

KINGSTONE COMPANIES, INC.

Form 10-Q

November 14, 2011

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2011

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-1665

KINGSTONE COMPANIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

36-2476480

(I.R.S. Employer Identification  
Number)

1154 Broadway  
Hewlett, NY 11557

(Address of principal executive offices)

(516) 374-7600

(Registrant's telephone number, including area code)

(Former Name, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

|                         |                       |                           |                       |
|-------------------------|-----------------------|---------------------------|-----------------------|
| Large accelerated filer | <input type="radio"/> | Non-accelerated filer     | <input type="radio"/> |
| Accelerated filer       | <input type="radio"/> | Smaller reporting company | <input type="radio"/> |

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

As of November 12, 2011, there were 3,838,386 shares of the registrant’s common stock outstanding.

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KINGSTONE COMPANIES, INC.

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### Forward-Looking Statements

This Quarterly Report contains forward-looking statements as that term is defined in the federal securities laws. The events described in forward-looking statements contained in this Quarterly Report may not occur. Generally these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of our plans or strategies, projected or anticipated benefits from acquisitions to be made by us, or projections involving anticipated revenues, earnings or other aspects of our operating results. The words "may," "will," "expect," "believe," "anticipate," "project," "plan," "intend," "estimate," and "continue," and their opposites and similar expressions are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, that may influence the accuracy of the statements and the projections upon which the statements are based. Factors which may affect our results include, but are not limited to, the risks and uncertainties discussed in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2010 under "Factors That May Affect Future Results and Financial Condition".

Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise.

## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS.

## KINGSTONE COMPANIES, INC. AND SUBSIDIARIES

## Condensed Consolidated Balance Sheets

|   | September<br>30,<br>2011<br>(unaudited) | December<br>31,<br>2010* |
|---|---|--------------------------|
| <b>Assets</b>   |   |                          |
| Fixed-maturity securities, held to maturity, at amortized cost (fair value of \$771,281 at September 30, 2011 and \$606,398 at December 31, 2010)         | \$ 606,234                              | \$ 605,424               |
| Fixed-maturity securities, available for sale, at fair value (amortized cost of \$17,588,998 at September 30, 2011 and \$16,277,052 at December 31, 2010) | 17,951,642                              | 16,339,101               |
| Equity securities, available-for-sale, at fair value (cost of \$4,119,319 at September 30, 2011 and \$2,825,015 at December 31, 2010)                     | 4,143,257                               | 2,983,035                |
| <b>Total investments</b>  | <b>22,701,133</b>                       | <b>19,927,560</b>        |
| Cash and cash equivalents   | 3,031,068                               | 326,620                  |
| Premiums receivable, net of provision for uncollectible amounts   | 6,038,333                               | 5,001,886                |
| Receivables - reinsurance contracts   | 685,316                                 | 1,174,729                |
| Reinsurance receivables, net of provision for uncollectible amounts   | 25,643,556                              | 20,720,194               |
| Notes receivable-sale of business   | 400,417                                 | 705,019                  |
| Deferred acquisition costs  | 4,415,056                               | 3,619,001                |
| Intangible assets, net  | 3,779,600                               | 4,136,386                |
| Property and equipment, net of accumulated depreciation   | 1,633,152                               | 1,585,029                |
| Other assets  | 625,444                                 | 1,486,249                |
| <b>Total assets</b>   | <b>\$68,953,075</b>                     | <b>\$58,682,673</b>      |
| <b>Liabilities</b>  |   |                          |
| Loss and loss adjustment expenses   | \$21,373,562                            | \$17,711,907             |
| Unearned premiums   | 21,101,548                              | 17,277,332               |
| Advance premiums  | 637,357                                 | 410,574                  |
| Reinsurance balances payable  | 2,922,815                               | 1,106,897                |
| Deferred ceding commission revenue  | 3,857,820                               | 3,219,513                |
| Notes payable and capital lease obligations (includes payable to related parties of \$378,000 at September 30, 2011 and \$785,000 at December 31, 2010)   | 747,000                                 | 1,460,997                |
| Accounts payable, accrued expenses and other liabilities  | 2,321,323                               | 2,553,031                |
| Income taxes payable  | 194,621                                 | -                        |
| Deferred income taxes   | 1,652,724                               | 1,998,557                |
| <b>Total liabilities</b>  | <b>54,808,770</b>                       | <b>45,738,808</b>        |
| <b>Commitments and Contingencies</b>  |   |                          |

| Stockholders' Equity  |              |              |
|---|--------------|--------------|
| Common stock, \$.01 par value; authorized 10,000,000 shares; issued 4,643,122 shares;outstanding 3,838,386 shares | 46,432       | 46,432       |
| Preferred stock, \$.01 par value; authorized 1,000,000 shares;-0- shares issued and outstanding                   | -            | -            |
| Capital in excess of par  | 13,719,484   | 13,633,913   |
| Accumulated other comprehensive income  | 255,145      | 145,247      |
| Retained earnings   | 1,286,502    | 281,531      |
|   | 15,307,563   | 14,107,123   |
| Treasury stock, at cost, 804,736 shares   | (1,163,258 ) | (1,163,258 ) |
| Total stockholders' equity  | 14,144,305   | 12,943,865   |
| <br>  |              |              |
| Total liabilities and stockholders' equity  | \$68,953,075 | \$58,682,673 |

\* derived from audited financial information

See accompanying notes to condensed consolidated financial statements.

KINGSTONE COMPANIES, INC. AND SUBSIDIARIES  
Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited)

|  | For the Three Months<br>Ended |                       | For the Nine Months Ended |                       |
|--|-------------------------------|-----------------------|---------------------------|-----------------------|
|  | September 30,<br>2011         | September 30,<br>2010 | September 30,<br>2011     | September 30,<br>2010 |
| <b>Revenues</b>  |                               |                       |                           |                       |
| Net premiums earned  | \$3,937,189                   | \$3,065,289           | \$10,822,137              | \$7,905,350           |
| Ceding commission revenue  | 2,307,390                     | 2,231,493             | 7,347,832                 | 6,413,774             |
| Net investment income  | 172,039                       | 154,679               | 510,173                   | 435,882               |
| Net realized gain on investments   | 196,574                       | 84,054                | 357,006                   | 228,803               |
| Other income   | 228,615                       | 214,606               | 693,188                   | 664,091               |
| <b>Total revenues</b>  | <b>6,841,807</b>              | <b>5,750,121</b>      | <b>19,730,336</b>         | <b>15,647,900</b>     |
| <b>Expenses</b>  |                               |                       |                           |                       |
| Loss and loss adjustment expenses  | 2,933,531                     | 1,907,917             | 7,307,925                 | 4,518,253             |
| Commission expense   | 1,596,281                     | 1,287,268             | 4,472,924                 | 3,647,371             |
| Other underwriting expenses  | 1,734,137                     | 1,580,827             | 5,045,051                 | 4,112,889             |
| Other operating expenses   | 260,149                       | 428,401               | 863,114                   | 1,345,208             |
| Depreciation and amortization  | 144,122                       | 155,258               | 457,264                   | 463,746               |
| Interest expense   | 23,577                        | 46,258                | 108,249                   | 138,560               |
| Interest expense - mandatorily redeemable preferred stock                          | -                             | -                     | -                         | 74,706                |
| <b>Total expenses</b>  | <b>6,691,797</b>              | <b>5,405,929</b>      | <b>18,254,527</b>         | <b>14,300,733</b>     |
| Income from continuing operations before taxes                                     | 150,010                       | 344,192               | 1,475,809                 | 1,347,167             |
| Income tax (benefit) expense   | (69,559 )                     | 128,278               | 355,685                   | 564,388               |
| Income from continuing operations  | 219,569                       | 215,914               | 1,120,124                 | 782,779               |
| Income from discontinued operations, net of taxes                                  | -                             | 16,234                | -                         | 40,082                |
| <b>Net income</b>  | <b>219,569</b>                | <b>232,148</b>        | <b>1,120,124</b>          | <b>822,861</b>        |
| Gross unrealized investment holding gains (losses) arising during period           | (166,793 )                    | 523,690               | 166,513                   | 560,337               |
| Income tax benefit (expense) related to items of other comprehensive income (loss) | 56,710                        | (178,055 )            | (56,614 )                 | (190,515 )            |
| <b>Comprehensive income</b>  | <b>\$109,486</b>              | <b>\$577,783</b>      | <b>\$1,230,023</b>        | <b>\$1,192,683</b>    |
| <b>Basic and diluted earnings per common share:</b>                                |                               |                       |                           |                       |
| Income from continuing operations  | \$0.06                        | \$0.06                | \$0.29                    | \$0.24                |
| Income from discontinued operations  | \$-                           | \$-                   | \$-                       | \$0.01                |
| <b>Income per common share</b>   | <b>\$0.06</b>                 | <b>\$0.06</b>         | <b>\$0.29</b>             | <b>\$0.25</b>         |
| <b>Weighted average common shares outstanding</b>                                  |                               |                       |                           |                       |
| Basic  | 3,838,386                     | 3,833,798             | 3,838,386                 | 3,292,145             |
| Diluted  | 3,918,763                     | 3,833,798             | 3,921,289                 | 3,292,145             |

