,272)
8.Special Liability.....		4.200			1,189,927	1,189,927			250,811	250,811
9.Other Liability - Occurrence.....		4.200			70,787,377	70,787,377			(23,242,893)	(23,242,893)
10.Other Liability -Claims Made.....		4.200			11,240,607	11,240,607			1,772,573	1,772,573
11.Special Property.....		4.200			(15,718)	(15,718)			(300,884)	(300,884)
12.Auto Physical Damage.....		4.200			(6,738)	(6,738)			879	879
13.Fidelity/Surety.....		4.200			1,541,952	1,541,952			(2,317,528)	(2,317,528)
14.Other.....		4.200			124,730	124,730			36,082	36,082
17.Reinsurance Nonproportional Assumed Liability.....		4.200			26,449,744	26,449,744			3,901,351	3,901,351
19.Product Liability - Occurrence.....		4.200			(38,618,454)	(38,618,454)			(36,547,758)	(36,547,758)
20.Product Liability -Claims Made.....		4.200			275	275			(3,949)	(3,949)
TOTAL			0	0	395,953,633	395,953,633	0	0	(72,329,010)	(72,329,010)

SCHEDULE A - VERIFICATION**Real Estate**

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	4,241,182	34,965,386
2. Increase (decrease) by adjustment		0
3. Cost of acquired		0
4. Cost of additions to and permanent improvements		0
5. Total profit (loss) on sales		1,413,748
6. Increase (decrease) by foreign exchange adjustment		0
7. Amount received on sales		32,137,952
8. Book/adjusted carrying value at end of current period	4,241,182	4,241,182
9. Total valuation allowance		0
10. Subtotal (Lines 8 plus 9)	4,241,182	4,241,182
11. Total nonadmitted amounts		0
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	4,241,182	4,241,182

SCHEDULE B - VERIFICATION**Mortgage Loans**

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year.....	804,176	1,835,467
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount and mortgage interest points and commitment fees		0
4. Increase (decrease) by adjustment		270,534
5. Total profit (loss) on sale	(35,260)	0
6. Amounts paid on account or in full during the period	768,916	1,301,825
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	804,176
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	804,176
12. Total nonadmitted amounts		0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	0	804,176

SCHEDULE BA - VERIFICATION**Other Invested Assets**

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year.....	31,487,812	54,261,344
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions	588,000	0
3. Accrual of discount		0
4. Increase (decrease) by adjustment	(2,159,087)	(823,909)
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period	1,250,908	21,949,623
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book/adjusted carrying value of long-term invested assets at end of current period	28,665,817	31,487,812
10. Total valuation allowance		(2,800,000)
11. Subtotal (Lines 9 plus 10)	28,665,817	28,687,812
12. Total nonadmitted amounts		1,305
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	28,665,817	28,686,507

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	1,645,823,145	1,692,836,255
2. Cost of bonds and stocks acquired	237,850,032	748,969,226
3. Accrual of discount	1,061,715	2,356,797
4. Increase (decrease) by adjustment	4,586,695	(7,814,082)
5. Increase (decrease) by foreign exchange adjustment		(265,441)
6. Total profit (loss) on disposal	(1,515,208)	2,567,616
7. Consideration for bonds and stocks disposed of	388,771,486	785,106,096
8. Amortization of premium	3,830,017	7,721,130
9. Book/adjusted carrying value, current period	1,495,204,877	1,645,823,145
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	1,495,204,877	1,645,823,145
12. Total nonadmitted amounts		0
13. Statement value	1,495,204,877	1,645,823,145

STATEMENT AS OF SEPTEMBER 30, 2006 OF THE LUMBERMENS MUTUAL CASUALTY 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	1,637,880,278	471,294,053	534,486,397	(113,689)	1,750,560,870	1,637,880,278	1,574,574,245	1,869,759,686
2. Class 2	7,998,352	0	0	163	12,988,918	7,998,352	7,998,515	12,987,229
3. Class 3	0	0	0	0	0	0	0	0
4. Class 4	0	0	0	0	0	0	0	0
5. Class 5	0	0	0	0	0	0	0	0
6. Class 6	3,568,962	0	172,019	0	3,758,881	3,568,962	3,396,943	3,855,060
7. Total Bonds	1,649,447,592	471,294,053	534,658,416	(113,526)	1,767,308,669	1,649,447,592	1,585,969,702	1,886,601,975
PREFERRED STOCK								
8. Class 1	0	0	0	0	0	0	0	0
9. Class 2	0	0	0	0	0	0	0	0
10. Class 3	0	0	0	0	0	0	0	0
11. Class 4	0	0	0	0	0	0	0	0
12. Class 5	0	0	0	0	0	0	0	0
13. Class 6	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	1,649,447,592	471,294,053	534,658,416	(113,526)	1,767,308,669	1,649,447,592	1,585,969,702	1,886,601,975

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

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals	163,321,192	XXX	162,759,925	943,300	0