See accompanying notes to condensed consolidated financial statements.





KINGSTONE COMPANIES, INC. AND SUBSIDIARIES  
Condensed Consolidated Statement of Stockholders' Equity  
Nine months ended September 30, 2011 (unaudited)

|   | Common Stock<br>Shares | Preferred<br>Stock<br>Amount | Preferred<br>Stock<br>Shares | Capital<br>in Excess<br>of Par | Accumulated<br>Other<br>Comprehensive<br>Income | Retained<br>Earnings | Treasury Stock<br>Shares | Treasury Stock<br>Amount | Total        |
|---|------------------------|------------------------------|------------------------------|--------------------------------|---|----------------------|--------------------------|--------------------------|--------------|
| Balance,<br>December<br>31, 2010  | 4,643,122              | \$46,432                     | -                            | \$- \$13,633,913               | \$145,247                                       | \$281,531            | 804,736                  | \$(1,163,258)            | \$12,943,865 |
| Stock-based<br>payments   | -                      | -                            | -                            | 85,571                         | -   | -                    | -                        | -                        | 85,571       |
| Dividends   | -                      | -                            | -                            | -                              | -   | (115,153 )           | -                        | -                        | (115,153 )   |
| Net income  | -                      | -                            | -                            | -                              | -   | 1,120,124            | -                        | -                        | 1,120,124    |
| Net<br>unrealized<br>gains on<br>securities<br>available<br>for sale, net<br>of income<br>tax | -                      | -                            | -                            | -                              | 109,899   | -                    | -                        | -                        | 109,899      |
| Balance,<br>September<br>30, 2011   | 4,643,122              | \$46,432                     | -                            | \$- \$13,719,484               | \$255,145                                       | \$1,286,502          | 804,736                  | \$(1,163,258)            | \$14,144,305 |

See accompanying notes to condensed consolidated financial statements.

KINGSTONE COMPANIES, INC. AND SUBSIDIARIES  
Condensed Consolidated Statements of Cash Flows (Unaudited)  
Nine months ended September 30,

|  | 2011         | 2010        |
|--|--------------|-------------|
| Cash flows provided by operating activities:   |              |             |
| Net income   | \$ 1,120,124 | \$ 822,861  |
| Adjustments to reconcile net income to net cash provided by operations:              |              |             |
| Gain on sale of investments  | (357,006 )   | (228,803 )  |
| Depreciation and amortization  | 457,264      | 463,746     |
| Amortization of bond premium, net  | 162,990      | 54,810      |
| Stock-based payments   | 85,571       | 326,573     |
| Deferred income taxes  | (402,447 )   | (36,197 )   |
| (Increase) decrease in assets:   |              |             |
| Short term investments   | -            | 225,336     |
| Premiums receivable, net   | (1,036,447)  | (795,761 )  |
| Receivables - reinsurance contracts  | 489,413      | (1,015,489) |
| Reinsurance receivables, net   | (4,923,362)  | (32,328 )   |
| Deferred acquisition costs   | (796,055 )   | (677,169 )  |
| Other assets   | 860,804      | (142,389 )  |
| Increase (decrease) in liabilities:  |              |             |
| Loss and loss adjustment expenses  | 3,661,655    | 624,918     |
| Unearned premiums  | 3,824,216    | 3,127,590   |
| Advance premiums   | 226,783      | 110,262     |
| Reinsurance balances payable   | 1,815,918    | (92,772 )   |
| Deferred ceding commission revenue   | 638,307      | (96,230 )   |
| Income taxes payable   | 194,621      | -           |
| Accounts payable, accrued expenses and other liabilities                             | (231,708 )   | (512,401 )  |
| Net cash provided by operating activities of continuing operations                   | 5,790,641    | 2,126,557   |
| Operating activities of discontinued operations                                      | -            | (26,000 )   |
| Net cash flows provided by operating activities                                      | 5,790,641    | 2,100,557   |
| Cash flows used in investing activities:   |              |             |
| Purchase - fixed-maturity securities held to maturity                                | -            | (106,205 )  |
| Purchase - fixed-maturity securities available for sale                              | (4,372,917)  | (4,449,040) |
| Purchase - equity securities   | (2,570,333)  | (1,968,273) |
| Sale or maturity - fixed-maturity securities available for sale                      | 3,034,295    | 2,616,788   |
| Sale - equity securities   | 1,362,700    | 1,202,909   |
| Recovery of loss from failed bank  | 133,211      | -           |
| Collections of notes receivable and accrued interest - Sale of businesses            | 304,602      | 364,067     |
| Other investing activities   | (148,601 )   | (5,820 )    |
| Net cash flows used in investing activities  | (2,257,043)  | (2,345,574) |
| Cash flows (used in) provided by financing activities:                               |              |             |
| Proceeds from long term debt (includes \$200,000 from related parties in 2010)       | -            | 400,000     |
| Principal payments on long-term debt (includes \$407,000 to related parties in 2011) | (713,997 )   | (18,268 )   |
| Dividends paid   | (115,153 )   | -           |
| Net cash flows (used in) provided by financing activities                            | (829,150 )   | 381,732     |

See accompanying notes to condensed consolidated financial statements.

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KINGSTONE COMPANIES, INC. AND SUBSIDIARIES  
 Condensed Consolidated Statements of Cash Flows (Unaudited)  
 Nine months ended September 30,

|   | 2011        | 2010        |
|---|-------------|-------------|
| Increase in cash and cash equivalents                                 | \$2,704,448 | \$ 136,715  |
| Cash and cash equivalents, beginning of period                        | 326,620     | 625,320     |
| Cash and cash equivalents, end of period                              | \$3,031,068 | \$762,035   |
| Supplemental disclosures of cash flow information:                    |             |             |
| Cash paid for income taxes  | \$458,871   | \$501,102   |
| Cash paid for interest  | \$172,964   | \$296,782   |
| Supplemental Schedule of Non-Cash Investing and Financing Activities: |             |             |
| Mandatorily redeemable preferred stock exchanged for common stock     | -           | \$1,299,231 |

See accompanying notes to condensed consolidated financial statements.

KINGSTONE COMPANIES, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

Note 1 – Basis of Presentation and Nature of Business

Kingstone Companies, Inc. (referred to herein as "Kingstone" or the "Company"), through its subsidiary Kingstone Insurance Company ("KICO"), offers property and casualty insurance products to small businesses and individuals in New York State.