SCHEDULE DA - PART 2- VERIFICATION**Short-Term Investments Owned**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	324,642,471	695,334,084
2. Cost of short-term investments acquired	787,589,143	2,293,618,427
3. Increase (decrease) by adjustment	424,394	(743,236)
4. Increase (decrease) by foreign exchange adjustment	0	0
5. Total profit (loss) on disposal of short-term investments	(644)	(22,340)
6. Consideration received on disposal of short-term investments	949,334,172	2,663,544,464
7. Book/adjusted carrying value, current period	163,321,192	324,642,471
8. Total valuation allowance	0	0
9. Subtotal (Lines 7 plus 8)	163,321,192	324,642,471
10. Total nonadmitted amounts	0	0
11. Statement value (Lines 9 minus 10)	163,321,192	324,642,471
12. Income collected during period	9,039,024	12,726,458
13. Income earned during period	7,282,204	11,406,792

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule F

NONE

STATEMENT AS OF SEPTEMBER 30, 2006 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

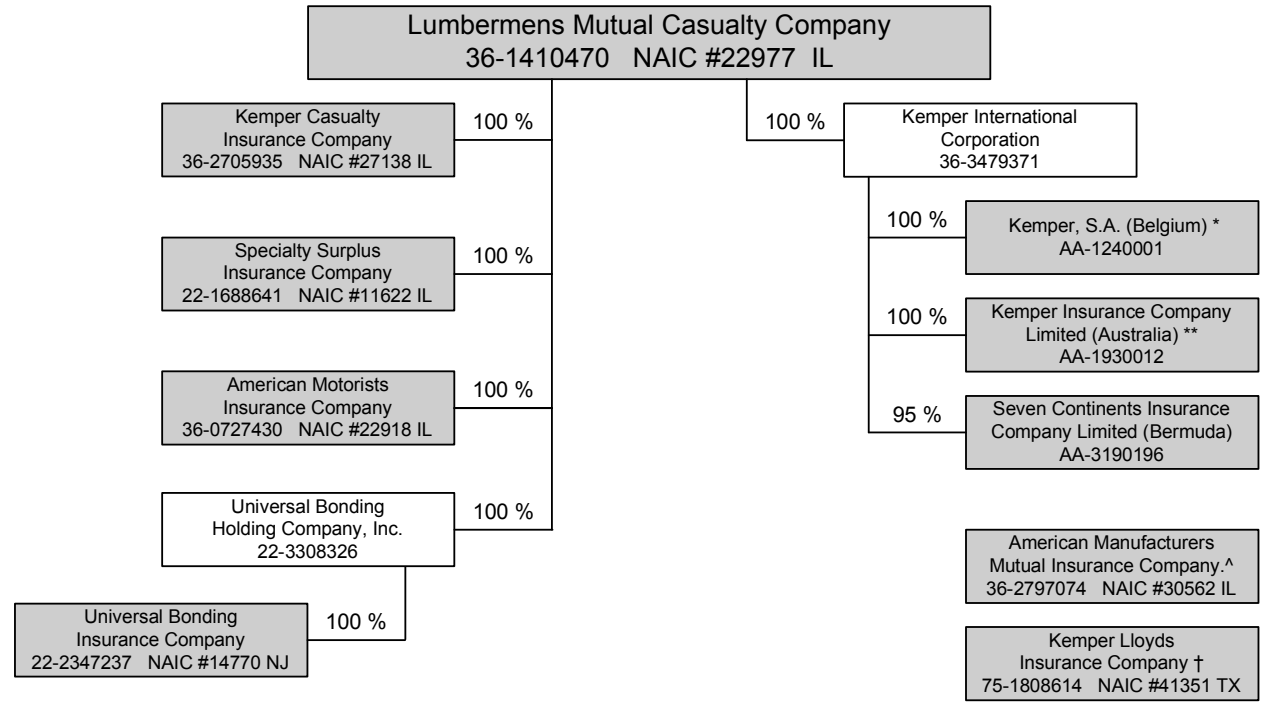
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	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	Yes	609,811	104,873	12,386,098	256,804	9,799,398	15,196,167
2. Alaska	AK	Yes	(61,938)	93,206	266,072	228,297	1,824,976	1,561,086
3. Arizona	AZ	Yes	61,557	170,675	1,368,202	4,903,513	12,246,841	10,842,123
4. Arkansas	AR	Yes	521	(217,162)	18,827,244	9,943,191	19,912,316	11,382,147
5. California	CA	Yes	60,307	3,001,306	44,347,505	56,285,948	133,639,704	179,847,208
6. Colorado	CO	Yes	(31,230)	653,335	1,739,831	2,760,047	1,973,272	4,672,628
7. Connecticut	CT	Yes	(28,775)	333,826	9,485,987	14,975,216	42,567,611	40,191,150
8. Delaware	DE	Yes	66,958	37,361	(1,761,569)	661,036	1,665,191	2,270,713
9. District of Columbia	DC	Yes	39,895	(36,250)	111,910	1,956,651	7,275,714	9,138,509
10. Florida	FL	Yes	(438,418)	1,776,331	(432,680)	17,811,793	34,950,558	43,652,803
11. Georgia	GA	Yes	(761,100)	253,034	8,261,453	(6,234,235)	17,632,148	38,628,458
12. Hawaii	HI	Yes	75,984	150,253	433,650	1,675,322	1,968,599	2,364,127
13. Idaho	ID	Yes	52,827	(87,388)	134,331	426,520	24,003	226,641
14. Illinois	IL	Yes	256,935	(41,730)	93,425,405	45,622,693	107,601,538	324,798,213
15. Indiana	IN	Yes	(40,917)	594,227	4,246,252	541,690	3,738,404	5,931,446
16. Iowa	IA	Yes	(77,819)	165,376	771,563	1,067,299	2,446,494	3,845,583
17. Kansas	KS	Yes	(81,553)	160,081	177,991	1,726,954	3,239,663	3,718,117
18. Kentucky	KY	Yes	(200,142)	60,147	1,287,912	1,822,948	21,243,692	21,250,884
19. Louisiana	LA	Yes	76,601	530,791	(1,148,196)	4,391,190	8,857,579	7,490,037
20. Maine	ME	Yes	(1,497)	23,483	1,770,700	124,251	189,343	406,446
21. Maryland	MD	Yes	205,365	56,298	4,822,819	6,433,740	24,302,314	26,068,666
22. Massachusetts	MA	Yes	(62,386)	324,350	14,136,751	61,749,111	18,813,139	23,618,609
23. Michigan	MI	Yes	136,399	158,623	3,759,146	11,429,175	11,657,301	11,696,407
24. Minnesota	MN	Yes	647	194,798	5,718,309	29,063,965	11,786,853	30,935,313