The accompanying unaudited condensed consolidated financial statements included in this report have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and the instructions to Securities and Exchange Commission ("SEC") Form 10-Q and Article 8-03 of SEC Regulation S-X. The principles for condensed interim financial information do not require the inclusion of all the information and footnotes required by generally accepted accounting principles for complete financial statements. Therefore, these financial statements should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2010 and notes thereto included in the Company's Annual Report on Form 10-K filed on March 31, 2011. The accompanying condensed consolidated financial statements have not been audited by an independent registered public accounting firm in accordance with standards of the Public Company Accounting Oversight Board (United States) but, in the opinion of management, such financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the Company's financial position and results of operations. The results of operations for the nine months ended September 30, 2011 may not be indicative of the results that may be expected for the year ending December 31, 2011.

Note 2 – Accounting Policies and Basis of Presentation

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

The Company has reclassified certain amounts in its 2010 statements of consolidated operations and cash flows to conform to the 2011 presentation. None of these reclassifications had an effect on the Company's consolidated net earnings, total stockholders' equity or cash flows.

Principles of Consolidation

The consolidated financial statements consist of Kingstone and its wholly-owned subsidiaries. Subsidiaries include KICO and its subsidiaries, CMIC Properties, Inc. ("CMIC Properties") and 15 Joys Lane, LLC ("15 Joys Lane"), which together own the land and building from which KICO operates. All material intercompany transactions have been eliminated in consolidation.

## Accounting Pronouncements

In October 2010, the FASB issued new guidance concerning the accounting for costs associated with acquiring or renewing insurance contracts. This guidance generally follows the model of that for loan origination costs. Under the new guidance, only direct incremental costs associated with successful insurance contract acquisitions or renewals are deferrable. The Company adopted this guidance retrospectively effective January 1, 2011. The adoption of this guidance did not have a material impact on the Company's results of operations, financial position or liquidity.

In April 2011, the FASB issued ASU No. 2011-03, "Reconsideration of Effective Control for Repurchase Agreements" ("ASU 2011-03"). ASU 2011-03 provides amendments to Accounting Standards Codification ("ASC") No. 860 "Transfers and Servicing", which remove from the assessment of effective control (1) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and (2) the collateral maintenance implementation guidance related to that criterion. The amendments in this update are effective prospectively for transactions or modifications of existing transactions that occur on or after the beginning of the first interim or annual reporting period beginning on or after December 15, 2011, with early adoption not permitted.

In May 2011, the FASB issued ASU No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS" ("ASU 2011-04"). ASU 2011-04 provides amendments to ASC No. 820 "Fair Value Measurement", which results in a consistent definition of fair value and common requirements for measurement of and disclosure of fair value between U.S. GAAP and IFRS. Some of the amendments clarify the FASB's intent about the application of existing fair value measurement requirements, while others change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The amendments in this update are effective prospectively during interim and annual periods beginning after December 15, 2011, with early adoption not permitted.

In June 2011, the FASB issued ASU No. 2011-05, "Presentation of Comprehensive Income" ("ASU 2011-05"). ASU 2011-05 provides amendments to ASC No. 220 "Comprehensive Income", which require an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The amendments in this update are effective retrospectively for fiscal years and interim periods within those years, beginning after December 15, 2011, with early adoption permitted. The Company has not elected to early adopt ASU 2011-05.

In September 2011, the FASB issued amended guidance on testing goodwill for impairment. This guidance is providing the option to first assess qualitative factors, such as macroeconomic conditions and industry and market considerations, to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If indicated by the qualitative assessment, then it is necessary to perform the two-step goodwill impairment test. If the option is not elected, the guidance requiring the two-step goodwill impairment test is unchanged. The new guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The impact of adoption is not expected to be material to the Company's results of operations and financial position.

The Company has determined that all other recently issued accounting pronouncements will not have a material impact on its consolidated financial position, results of operations and cash flows, or do not apply to its operations.

## Note 3 – Investments

## Available for Sale Securities

The amortized cost and fair value of investments in available for sale fixed-maturity securities, equities and short term investments as of September 30, 2011 and December 31, 2010 are summarized as follows:

| Category  | Cost or<br>Amortized<br>Cost | Gross<br>Unrealized<br>Gains | September 30, 2011<br>Gross Unrealized Losses |                           | Fair<br>Value       | Unrealized<br>Gains/<br>(Losses) |
|---|------------------------------|------------------------------|---|---------------------------|---------------------|----------------------------------|
|   |                              |                              | Less than<br>12<br>Months<br>(unaudited)      | More than<br>12<br>Months |                     |                                  |
| <b>Fixed-Maturity Securities:</b>   |                              |                              |   |                           |                     |                                  |
| U.S. Treasury securities and obligations of U.S. government corporations and agencies | \$499,815                    | \$49,398                     | \$-   | \$-                       | \$549,213           | \$49,398                         |
| Political subdivisions of States, Territories and Possessions                         | 6,133,143                    | 288,099                      | -   | -                         | 6,421,242           | 288,099                          |
| Corporate and other bonds industrial and miscellaneous                                | 10,956,040                   | 271,758                      | (221,751 )                                    | (24,860 )                 | 10,981,187          | 25,147                           |
| <b>Total fixed-maturity securities</b>  | <b>17,588,998</b>            | <b>609,255</b>               | <b>(221,751 )</b>                             | <b>(24,860 )</b>          | <b>17,951,642</b>   | <b>362,644</b>                   |
| <b>Equity Securities:</b>   |                              |                              |   |                           |                     |                                  |
| Preferred stocks  | 1,268,171                    | 26,616                       | (91,915 )                                     | -                         | 1,202,872           | (65,299 )                        |
| Common stocks   | 2,851,148                    | 209,110                      | (119,873 )                                    | -                         | 2,940,385           | 89,237                           |
| <b>Total equity securities</b>  | <b>4,119,319</b>             | <b>235,726</b>               | <b>(211,788 )</b>                             | <b>-</b>                  | <b>4,143,257</b>    | <b>23,938</b>                    |
| <b>Total</b>  | <b>\$21,708,317</b>          | <b>\$844,981</b>             | <b>\$(433,539 )</b>                           | <b>\$(24,860 )</b>        | <b>\$22,094,899</b> | <b>\$386,582</b>                 |

| Category  | Cost or<br>Amortized<br>Cost | Gross<br>Unrealized<br>Gains | December 31, 2010                             |                                     | Fair<br>Value       | Unrealized<br>Gains/<br>(Losses) |
|---|------------------------------|------------------------------|---|-------------------------------------|---------------------|----------------------------------|
|   |                              |                              | Gross Unrealized<br>Less than<br>12<br>Months | Losses<br>More than<br>12<br>Months |                     |                                  |
| <b>Fixed-Maturity Securities:</b>   |                              |                              |   |                                     |                     |                                  |
| U.S. Treasury securities and obligations of U.S. government corporations and agencies | \$1,000,572                  | \$42,085                     | \$-   | \$-                                 | \$1,042,657         | \$42,085                         |
| Political subdivisions of States, Territories and Possessions                         | 7,278,663                    | 79,791                       | (86,234 )                                     | (12,995 )                           | 7,259,225           | (19,438 )                        |
| Corporate and other bonds industrial and miscellaneous                                | 7,997,817                    | 176,999                      | (137,597 )                                    | -                                   | 8,037,219           | 39,402                           |
| <b>Total fixed-maturity securities</b>  | <b>16,277,052</b>            | <b>298,875</b>               | <b>(223,831 )</b>                             | <b>(12,995 )</b>                    | <b>16,339,101</b>   | <b>62,049</b>                    |
| <b>Equity Securities:</b>   |                              |                              |   |                                     |                     |                                  |
| Preferred stocks  | 824,569                      | 29,934                       | (6,333 )                                      | -                                   | 848,170             | 23,601                           |
| Common stocks   | 2,000,446                    | 188,783                      | (54,364 )                                     | -                                   | 2,134,865           | 134,419                          |
| <b>Total equity securities</b>  | <b>2,825,015</b>             | <b>218,717</b>               | <b>(60,697 )</b>                              | <b>-</b>                            | <b>2,983,035</b>    | <b>158,020</b>                   |
| <b>Total</b>  | <b>\$19,102,067</b>          | <b>\$517,592</b>             | <b>\$(284,528 )</b>                           | <b>\$(12,995 )</b>                  | <b>\$19,322,136</b> | <b>\$220,069</b>                 |