25. Mississippi	MS	Yes	(217,266)	153,770	103,380	683,899	2,065,036	6,852,380
26. Missouri	MO	Yes	(6,679)	(149,505)	1,711,514	3,064,763	4,755,214	5,620,297
27. Montana	MT	Yes	(1,570)	3,826	215,937	142,812	548,329	831,050
28. Nebraska	NE	Yes	(5,247)	(857,311)	81,585	531,699	1,943,126	3,806,347
29. Nevada	NV	Yes	(59,337)	95,612	1,369,197	3,344,438	1,933,373	4,574,181
30. New Hampshire	NH	Yes	122,712	(8,714)	288,071	1,493,581	5,139,361	4,385,938
31. New Jersey	NJ	Yes	26,823	836,031	19,369,543	22,262,844	83,848,564	82,067,213
32. New Mexico	NM	Yes	85,279	73,525	229,625	2,013,842	979,624	801,922
33. New York	NY	Yes	(384,475)	563,083	30,717,227	70,609,359	252,611,508	293,412,477
34. North Carolina	NC	Yes	(950,113)	451,475	1,419,553	14,716,152	13,283,100	17,251,640
35. North Dakota	ND	Yes	2,505	(2,224)	0	312,361	408,423	246,443
36. Ohio	OH	Yes	130,728	253,585	3,479,506	7,018,721	10,577,505	16,116,854
37. Oklahoma	OK	Yes	(92,305)	(12,532)	(469,872)	232,541	2,281,900	1,527,587
38. Oregon	OR	Yes	(575,086)	(1,367,696)	3,280,938	1,854,100	7,480,749	10,026,760
39. Pennsylvania	PA	Yes	(113,255)	1,281,711	22,137,824	13,699,046	37,655,793	58,696,499
40. Rhode Island	RI	Yes	(46,084)	69,473	(975,139)	398,698	6,036,197	6,426,076
41. South Carolina	SC	Yes	(9,223)	526,389	459,160	4,461,067	17,957,831	14,127,065
42. South Dakota	SD	Yes	(25,629)	(101,137)	46,005	(201,718)	574,798	1,049,768
43. Tennessee	TN	Yes	131,038	456,047	(1,231,468)	10,902,184	10,850,822	23,141,701
44. Texas	TX	Yes	(344,235)	(1,881,810)	2,679,765	8,922,721	102,922,453	123,842,110
45. Utah	UT	Yes	14,063	(1,805)	893,673	1,220,647	679,118	502,762
46. Vermont	VT	Yes	(3,990)	10,652	111,015	169,103	1,114,044	1,076,979
47. Virginia	VA	Yes	1,252	141,358	3,360,236	20,441,806	14,177,964	16,813,508
48. Washington	WA	Yes	150,149	(116,248)	1,816,749	1,471,514	12,986,223	15,912,940
49. West Virginia	WV	Yes	(2,921)	7,516	635,164	604,111	33,537	252,063
50. Wisconsin	WI	Yes	985,003	1,536,695	2,566,642	12,690,671	3,138,882	14,933,515
51. Wyoming	WY	Yes	747	18,653	17,638	121,335	(2,298)	83,570
52. American Samoa	AS	No	0	0	0	0	0	0
53. Guam	GU	Yes	0	0	0	0	0	0
54. Puerto Rico	PR	No	(312)	(39,536)	1,322,456	1,958,580	3,722,458	5,115,158
55. U.S. Virgin Islands	VI	No	0	0	0	0	0	0
56. Northern Mariana Islands	MP	Yes	14,139	0	0	0	0	0
57. Canada	CN	Yes	19,717	(1,025,302)	1,366,833	1,007,461	815,289	6,162,993
58. Aggregate Other Alien	OT	XXX	(46,517)	608,505	85,751	5,428,757	5,674,732	5,312,968
59. Totals	(a) 53		(1,342,057)	9,983,930	321,225,196	481,200,214	1,105,550,306	1,560,704,245
DETAILS OF WRITE-INS								
5801. Asia	XXX		5,567	3,617	0	50,127	2,922,867	1,168,420
5802. Australia	XXX		(61,303)	0	0	0	(2,280)	(5,999)
5803. Europe	XXX		9,219	115,699	85,751	5,378,630	2,761,701	3,940,671
5898. Summary of remaining write-ins for Line 58 from overflow page.	XXX		0	489,189	0	0	(7,556)	209,876
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX		(46,517)	608,505	85,751	5,428,757	5,674,732	5,312,968

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

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



^ American Manufacturers Mutual Insurance Company is a mutual company associated with Lumbermens Mutual Casualty Company.
 † Kemper Lloyds Insurance Company is a Texas Lloyds association of underwriters under the sponsorship of Lumbermens Mutual Casualty Company.
 * Percentage includes one minority shareholder.
 ** Percentage includes director qualifying shares.
 Insurers are identified by shaded boxes. Percentages show common stock ownership as of 9/30/2006.

STATEMENT AS OF SEPTEMBER 30, 2006 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire	(180,069)	274,145	(152.2)	323.3
2. Allied Lines	(21,171)	(240,579)	1,136.4	1,871.8
3. Farmowners multiple peril		(3)	0.0	0.0
4. Homeowners multiple peril	17,946	364,956	2,033.6	465.7
5. Commercial multiple peril	23,755	(1,679,030)	(7,068.1)	858.5
6. Mortgage guaranty			0.0	0.0
8. Ocean marine	(698)	354,256	(50,753.0)	185.5
9. Inland marine	(788)	(984,197)	124,898.1	(186.8)
10. Financial guaranty			0.0	0.0
11.1 Medical malpractice - occurrence		(456,929)	0.0	0.0
11.2 Medical malpractice - claims-made		129,687	0.0	17,168.4
12. Earthquake	5	(173)	(3,460.0)	(171.2)
13. Group accident and health	717,287	305,845	42.6	0.0
14. Credit accident and health			0.0	0.0
15. Other accident and health		(5,400)	0.0	0.0
16. Workers' compensation	(2,160,184)	100,397,840	(4,647.7)	813.1
17.1 Other liability - occurrence	(77,297)	23,030,452	(29,794.8)	(594.8)
17.2 Other liability - claims-made	2,045,296	5,350,892	261.6	738.8
18.1 Products liability - occurrence	862,735	762,920	88.4	111.3
18.2 Products liability - claims-made		(275)	0.0	0.0
19.1,19.2 Private passenger auto liability	4,180	2,193,247	52,470.0	67.9
19.3,19.4 Commercial auto liability	(955,088)	9,197,443	(963.0)	(312.6)
21. Auto physical damage	67,630	379,916	561.8	4.7
22. Aircraft (all perils)		(506,842)	0.0	(759.6)
23. Fidelity	11,834	565,747	4,780.7	21.0
24. Surety	737,297	(21,107,856)	(2,862.9)	1,262.8
26. Burglary and theft		663	0.0	677.5
27. Boiler and machinery		(9,631)	0.0	(5,133.3)
28. Credit	29,599	78,761	266.1	12.6
29. International			0.0	0.0
30. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
31. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
33. Aggregate write-ins for other lines of business	0	0	0.0	0.0
34. Totals	1,122,269	118,395,855	10,549.7	498.2
DETAILS OF WRITE-INS				
3301.			0.0	0.0
3302.				
3303.				
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0.0	0.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0.0	0.0

PART 2 - DIRECT PREMIUMS WRITTEN

Lines of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire	(2,738)	(7,512)	199,446
2. Allied Lines	(2,267)	(6,154)	69,380
3. Farmowners multiple peril	0		0
4. Homeowners multiple peril	0	(65)	63,063
5. Commercial multiple peril	200	200	154,848
6. Mortgage guaranty	0		0
8. Ocean marine	206	(711)	(534)
9. Inland marine	(20)	(24,588)	(120,682)
10. Financial guaranty	0		0
11.1 Medical malpractice - occurrence	0		0
11.2 Medical malpractice - claims-made	0		1,261
12. Earthquake	0		(804)
13. Group accident and health	0	717,287	0
14. Credit accident and health	0		0
15. Other accident and health	0		0
16. Workers' compensation	(1,146,971)	(2,160,189)	7,851,178
17.1 Other liability - occurrence	(53,845)	(844,060)	2,926,499
17.2 Other liability - claims-made	(33,425)	542,979	35,514
18.1 Products liability - occurrence	(30,656)	860,798	(2,425,795)
18.2 Products liability - claims-made	0		0
19.1,19.2 Private passenger auto liability	3	(2,025)	(48,005)
19.3,19.4 Commercial auto liability	(124,524)	(955,134)	(340,793)
21. Auto physical damage	22,661	63,064	(59,389)
22. Aircraft (all perils)	0		(14,795)
23. Fidelity	0	(28)	(3,841)
24. Surety	236,891	474,081	1,576,229
26. Burglary and theft	0		1,833
27. Boiler and machinery	0		0
28. Credit	0		119,317
29. International	0		0
30. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
31. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
33. Aggregate write-ins for other lines of business	0	0	0
34. Totals	(1,134,485)	(1,342,057)	9,983,930
DETAILS OF WRITE-INS			
3301.			
3302.			
3303.			
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0