A summary of the amortized cost and fair value of the Company's available for sale investments in fixed-maturity securities by contractual maturity as of September 30, 2011 and December 31, 2010 is shown below:



| Remaining Time to Maturity | September 30, 2011   |                      | December 31, 2010    |                      |
|----------------------------|----------------------|----------------------|----------------------|----------------------|
|                            | Amortized            |                      | Amortized            |                      |
|                            | Cost                 | Fair Value           | Cost                 | Fair Value           |
|                            | (unaudited)          |                      |                      |                      |
| Less than one year         | \$ 301,268           | \$ 303,207           | \$ 263,098           | \$ 253,385           |
| One to five years          | 6,495,249            | 6,671,967            | 6,868,952            | 6,997,694            |
| Five to ten years          | 9,506,527            | 9,615,351            | 7,132,079            | 7,118,405            |
| More than 10 years         | 1,285,954            | 1,361,117            | 2,012,923            | 1,969,617            |
| <b>Total</b>               | <b>\$ 17,588,998</b> | <b>\$ 17,951,642</b> | <b>\$ 16,277,052</b> | <b>\$ 16,339,101</b> |

The actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without penalties.

#### Held to Maturity Securities

The amortized cost and fair value of investments in held to maturity fixed-maturity securities as of September 30, 2011 and December 31, 2010 are summarized as follows:

| Category                 | September 30, 2011 |                  |                         |                     |            |            |
|--------------------------|--------------------|------------------|-------------------------|---------------------|------------|------------|
|                          | Cost or            | Gross            | Gross Unrealized Losses |                     | Fair Value | Unrealized |
|                          | Amortized Cost     | Unrealized Gains | Less than 12 Months     | More than 12 Months |            |            |
|                          | (unaudited)        |                  |                         |                     |            |            |
| U.S. Treasury securities | \$606,234          | \$165,047        | \$-                     | \$-                 | \$771,281  | \$165,047  |

  

| Category                 | December 31, 2010 |                  |                         |                     |            |            |
|--------------------------|-------------------|------------------|-------------------------|---------------------|------------|------------|
|                          | Cost or           | Gross            | Gross Unrealized Losses |                     | Fair Value | Unrealized |
|                          | Amortized Cost    | Unrealized Gains | Less than 12 Months     | More than 12 Months |            |            |
| U.S. Treasury securities | \$605,424         | \$974            | \$-                     | \$-                 | \$606,398  | \$974      |

All held to maturity securities are held in trust pursuant to the New York State Insurance Department's minimum funds requirement.

Contractual maturities of all held to maturity securities are greater than ten years.

## Investment Income

Major categories of the Company's net investment income are summarized as follows:

|                           | Three months ended<br>September 30,<br>2011 |            | Nine months ended<br>September 30,<br>2011 |            |
|---------------------------|---|------------|--|------------|
|                           | 2010  | 2010       | 2011                                       | 2010       |
|                           | (unaudited)                                 |            | (unaudited)                                |            |
| <b>Income</b>             |   |            |  |            |
| Fixed-maturity securities | \$ 170,083                                  | \$ 140,953 | \$ 526,583                                 | \$ 395,676 |
| Equity securities         | 44,089                                      | 41,176     | 114,387                                    | 100,702    |
| Cash and cash equivalents | 2,552                                       | 61         | 4,775                                      | 4,878      |
| Other                     | 8   | 13         | (3,307 )                                   | 34         |
| Total                     | 216,732                                     | 182,203    | 642,438                                    | 501,290    |
| <b>Expenses</b>           |   |            |  |            |
| Investment expenses       | 44,693                                      | 27,524     | 132,265                                    | 65,408     |
| Net investment income     | \$ 172,039                                  | \$ 154,679 | \$ 510,173                                 | \$ 435,882 |

Proceeds from the sale and maturity of fixed-maturity securities were \$3,034,295 and \$2,616,788 for the nine months ended September 30, 2011 and 2010.

Proceeds from the sale of equity securities were \$1,362,700 and \$1,202,909 for the nine months ended September 30, 2011 and 2010, respectively.

The Company's gross realized gains and losses on investments are summarized as follows:

|  | Three months ended<br>September 30,<br>2011 |           | Nine months ended<br>September 30,<br>2011 |            |
|--|---|-----------|--|------------|
|  | 2010  | 2010      | 2011                                       | 2010       |
| <b>Fixed-maturity securities</b>       |   |           |  |            |
| Gross realized gains                   | \$ 51,805                                   | \$ 37,601 | \$ 139,107                                 | \$ 133,598 |
| Gross realized losses                  | -   | -         | (1,983 )                                   | (18,562 )  |
|  | 51,805                                      | 37,601    | 137,124                                    | 115,036    |
| <b>Equity securities</b>               |   |           |  |            |
| Gross realized gains                   | 11,558                                      | 64,210    | 147,375                                    | 148,462    |
| Gross realized losses                  | -   | (17,757 ) | (60,704 )                                  | (34,695 )  |
|  | 11,558                                      | 46,453    | 86,671                                     | 113,767    |
| <b>Cash and short term investments</b> |   |           |  |            |
| (1)                                    | 133,211                                     | -         | 133,211                                    | -          |
| Net realized gains                     | \$ 196,574                                  | \$ 84,054 | \$ 357,006                                 | \$ 228,803 |

(1) Realized gain on cash and short term investments is a partial recovery from the FDIC of an amount previously written off in 2009 due to the failure of Waterfield Bank.



## Impairment Review

The Company regularly reviews its fixed-maturity securities and equity securities portfolios to evaluate the necessity of recording impairment losses for other-than-temporary declines (“OTTI”) in the fair value of investments. In evaluating potential impairment, management considers, among other criteria: (i) the current fair value compared to amortized cost or cost, as appropriate; (ii) the length of time the security’s fair value has been below amortized cost or cost; (iii) specific credit issues related to the issuer such as changes in credit rating, reduction or elimination of dividends or non-payment of scheduled interest payments; (iv) management’s intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in value to cost; and (v) current economic conditions.

OTTI losses are recorded in the condensed consolidated statement of operations and comprehensive income as net realized losses on investments and result in a permanent reduction of the cost basis of the underlying investment. The determination of OTTI is a subjective process and different judgments and assumptions could affect the timing of loss realization. There are 42 securities at September 30, 2011 that account for the gross unrealized loss. The Company determined that none of the unrealized losses were deemed to be OTTI for its portfolio of fixed maturity investments and equity securities for the nine months ended September 30, 2011 and 2010. Significant factors influencing the Company’s determination that unrealized losses were temporary included the magnitude of the unrealized losses in relation to each security’s cost, the nature of the investment and management’s intent and ability to retain the investment for a period of time sufficient to allow for anticipated recovery of fair value to the Company’s cost basis.

The Company held securities with unrealized losses representing declines that were considered temporary at September 30, 2011 as follows:

| Category  | Less than 12 months |                      | No.<br>of<br>Positions<br>Held | September 30, 2011<br>12 months or more |                      | No.<br>of<br>Positions<br>Held | Total                      |                      |
|---|---------------------|----------------------|--------------------------------|---|----------------------|--------------------------------|----------------------------|----------------------|
|   | Fair<br>Value       | Unrealized<br>Losses |                                | Fair<br>Value<br>(unaudited)            | Unrealized<br>Losses |                                | Aggregate<br>Fair<br>Value | Unrealized<br>Losses |
| <b>Fixed-Maturity Securities:</b>   |                     |                      |                                |   |                      |                                |                            |                      |
| U.S. Treasury securities and obligations of U.S. government corporations and agencies | \$-                 | \$-                  | -                              | \$-                                     | \$-                  | -                              | \$-                        | \$-                  |
| Political subdivisions of States, Territories and Possessions                         | -                   | -                    | -                              | -                                       | -                    | -                              | -                          | -                    |
| Corporate and other bonds industrial and  | 4,131,740           | (221,751)            | 1                              | 375,140                                 | (24,860)             | 22                             | 4,506,880                  | (246,611)            |

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## miscellaneous

## Total

## fixed-maturity

|            |             |             |   |           |            |    |             |             |
|------------|-------------|-------------|---|-----------|------------|----|-------------|-------------|
| securities | \$4,131,740 | \$(221,751) | 1 | \$375,140 | \$(24,860) | 22 | \$4,506,880 | \$(246,611) |
|------------|-------------|-------------|---|-----------|------------|----|-------------|-------------|

## Equity

## Securities:

## Preferred

|        |           |            |   |     |     |   |           |            |
|--------|-----------|------------|---|-----|-----|---|-----------|------------|
| stocks | \$719,322 | \$(91,915) | 6 | \$- | \$- | - | \$719,322 | \$(91,915) |
|--------|-----------|------------|---|-----|-----|---|-----------|------------|

## Common

|        |         |           |    |   |   |   |         |           |
|--------|---------|-----------|----|---|---|---|---------|-----------|
| stocks | 947,280 | (119,873) | 13 | - | - | - | 947,280 | (119,873) |
|--------|---------|-----------|----|---|---|---|---------|-----------|

## Total equity

|            |             |             |    |     |     |   |             |             |
|------------|-------------|-------------|----|-----|-----|---|-------------|-------------|
| securities | \$1,666,602 | \$(211,788) | 19 | \$- | \$- | - | \$1,666,602 | \$(211,788) |
|------------|-------------|-------------|----|-----|-----|---|-------------|-------------|

Puerto Rico  
Public  
Building  
Authority,  
(CIFG),

795 5.25%,  
7/1/36<sup>(1)(2)</sup> 848,113

\$ 3,953,284

## Insured-Public Education

10.1%

Central  
Michigan  
University,  
(AMBAC),

\$ 1,500

5.05%,  
10/1/32<sup>(3)</sup> \$ 1,575,105

Lake  
Superior  
State  
University,  
(AMBAC),  
5.125%,

750

11/15/26 789,443

\$ 2,364,548

## Insured-Sewer Revenue

5.6%

Detroit  
Sewer  
Disposal,  
(FGIC),

\$ 1,250

5.125%,  
7/1/31 \$ 1,310,275

\$ 1,310,275

## Insured-Special Tax Revenue

17.9%

Lansing,  
Building  
Authority,  
(MBIA),  
5.00%,

\$ 1,500

6/1/29 \$ 1,570,440

1,500

Wayne  
Charter  
County,  
(Airport  
Hotel-Detroit  
Metropolitan

1,565,805

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|       |  |              |
|-------|--|--------------|
|       | Airport),<br>(MBIA),<br>5.00%,<br>12/1/30  |              |
|       | Ypsilanti,<br>Community<br>Utilities<br>Authority,<br>(San<br>Sewer<br>System),<br>(FGIC),<br>5.00%,<br>5/1/32 |              |
| 1,000 |  | 1,038,180    |
|       |  | \$ 4,174,425 |

See notes to financial statements

Eaton Vance Insured Michigan Municipal Bond Fund as of September 30, 2006

PORTFOLIO OF INVESTMENTS CONT'D (As Restated See Note 11)

| Principal Amount<br>(000's omitted)      |       | Security   | Value           |
|--|-------|--|-----------------|
| <b>Insured-Utility 6.9%</b>              |       |  |                 |
|  |       | Lansing, Board Water Supply,<br>Steam and Electric Utility,<br>(FSA), 5.00%, 7/1/25      | \$ 1,058,810    |
| \$                                       | 1,000 |  |                 |
|  |       | Lansing, Board Water Supply,<br>Steam and Electric Utility,<br>(FSA), 5.00%, 7/1/26      | 536,046         |
|  | 510   |  |                 |
|  |       |  | \$ 1,594,856    |
| <b>Insured-Water Revenue 17.8%</b>       |       |  |                 |
|  |       | Detroit Water Supply System,<br>(FGIC), 5.00%, 7/1/30                                    | \$ 1,650,720    |
| \$                                       | 1,600 |  |                 |
|  |       | Detroit, Water Supply System,<br>(MBIA),<br>5.00%, 7/1/34 <sup>(1)(2)</sup>              | 2,496,720       |
|  | 2,400 |  |                 |
|  |       |  | \$ 4,147,440    |
| <b>Private Education 2.2%</b>            |       |  |                 |
|  |       | Michigan Higher Education<br>Facilities Authority,<br>(Hillsdale College), 5.00%, 3/1/35 | \$ 514,495      |
| \$                                       | 500   |  |                 |
|  |       |  | \$ 514,495      |
| Total Tax-Exempt Investments 181.4%      |       |  |                 |
| (identified cost \$39,794,782)           |       |  | \$ 42,316,959   |
| Other Assets, Less Liabilities (23.5%)   |       |  | \$ (5,477,296)  |
| Auction Preferred Shares Plus Cumulative |       |  |                 |
| Unpaid Dividends (57.9%)                 |       |  | \$ (13,505,029) |
| Net Assets Applicable to                 |       |  |                 |
| Common Shares 100.0%                     |       |  | \$ 23,334,634   |

AMBAC - AMBAC Financial Group, Inc.

CIFG - CDC IXIS Financial Guaranty North America, Inc.

FGIC - Financial Guaranty Insurance Company

FSA - Financial Security Assurance, Inc.

MBIA - Municipal Bond Insurance Association

XLCA - XL Capital Assurance, Inc.

The Fund invests primarily in debt securities issued by Michigan municipalities. The ability of the issuers of the debt securities to meet their obligations may be affected by economic developments in a specific industry or municipality. In order to reduce the risk associated with such economic developments, at September 30, 2006, 84.7% of total investments are backed by bond insurance of various financial institutions and financial guaranty assurance agencies. The aggregate percentage insured by an individual financial institution ranged from 3.6% to 25.9% of total investments.

(1) Security valued at fair value using methods determined in good faith by or at the direction of the Trustees.

(2) As restated, See Note 11.

(3) Security (or a portion thereof) has been segregated to cover margin requirements on open financial futures contracts.

See notes to financial statements

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Eaton Vance Insured New Jersey Municipal Bond Fund as of September 30, 2006

PORTFOLIO OF INVESTMENTS (As Restated See Note 11)