STATEMENT AS OF SEPTEMBER 30, 2006 OF THE LUMBERMENS MUTUAL CASUALTY 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)	2006 Loss and LAE Payments on Claims Reported as of Prior Year-End	2006 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2006 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. 2003 + Prior	1,868,239	78,674	1,946,913	372,142	70,966	443,108	1,581,849	30,639	12,154	1,624,642	85,752	35,085	120,837
2. 2004	18,363	29,271	47,634	6,260	56	6,316	10,634	143	15,804	26,581	(1,469)	(13,268)	(14,737)
3. Subtotals 2004 + Prior	1,886,602	107,945	1,994,547	378,402	71,022	449,424	1,592,483	30,782	27,958	1,651,223	84,283	21,817	106,100
4. 2005	2,673	12,344	15,017	2,287	40	2,327	4,178	711	(448)	4,441	3,792	(12,041)	(8,249)
5. Subtotals 2005 + Prior	1,889,275	120,289	2,009,564	380,689	71,062	451,751	1,596,661	31,493	27,510	1,655,664	88,075	9,776	97,851
6. 2006	XXX	XXX	XXX	XXX	14,381	14,381	XXX	469	(6,389)	(5,920)	XXX	XXX	XXX
7. Totals	1,889,275	120,289	2,009,564	380,689	85,443	466,132	1,596,661	31,962	21,121	1,649,744	88,075	9,776	97,851
8. Prior Year-End's Surplus As Regards Policyholders	168,313										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. 4.7	2. 8.1	3. 4.9
													Col. 13, Line 7 As a % of Col. 1 Line 8
													4. 58.1

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 Malpractice Supplement) be filed with this statement?

.....YES.....

Explanation:

1.

Bar Code:

1.



OVERFLOW PAGE FOR WRITE-INS

PQ002 Additional Aggregate Lines for Page 02 Line 23.

*ASSETS

	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
2304. Insurance recoveries related to UBIC.....	11,675,000	11,675,000	0	0
2305. Other admitted assets.....	93,686,966	14,091,868	79,595,098	101,733,664
2397. Summary of remaining write-ins for Line 23 from Page 02	105,361,966	25,766,868	79,595,098	101,733,664

PQ015 Additional Aggregate Lines for Page 15 Line 58.

*SCT

	1	2	3	4	5	6	7
	Is Insurer Licensed? (Yes or No)	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date
5804. Central & South America.....	XXX		0		0	(8,844)	180,953
5805. Africa.....	XXX		489,189		0	1,288	28,923
5897. Summary of remaining write-ins for Line 58 from Page 15	XXX	0	489,189	0	0	(7,556)	209,876

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

STATEMENT AS OF SEPTEMBER 30, 2006 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

SCHEDULE BA - PART 1

Showing Other Long-Term Invested Assets ACQUIRED During the Current Quarter

1 CUSIP Identification	2 Name or Description	Location		5 Name of Vendor or General Partner	6 NAIC Designation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost	10 Amount of Encumbrances	11 Book/Adjusted Carrying Value Less Encumbrances	12 Fair Value	13 Increase (Decrease) By Adjustment	14 Increase (Decrease) by Foreign Exchange Adjustment	15 Commitment for Additional Investment	16 Percentage of Ownership
		3 City	4 State												
000000-00-0...	Delta Wetlands Joint Venture	Stockton	CA	Direct		12/31/1993						(224,000)			28.186
1899999	Joint Venture Interests - Real Estate - Affiliated														
												(224,000)			XXX
3199999 – Total Unaffiliated								0	0	0	0	0	0	0	XXX
3299999 – Total Affiliated								0	0	0	0	(224,000)	0	0	XXX
3399999 Totals								0	0	0	0	(224,000)	0	0	XXX

E03

STATEMENT AS OF SEPTEMBER 30, 2006 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets SOLD, Transferred or Paid in Full During the Current Quarter

1 CUSIP Identification	2 Name or Description	Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Book/ Adjusted Carrying Value Less Encumbrances, Prior Year	8 Increase (Decrease) by Adjustment	9 Increase (Decrease) by Foreign Exchange Adjustment	10 Book/ Adjusted Carrying Value Less Encum- brances on Disposal	11 Consideration Received	12 Foreign Exchange Gain (Loss) on Disposal	13 Realized Gain (Loss) on Disposal	14 Total Gain (Loss) on Disposal	15 Investment Income
		3 City	4 State											
3199999 - Total Unaffiliated														
3299999 - Total Affiliated														
NONE														
3399999 Totals														