| Tax-Exempt Investments 177.4%        |       |  |              |
|--------------------------------------|-------|--|--------------|
| Principal Amount<br>(000's omitted)  |       | Security   | Value        |
| Hospital 8.3%                        |       |  |              |
| \$                                   | 100   | Camden County, Improvement Authority, (Cooper Health System), 5.00%, 2/15/25                           | \$ 102,925   |
|                                      | 180   | Camden County, Improvement Authority, (Cooper Health System), 5.00%, 2/15/35                           | 183,620      |
|                                      | 150   | Camden County, Improvement Authority, (Cooper Health System), 5.25%, 2/15/27                           | 157,398      |
|                                      | 1,300 | Camden County, Improvement Authority, (Cooper Health System), 5.75%, 2/15/34                           | 1,397,253    |
|                                      | 610   | New Jersey Health Care Facilities Financing Authority, (Capital Health System), 5.375%, 7/1/33         | 636,242      |
|                                      | 575   | New Jersey Health Care Facilities Financing Authority, (Capital Health System), 5.75%, 7/1/23          | 620,770      |
|                                      | 250   | New Jersey Health Care Facilities Financing Authority, (Hunterdon Medical Center), 5.125%, 7/1/35      | 258,220      |
|                                      |       |  | \$ 3,356,428 |
| Insured-Escrowed / Prerefunded 18.2% |       |  |              |
| \$                                   | 4,645 | Puerto Rico, (FGIC), Prerefunded to 7/1/12, 5.00%, 7/1/32 <sup>(1)(2)</sup>                            | \$ 4,991,704 |
|                                      | 2,205 | Puerto Rico Public Buildings Authority, (CIFG), Prerefunded to 7/1/12, 5.25%, 7/1/36 <sup>(1)(2)</sup> | 2,393,097    |
|                                      |       |  | \$ 7,384,801 |
| Insured-General Obligations 30.0%    |       |  |              |
| \$                                   | 2,260 | Bayonne, (FSA), 0.00%, 7/1/22  | \$ 1,156,103 |
|                                      | 2,415 | Bayonne, (FSA), 0.00%, 7/1/23  | 1,178,134    |
|                                      | 1,500 | Bordentown, Regional School District Board of Education, (FGIC), 5.00%, 1/15/30 <sup>(3)</sup>         | 1,570,935    |
|                                      | 2,000 | Hudson County Improvement Authority, (MBIA), 0.00%, 12/15/38   | 453,540      |
|                                      | 5,500 | Irvington Township, (FSA), 0.00%, 7/15/26  | 2,323,860    |
|                                      | 2,960 | Jackson Township, School District, (MBIA), 2.50%, 6/15/27  | 2,259,753    |
|                                      | 1,250 | Jersey City, (FSA), 5.25%, 9/1/23  | 1,350,225    |

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|  |       |   |               |
|--|-------|---|---------------|
|  |       | Madison Borough, Board of Education, (MBIA),                    |               |
|  | 530   | 4.75%, 7/15/35  | 543,960       |
|  |       | Monroe Township Board of Education, (MBIA),                     |               |
|  | 350   | 4.50%, 4/1/33   | 352,289       |
|  |       | Old Bridge Township Board of Education, (MBIA),                 |               |
|  | 1,000 | 4.375%, 7/15/32   | 1,005,010     |
|  |       |   | \$ 12,193,809 |
| <b>Insured-Hospital 9.3%</b>                                       |       |   |               |
|  |       | New Jersey Health Care Facilities Financing Authority,          |               |
|  |       | (Englewood Hospital), (MBIA),                                   |               |
| \$   | 2,750 | 5.00%, 8/1/31   | \$ 2,859,120  |
| <b>Principal Amount (000's omitted)</b>                            |       |   |               |
|  |       | <b>Security</b>   | <b>Value</b>  |
| <b>Insured-Hospital (continued)</b>                                |       |   |               |
|  |       | New Jersey Health Care Facilities Financing Authority,          |               |
|  |       | (Jersey City Medical Center),                                   |               |
| \$   | 900   | (AMBAC), 5.00%, 8/1/41  | \$ 925,938    |
|  |       |   | \$ 3,785,058  |
| <b>Insured-Lease Revenue / Certificates of Participation 13.2%</b> |       |   |               |
|  |       | Gloucester County, Improvements Authority, (MBIA),              |               |
| \$   | 445   | 4.75%, 9/1/30   | \$ 458,862    |
|  |       | Lafayette Yard, Community Development Corporation,              |               |
|  | 2,670 | (Hotel and Conference Center), (FGIC), 5.00%, 4/1/35            | 2,748,551     |
|  | 1,250 | Middlesex County, (MBIA), 5.00%, 8/1/31                         | 1,290,825     |
|  |       | Puerto Rico Public Buildings Authority, (CIFG),                 |               |
|  | 795   | 5.25%, 7/1/36 <sup>(1)(2)</sup>                                 | 848,114       |
|  |       |   | \$ 5,346,352  |
| <b>Insured-Pooled Loans 7.3%</b>                                   |       |   |               |
|  |       | Puerto Rico Municipal Finance Agency, (FSA),                    |               |
| \$   | 2,850 | 5.00%, 8/1/27 <sup>(1)(2)</sup>                                 | \$ 2,986,372  |
|  |       |   | \$ 2,986,372  |
| <b>Insured-Private Education 2.6%</b>                              |       |   |               |
|  |       | New Jersey Educational Facilities Authority, (Kean University), |               |
| \$   | 1,000 | (FGIC), 5.00%, 7/1/28   | \$ 1,049,870  |
|  |       |   | \$ 1,049,870  |
| <b>Insured-Public Education 18.5%</b>                              |       |   |               |
|  |       | New Jersey Economic Development Authority,                      |               |
| \$   | 1,200 | (School Facilities), (FGIC), 5.00%, 7/1/33                      | \$ 1,248,240  |
|  |       | New Jersey Educational Facilities Authority,                    |               |
|  | 1,500 | (Rowan University), (FGIC), 5.125%, 7/1/30                      | 1,586,655     |
|  | 3,990 | University of New Jersey Medicine and Dentistry, (AMBAC),       | 4,176,253     |

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|                             |        |   |              |
|-----------------------------|--------|---|--------------|
|                             |        | 5.00%, 4/15/32  |              |
|                             |        | University of New Jersey Medicine<br>and Dentistry, Certificates<br>of Participation, (MBIA), 5.00%,<br>6/15/36 |              |
|                             | 475    |   | 496,755      |
|                             |        |   | \$ 7,507,903 |
| Insured-Sewer Revenue       | 3.7%   |   |              |
|                             |        | Passaic Valley, Sewer<br>Commissioners, (FGIC),<br>2.50%, 12/1/32   |              |
| \$                          | 690    |   | \$ 498,442   |
|                             |        | Rahway Valley, Sewerage Authority,<br>(MBIA),<br>0.00%, 9/1/27  |              |
|                             | 2,500  |   | 999,550      |
|                             |        |   | \$ 1,497,992 |
| Insured-Special Tax Revenue | 14.3%  |   |              |
|                             |        | Garden State, New Jersey<br>Preservation Trust, (FSA),<br>0.00%, 11/1/28  |              |
| \$                          | 10,000 |   | \$ 3,782,600 |
|                             |        | Puerto Rico Infrastructure Financing<br>Authority, (AMBAC),<br>0.00%, 7/1/28                                    |              |
|                             | 1,555  |   | 601,598      |

See notes to financial statements

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Eaton Vance Insured New Jersey Municipal Bond Fund as of September 30, 2006

PORTFOLIO OF INVESTMENTS CONT'D (As Restated See Note 11)

| Principal Amount<br>(000's omitted)            |       | Security   | Value         |
|--|-------|--|---------------|
| <b>Insured-Special Tax Revenue (continued)</b> |       |  |               |
| \$   | 890   | Puerto Rico Infrastructure Financing Authority, (AMBAC),<br>0.00%, 7/1/37                        | \$ 220,542    |
|  | 6,500 | Puerto Rico Infrastructure Financing Authority, (AMBAC),<br>0.00%, 7/1/43                        | 1,222,975     |
|  |       |  | \$ 5,827,715  |
| <b>Insured-Transportation 29.3%</b>            |       |  |               |
| \$   | 6,155 | New Jersey Transportation Trust Fund Authority, (AMBAC),<br>0.00%, 12/15/36                      | \$ 1,571,679  |
|  | 600   | New Jersey Turnpike Authority, (FSA), 5.25%, 1/1/30  | 698,304       |
|  | 800   | Newark, Housing Authority, (Newark Marine Terminal), (MBIA), 5.00%, 1/1/23                       | 843,968       |
|  | 1,500 | Newark, Housing Authority, (Newark Marine Terminal), (MBIA), 5.00%, 1/1/37                       | 1,569,030     |
|  | 3,875 | Port Authority of New York and New Jersey, (FSA), 5.00%, 11/1/27 <sup>(1)(2)</sup>               | 4,083,593     |
|  | 1,000 | Puerto Rico Highway and Transportation Authority, (MBIA), 5.00%, 7/1/33                          | 1,046,870     |
|  | 2,000 | South Jersey, Transportation Authority, (FGIC), 5.00%, 11/1/33                                   | 2,108,000     |
|  |       |  | \$ 11,921,444 |
| <b>Insured-Water and Sewer 5.1%</b>            |       |  |               |
| \$   | 4,500 | Middlesex County, Improvements Authority Utilities System, (Perth Amboy), (AMBAC), 0.00%, 9/1/24 | \$ 2,077,290  |
|  |       |  | \$ 2,077,290  |
| <b>Private Education 3.2%</b>                  |       |  |               |
| \$   | 1,250 | New Jersey Educational Facilities Authority, (Stevens Institute of Technology), 5.25%, 7/1/32    | \$ 1,302,888  |
|  |       |  | \$ 1,302,888  |
| <b>Senior Living / Life Care 1.5%</b>          |       |  |               |
| \$   | 600   | New Jersey Economic Development Authority, (Fellowship Village), 5.50%, 1/1/25                   | \$ 610,392    |
|  |       |  | \$ 610,392    |
| <b>Special Tax Revenue 5.0%</b>                |       |  |               |
| \$   | 150   | New Jersey Economic Development Authority, (Cigarette Tax), 5.50%, 6/15/24                       | \$ 157,670    |

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|  |          |  |                 |
|--|----------|--|-----------------|
|  |          | New Jersey Economic Development Authority,       |                 |
|  | 500      | (Cigarette Tax), 5.50%, 6/15/31                  | 526,445         |
|  |          | New Jersey Economic Development Authority,       |                 |
|  | 500      | (Cigarette Tax), 5.75%, 6/15/29                  | 537,810         |
| Principal Amount<br>(000's omitted)      |          | Security   | Value           |
| Special Tax Revenue (continued)          |          |  |                 |
|  |          | New Jersey Economic Development Authority,       |                 |
|  | \$ 750   | (Cigarette Tax), 5.75%, 6/15/34                  | \$ 801,690      |
|  |          |  | \$ 2,023,615    |
| Transportation 7.9%                      |          |  |                 |
|  |          | Port Authority of New York and New Jersey,       |                 |
|  | \$ 1,250 | 5.00%, 9/1/38                                    | \$ 1,306,975    |
|  |          | South Jersey, Port Authority, (Marine Terminal), |                 |
|  | 1,825    | 5.10%, 1/1/33                                    | 1,895,591       |
|  |          |  | \$ 3,202,566    |
| Total Tax-Exempt Investments 177.4%      |          |  |                 |
| (identified cost \$67,439,526)           |          |  | \$ 72,074,494   |
| Other Assets, Less Liabilities (22.0%)   |          |  | \$ (8,945,210)  |
| Auction Preferred Shares Plus Cumulative |          |  |                 |
| Unpaid Dividends (55.4%)                 |          |  | \$ (22,509,629) |
| Net Assets Applicable to                 |          |  |                 |
| Common Shares 100.0%                     |          |  | \$ 40,619,655   |

AMBAC - AMBAC Financial Group, Inc.

CIFG - CDC IXIS Financial Guaranty North America, Inc.

FGIC - Financial Guaranty Insurance Company

FSA - Financial Security Assurance, Inc.

MBIA - Municipal Bond Insurance Association

The Fund invests primarily in debt securities issued by New Jersey municipalities. The ability of the issuers of the debt securities to meet their obligations may be affected by economic developments in a specific industry or municipality. In order to reduce the risk associated with such economic developments, at September 30, 2006, 85.4% of total investments are backed by bond insurance of various financial institutions and financial guaranty assurance agencies. The aggregate percentage insured by an individual financial institution ranged from 4.5% to 24.4% of total investments.

- (1) Security valued at fair value using methods determined in good faith by or at the direction of the Trustees.
- (2) As restated, See Note 11.
- (3) Security (or a portion thereof) has been segregated to cover margin requirements on open financial futures contracts.

See notes to financial statements

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Eaton Vance Insured New York Municipal Bond Fund II as of September 30, 2006

PORTFOLIO OF INVESTMENTS (As Restated See Note 11)

| Tax-Exempt Investments 165.4%   |       |   |              |
|---|-------|---|--------------|
| Principal Amount<br>(000's omitted)                                   |       | Security  | Value        |
| <b>Electric Utilities 1.7%</b>  |       |   |              |
| \$  | 665   | Long Island Power Authority,<br>Electric System Revenue,<br>5.00%, 12/1/35  | \$ 694,253   |
|   |       |   | \$ 694,253   |
| <b>General Obligations 8.3%</b>                                       |       |   |              |
| \$  | 1,000 | New York, 5.00%, 6/1/30   | \$ 1,048,030 |
|   | 1,650 | New York, 5.25%, 1/15/28  | 1,750,006    |
|   | 500   | New York City, 5.25%, 8/15/26   | 536,090      |
|   |       |   | \$ 3,334,126 |
| <b>Hospital 2.0%</b>  |       |   |              |
| \$  | 750   | Suffolk County Industrial<br>Development Agency, (Huntington<br>Hospital), 5.875%, 11/1/32  | \$ 798,202   |
|   |       |   | \$ 798,202   |
| <b>Industrial Development Revenue 2.9%</b>                            |       |   |              |
| \$  | 1,160 | New York City Industrial<br>Development Agency,<br>(Liberty-IAC/Interactive Corp.),<br>5.00%, 9/1/35  | \$ 1,181,274 |
|   |       |   | \$ 1,181,274 |
| <b>Insured-Electric Utilities 5.9%</b>                                |       |   |              |
| \$  | 2,250 | Long Island Power Authority,<br>(AMBAC), 5.00%, 9/1/34  | \$ 2,362,118 |
|   |       |   | \$ 2,362,118 |
| <b>Insured-Escrowed / Prerefunded 11.6%</b>                           |       |   |              |
| \$  | 580   | New York City Cultural Resource<br>Trust, (Museum of History),<br>(AMBAC), Prerefunded to 7/1/19,<br>Variable Rate,<br>9.189%, 7/1/29 <sup>(1)(2)</sup> | \$ 693,912   |
|   | 1,500 | Puerto Rico, (FGIC), Prerefunded to<br>7/1/12,<br>5.0%, 7/1/32 <sup>(4)(5)</sup>  | 1,611,840    |
|   | 2,205 | Puerto Rico Public Buildings<br>Authority, (CIFG),<br>Prerefunded to 7/1/12, 5.25%,<br>7/1/36 <sup>(4)(5)</sup>   | 2,393,097    |
|   |       |   | \$ 4,698,849 |
| <b>Insured-General Obligations 9.7%</b>                               |       |   |              |
| \$  | 2,245 | New York Dormitory Authority,<br>(School Districts Financing<br>Program), (MBIA), 5.00%, 10/1/30  | \$ 2,340,053 |
|   | 1,500 | Sachem School District, (MBIA),<br>5.00%, 6/15/27   | 1,586,985    |
|   |       |   | \$ 3,927,038 |
| <b>Insured-Lease Revenue / Certificates of<br/>Participation 2.2%</b> |       |   |              |