E03.1

STATEMENT AS OF SEPTEMBER 30, 2006 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company 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)
31392F-EZ-6	FNR 2002-73 0C		09/25/2006	COUNTRYWIDE		6,785,401	6,820,570	25,577	1FE
3199999 - Total	- Bonds - Special Revenue					6,785,401	6,820,570	25,577	XXX
066050-CV-5	BANK OF AMERICA CORP		09/19/2006	GOLDMAN SACHS & CO		15,234,850	15,000,000	88,941	1FE
084670-C@-5	BERKSHIRE HATHAWAY INC BONDING FACILITY		08/24/2006	DIRECT		9,048,892	9,048,892	0	1
33738M-AC-5	FIRST UNION NATIONAL BANK		09/13/2006	CITIGROUP		14,394,214	14,230,000	245,309	1FE
524909-AZ-1	LEHMAN BROTHERS INC		09/19/2006	LEHMAN BROTHERS INC		10,181,100	10,000,000	283,472	1FE
61688A-AX-6	JP MORGAN		09/13/2006	JP MORGAN SECURITIES		17,287,980	17,000,000	178,500	1FE
92977A-AA-1	WALOT 2006-1 A1		09/21/2006	WACHOVIA BANK		28,000,000	28,000,000	0	1FE
4599999 - Total	- Bonds - Industrial, Misc.					94,147,036	93,278,892	796,223	XXX
6099997 - Total	- Bonds - Part 3					100,932,437	100,099,461	821,800	XXX
6099999 - Total	- Bonds					100,932,437	100,099,461	821,800	XXX
6599999 - Total	- Preferred Stocks					0	XXX	0	XXX
000000-00-0	JMG/IC INSURANCE AGENCY INC		01/02/2006	DIRECT	1,154,000	0	0	0	0
6899999 - Total	- Common Stocks - Industrial, Misc.					0	XXX	0	XXX
7299997 - Total	- Common Stocks - Part 3					0	XXX	0	XXX
7299999 - Total	- Common Stocks					0	XXX	0	XXX
7399999 - Total	- Preferred and Common Stocks					0	XXX	0	XXX
7499999 - Totals						100,932,437	XXX	821,800	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0

E04

STATEMENT AS OF SEPTEMBER 30, 2006 OF THE LUMBERMENS MUTUAL CASUALTY 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)
31392A-PS-1	FNR 2001-74 PD		09/01/2006	MBS PAYDOWN		12,973	12,973	13,141	13,075	0	(101)	0	(101)	0	12,973	0	0	0	522	02/01/2007	1FE
31392E-AE-0	FNR 2002-55 GC		09/01/2006	MBS PAYDOWN		1,372,094	1,372,094	1,417,544	1,377,259	0	(5,166)	0	(5,166)	0	1,372,094	0	0	0	49,924	12/01/2006	1FE
31393E-RP-6	FNR 2003-83 PB		09/01/2006	MBS PAYDOWN		1,491,841	1,491,841	1,458,741	1,482,520	0	9,320	0	9,320	0	1,491,841	0	0	0	30,443	01/01/2009	1FE
31393Y-WD-3	FNR 2004-45 AY		09/01/2006	MBS PAYDOWN		4,560,810	4,560,810	4,526,960	4,554,075	0	6,735	0	6,735	0	4,560,810	0	0	0	32,681	04/01/2007	1FE
3199999	Bonds - Special Revenues					13,225,950	13,179,368	13,354,756	13,331,291	0	(36,877)	0	(36,877)	0	13,294,414	0	(68,463)	(68,463)	377,612	XXX	XXX
084670-C@-5	BERKSHIRE HATHAWAY INC BONDING FACILITY		09/15/2006	VARIOUS		21,105,949	21,105,949	21,105,949	21,105,949	0	0	0	0	0	21,105,949	0	0	0	550,184	07/01/2033	1
14040K-BX-5	COMT 2001-5 A		08/15/2006	MBS PAYDOWN		6,163,000	6,163,000	6,218,371	6,200,835	0	(37,835)	0	(37,835)	0	6,163,000	0	0	0	217,759	12/15/2006	1FE
152314-PD-6	CXHE 2005-D AF1		09/01/2006	MBS PAYDOWN		2,349,117	2,349,117	2,349,117	2,349,117	0	0	0	0	0	2,349,117	0	0	0	78,458	09/01/2007	1FE
172967-AZ-4	CITIGROUP INC		08/10/2006	JEFFERIES & CO		122,345	115,000	132,279	129,573	0	(1,742)	0	(1,742)	0	127,831	0	(5,486)	(5,486)	7,272	10/01/2010	1FE
23242N-AA-9	CWL 2006-S3 A1		09/25/2006	MBS PAYDOWN		564,920	564,920	564,920	564,920	0	0	0	0	0	564,920	0	0	0	5,375	06/25/2008	1FE
40430G-AG-5	HFCMC 2005-3 A1		09/20/2006	MBS PAYDOWN		1,124,137	1,124,137	1,124,137	1,124,137	0	0	0	0	0	1,124,137	0	0	0	38,897	02/20/2011	1FE
43812N-AA-5	HAROT 2005-6 A1		08/18/2006	MBS PAYDOWN		2,002,103	2,002,103	2,002,103	2,002,103	0	0	0	0	0	2,002,103	0	0	0	58,578	12/18/2006	1FE
55255P-AS-9	MILT 2005-1 A2		09/20/2006	VARIOUS		2,526,381	2,526,381	2,526,160	2,520,555	0	5,826	0	5,826	0	2,526,381	0	0	0	82,813	04/20/2007	1FE
575800-AB-3	BECO 2005-1 A1		09/15/2006	MBS PAYDOWN		1,095,110	1,095,110	1,091,174	1,086,856	0	8,253	0	8,253	0	1,095,110	0	0	0	37,234	09/15/2006	1FE
903278-CD-9	USAOT 2005-3 A2		09/15/2006	MBS PAYDOWN		1,792,890	1,792,890	1,792,785	1,790,104	0	2,787	0	2,787	0	1,792,890	0	0	0	54,728	03/15/2007	1FE
90531P-AB-9	UNION BK SWITZERLAND-NV		07/15/2006	MATURITY		2,000,000	2,000,000	2,273,180	2,046,530	0	(46,530)	0	(46,530)	0	2,000,000	0	0	0	145,000	07/15/2006	1FE
92927F-AA-1	WINM 2006-A A		09/15/2006	MBS PAYDOWN		1,437,786	1,437,786	1,437,680	1,435,573	0	2,214	0	2,214	0	1,437,786	0	0	0	39,057	07/15/2009	1FE
54265N-30-4	LONG GROVE CLO LTD RESIDUAL INTEREST	F	08/25/2006	RETURN OF CAPITAL		172,019	0	172,019	172,019	0	0	0	0	0	172,019	0	0	0	0	05/25/2016	6*
4599999	Bonds - Industrial and Miscellaneous					42,455,757	42,276,392	42,789,872	42,528,271	0	(67,028)	0	(67,028)	0	42,461,243	0	(5,486)	(5,486)	1,315,354	XXX	XXX
6099997	Bonds - Part 4					134,779,919	134,723,090	137,161,677	136,448,616	0	(246,041)	0	(246,041)	0	136,202,576	0	(1,422,657)	(1,422,657)	3,944,845	XXX	XXX
6099999	Total - Bonds					134,779,919	134,723,090	137,161,677	136,448,616	0	(246,041)	0	(246,041)	0	136,202,576	0	(1,422,657)	(1,422,657)	3,944,845	XXX	XXX
6599999	Total - Preferred Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
000000-00-0	JMG/IC INSURANCE AGENCY INC		08/16/2006	REDEMPTION		1,154,000	1,250,000	0	0	0	0	0	0	0	0	0	1,250,000	1,250,000	0	0	A
6899999	Common Stocks - Industrial and Miscellaneous					1,250,000	XXX	0	0	0	0	0	0	0	1,250,000	0	1,250,000	1,250,000	0	XXX	XXX
7299997	Common Stocks - Part 4					1,250,000	XXX	0	0	0	0	0	0	0	1,250,000	0	1,250,000	1,250,000	0	XXX	XXX
7299999	Total - Common Stocks					1,250,000	XXX	0	0	0	0	0	0	0	1,250,000	0	1,250,000	1,250,000	0	XXX	XXX
7399999	Total - Preferred and Common Stocks					1,250,000	XXX	0	0	0	0	0	0	0	1,250,000	0	1,250,000	1,250,000	0	XXX	XXX
7499999	Totals					136,029,919	XXX	137,161,677	136,448,616	0	(246,041)	0	(246,041)	0	136,202,576	0	(172,657)	(172,657)	3,944,845	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0

E05.1

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 SEPTEMBER 30, 2006 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

SCHEDULE E - PART 2 CASH EQUIVALENTS

Showing Investments Owned End of Current Quarter

1 CUSIP Identification	2 Description	3 Code	4 Date Acquired	5 Rate of Interest	6 Maturity Date	7 Book/Adjusted Carrying Value	8 Amount of Interest Due and Accrued	9 Gross Investment Income
59403U-K3-5	MICA FUNDING LLC CP		09/28/2006	.0.000	10/03/2006	14,995,567	.0	6,650
61777M-KA-1	MORRIGAN TRR FUNDING LLC CP		09/28/2006	.0.000	10/10/2006	9,986,725	.0	4,425
0199999 Total Cash Equivalents						24,982,292	0	11,075

E09



SUPPLEMENT FOR SEPTEMBER 30, 2006 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

Designate the type of health care providers reported on this page

Physicians

**SUPPLEMENT "A" TO SCHEDULE T
EXHIBIT OF MEDICAL MALPRACTICE PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL					(193,134)			
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI								
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY					193,134			
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56. Northern Mariana Islands MP								
57. Canada CN								
58. Aggregate other alien OT	0	0	0	0	0	0	0	0
59. Totals	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS								
5801.								
5802.								
5803.								
5898. Summary of remaining write-ins for Line 58 from overflow page	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803 plus 5898) (Line 58 above)	0	0	0	0	0	0	0	0



SUPPLEMENT FOR SEPTEMBER 30, 2006 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

Designate the type of health care providers reported on this page
Hospitals

**SUPPLEMENT "A" TO SCHEDULE T
EXHIBIT OF MEDICAL MALPRACTICE PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI								
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56. Northern Mariana Islands MP								
57. Canada CN								
58. Aggregate other alien OT	0	0	0	0	0	0	0	0
59. Totals	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS								
5801.								
5802.								
5803.								
5898. Summary of remaining write-ins for Line 58 from overflow page	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803 plus 5898) (Line 58 above)	0	0	0	0	0	0	0	0

NONE



SUPPLEMENT FOR SEPTEMBER 30, 2006 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

Designate the type of health care providers reported on this page
Other Health Care Professionals

**SUPPLEMENT "A" TO SCHEDULE T
EXHIBIT OF MEDICAL MALPRACTICE PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama	AL				(776)			206
2. Alaska	AK							
3. Arizona	AZ				(4,707)			1,247
4. Arkansas	AR				(1,037)			275
5. California	CA		40,750	2	(52,197)	30,000	1	78,293
6. Colorado	CO				(2,803)			743
7. Connecticut	CT				(1,319)			349
8. Delaware	DE							
9. District of Columbia	DC							
10. Florida	FL				(492)			131
11. Georgia	GA				(2,753)			730
12. Hawaii	HI				(941)			249
13. Idaho	ID				(1,489)			394
14. Illinois	IL		32,500	1	145,794			(740,180)
15. Indiana	IN				(67,821)			(459,135)
16. Iowa	IA				(44,065)			(78,657)
17. Kansas	KS				305,192	141,000	1	243,761
18. Kentucky	KY				(208)			55
19. Louisiana	LA							
20. Maine	ME				(436)			116
21. Maryland	MD				(911)			241
22. Massachusetts	MA				(559)			148
23. Michigan	MI				(13,281)			3,521
24. Minnesota	MN				(1,682)			446
25. Mississippi	MS				(972)			258
26. Missouri	MO				(222,443)			48,940
27. Montana	MT				(23)			6
28. Nebraska	NE				(318)			84
29. Nevada	NV				18,396	5,000	1	28,819
30. New Hampshire	NH				(1,472)			390
31. New Jersey	NJ				(1,926)			511
32. New Mexico	NM				(78,239)			162
33. New York	NY		116,460	3	(45,676)	190,020	3	405,716
34. North Carolina	NC		30,000	1	(16,452)			123
35. North Dakota	ND							
36. Ohio	OH				(2,915)			773
37. Oklahoma	OK		69,000	3	(52,565)			(222)
38. Oregon	OR		700,424	9	(133,231)	265,010	5	487,429
39. Pennsylvania	PA				(12,940)			3,430
40. Rhode Island	RI				(3)			1
41. South Carolina	SC				(580)			154
42. South Dakota	SD				(214)			57
43. Tennessee	TN		47,500	4	(2,991)	45,000	2	118,984
44. Texas	TX				(3,550)			941
45. Utah	UT				(3,435)			911
46. Vermont	VT				(1,201)			318
47. Virginia	VA				(1,659)			440
48. Washington	WA				(11,685)			3,098
49. West Virginia	WV				(253)			67
50. Wisconsin	WI				(4,405)			1,168
51. Wyoming	WY							
52. American Samoa	AS							
53. Guam	GU							
54. Puerto Rico	PR							
55. U.S. Virgin Islands	VI							
56. Northern Mariana Islands	MP							
57. Canada	CN							
58. Aggregate other alien	OT	0	0	0	0	0	0	0
59. Totals	0	0	1,036,634	23	(327,243)	676,030	13	155,491
DETAILS OF WRITE-INS								
5801.								
5802.								
5803.								
5898. Summary of remaining write-ins for Line 58 from overflow page	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803 plus 5898) (Line 58 above)	0	0	0	0	0	0	0	0



SUPPLEMENT FOR SEPTEMBER 30, 2006 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

Designate the type of health care providers reported on this page
Other Health Care Facilities

**SUPPLEMENT "A" TO SCHEDULE T
EXHIBIT OF MEDICAL MALPRACTICE PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								4,200
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								.741,981
15. Indiana IN								477,114
16. Iowa IA								90,339
17. Kansas KS								2,878
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI								
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								10,029
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56. Northern Mariana Islands MP								
57. Canada CN								
58. Aggregate other alien OT	0	0	0	0	0	0	0	0
59. Totals	0	0	0	0	0	0	0	1,326,541
DETAILS OF WRITE-INS								
5801.								
5802.								
5803.								
5898. Summary of remaining write-ins for Line 58 from overflow page	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803 plus 5898) (Line 58 above)	0	0	0	0	0	0	0	0



SUPPLEMENT FOR SEPTEMBER 30, 2006 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

Designate the type of health care providers reported on this page
 Medical Malpractice Policies

**SUPPLEMENT "A" TO SCHEDULE T
 EXHIBIT OF MEDICAL MALPRACTICE PREMIUMS WRITTEN
 ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI								
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56. Northern Mariana Islands MP								
57. Canada CN								
58. Aggregate other alien OT	0	0	0	0	0	0	0	0
59. Totals	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS								
5801.								
5802.								
5803.								
5898. Summary of remaining write-ins for Line 58 from overflow page	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803 plus 5898) (Line 58 above)	0	0	0	0	0	0	0	0

NONE