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|                                     |          |  |              |
|-------------------------------------|----------|--|--------------|
|                                     |          | Puerto Rico Public Building Authority, (CIFG), 5.25%, 7/1/36 <sup>(4)(5)</sup>                     | \$ 848,114   |
|                                     | \$ 795   |  | \$ 848,114   |
| Principal Amount<br>(000's omitted) |          | Security   | Value        |
| Insured-Other Revenue               | 23.6%    |  |              |
|                                     |          | New York City Cultural Resource Trust, (American Museum of Natural History), (MBIA), 5.00%, 7/1/44 | \$ 2,011,967 |
|                                     | \$ 1,930 |  |              |
|                                     |          | New York City Cultural Resource Trust, (Museum of Modern Art), (AMBAC), 5.125%, 7/1/31             | 2,112,420    |
|                                     | 2,000    |  |              |
|                                     |          | New York City Industrial Development Agency, (Queens Baseball Stadium), (AMBAC), 4.75%, 1/1/42     | 2,036,460    |
|                                     | 2,000    |  |              |
|                                     |          | New York City Industrial Development Agency, (Yankee Stadium), (FGIC), 4.50%, 3/1/39               | 1,746,973    |
|                                     | 1,750    |  |              |
|                                     |          | New York City Industrial Development Agency, (Yankee Stadium), (MBIA), 4.75%, 3/1/46               | 1,603,649    |
|                                     | 1,575    |  |              |
|                                     |          |  | \$ 9,511,469 |
| Insured-Private Education           | 22.1%    |  |              |
|                                     |          | New York City Industrial Development Agency, (New York University), (AMBAC), 5.00%, 7/1/31         | \$ 1,033,440 |
|                                     | \$ 1,000 |  |              |
|                                     |          | New York Dormitory Authority, (Brooklyn Law School), (XLCA), 5.125%, 7/1/30                        | 2,632,375    |
|                                     | 2,500    |  |              |
|                                     |          | New York Dormitory Authority, (FIT Student Housing Corp.), (FGIC), 5.00%, 7/1/29                   | 2,387,582    |
|                                     | 2,265    |  |              |
|                                     |          | New York Dormitory Authority, (Fordham University), (FGIC), 5.00%, 7/1/32                          | 633,447      |
|                                     | 605      |  |              |
|                                     |          | New York Dormitory Authority, (New York University), (AMBAC), 5.00%, 7/1/31                        | 1,033,440    |
|                                     | 1,000    |  |              |
|                                     |          | New York Dormitory Authority, (Skidmore College), (FGIC), 5.00%, 7/1/33                            | 524,690      |
|                                     | 500      |  |              |
|                                     |          | New York Dormitory Authority, (University of Rochester), (MBIA), 5.00%, 7/1/27                     | 643,438      |
|                                     | 625      |  |              |
|                                     |          |  | \$ 8,888,412 |
| Insured-Public Education            | 4.3%     |  |              |
|                                     |          | New York Dormitory Authority, (Educational Housing Services), (AMBAC), 5.25%, 7/1/30               | \$ 1,726,560 |
|                                     | \$ 1,500 |  |              |
|                                     |          |  | \$ 1,726,560 |
| Insured-Special Tax Revenue         | 14.0%    |  |              |
|                                     | \$ 700   | New York Convention Center Development Corp.,  | \$ 711,949   |



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|       |   |         |
|-------|---|---------|
|       | Hotel Occupancy Tax, (AMBAC),<br>4.75%, 11/15/45            |         |
|       | New York Convention Center<br>Development Corp., Hotel      |         |
| 400   | Occupancy Tax, (AMBAC), 5.00%,<br>11/15/44                  | 418,228 |
|       | Puerto Rico Infrastructure Financing<br>Authority, (AMBAC), |         |
| 1,385 | 0.00%, 7/1/28   | 535,829 |
|       | Puerto Rico Infrastructure Financing<br>Authority, (AMBAC), |         |
| 1,700 | 0.00%, 7/1/35   | 463,488 |
|       | Puerto Rico Infrastructure Financing<br>Authority, (AMBAC), |         |
| 740   | 0.00%, 7/1/37   | 183,372 |
|       | Puerto Rico Infrastructure Financing<br>Authority, (FGIC),  |         |
| 2,500 | 0.00%, 7/1/33   | 752,350 |

See notes to financial statements

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Eaton Vance Insured New York Municipal Bond Fund II as of September 30, 2006

PORTFOLIO OF INVESTMENTS CONT'D (As Restated See Note 11)

| Principal Amount<br>(000's omitted)            |        | Security   | Value         |
|--|--------|--|---------------|
| <b>Insured-Special Tax Revenue (continued)</b> |        |  |               |
| \$   | 14,975 | Puerto Rico Infrastructure Financing Authority, (FGIC),<br>0.00%, 7/1/45   | \$ 2,560,126  |
|  |        |  | \$ 5,625,342  |
| <b>Insured-Transportation 26.0%</b>            |        |  |               |
| \$   | 2,000  | Metropolitan Transportation Authority, Transportation Revenue Bonds, (FGIC), 5.25%,<br>11/15/31                  | \$ 2,141,320  |
|  | 2,500  | Port Authority of New York and New Jersey, (FSA),<br>5.0%, 11/1/27 <sup>(4)(5)</sup>                             | 2,635,020     |
|  | 1,000  | Puerto Rico Highway and Transportation Authority,<br>(AMBAC), Variable Rate, 7.164%,<br>7/1/28 <sup>(1)(2)</sup> | 1,085,400     |
|  | 375    | Puerto Rico Highway and Transportation Authority,<br>(CIFG), 5.25%, 7/1/41                                       | 436,298       |
|  | 2,000  | Puerto Rico Highway and Transportation Authority,<br>(MBIA), 5.00%, 7/1/33                                       | 2,093,740     |
|  | 2,000  | Triborough Bridge and Tunnel Authority, (MBIA),<br>5.00%, 11/15/32   | 2,081,720     |
|  |        |  | \$ 10,473,498 |
| <b>Insured-Water and Sewer 14.0%</b>           |        |  |               |
| \$   | 3,000  | New York City Municipal Water Finance Authority,<br>(AMBAC), 5.00%, 6/15/38 <sup>(3)</sup>                       | \$ 3,121,980  |
|  | 2,400  | Niagara Falls Public Water Authority and Sewer System,<br>(MBIA), 5.00%, 7/15/34                                 | 2,504,976     |
|  |        |  | \$ 5,626,956  |
| <b>Insured-Water Revenue 5.5%</b>              |        |  |               |
| \$   | 2,215  | New York Environmental Facilities Corp., (MBIA),<br>4.25%, 6/15/28   | \$ 2,200,890  |
|  |        |  | \$ 2,200,890  |
| <b>Other Revenue 1.5%</b>                      |        |  |               |
| \$   | 500    | Puerto Rico Infrastructure Financing Authority, Variable Rate,<br>7.218%, 10/1/32 <sup>(1)(2)</sup>              | \$ 617,555    |
|  |        |  | \$ 617,555    |
| <b>Private Education 5.1%</b>                  |        |  |               |
| \$   | 1,000  | Dutchess County, Industrial Development Agency,<br>(Marist College), 5.00%, 7/1/22                               | \$ 1,041,490  |
|  | 1,000  | New York City Industrial Development Agency,   | 1,035,880     |

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(St. Francis College), 5.00%,  
10/1/34

\$ 2,077,370

| Principal Amount<br>(000's omitted)   |       | Security  | Value           |
|---|-------|---|-----------------|
| Transportation 2.6%   |       |   |                 |
|   |       | Port Authority of New York and<br>New Jersey,     |                 |
| \$  | 1,000 | 5.00%, 9/1/38                                     | \$ 1,045,580    |
|   |       |   | \$ 1,045,580    |
| Water Revenue 2.4%  |       |   |                 |
|   |       | New York State Environmental<br>Facilities Corp., |                 |
|   |       | Clean Water, (Municipal Water<br>Finance),        |                 |
| \$  | 950   | 4.50%, 6/15/36                                    | \$ 952,537      |
|   |       |   | \$ 952,537      |
| Total Tax-Exempt Investments 165.4%<br>(identified cost \$63,530,603)             |       |   | \$ 66,590,142   |
| Other Assets, Less Liabilities (9.5%)<br>Auction Preferred Shares Plus Cumulative |       |   | \$ (3,818,873)  |
| Unpaid Dividends (55.9%)  |       |   | \$ (22,508,135) |
| Net Assets Applicable to<br>Common Shares 100.0%                                  |       |   | \$ 40,263,134   |

AMBAC - AMBAC Financial Group, Inc.

CIFG - CDC IXIS Financial Guaranty North America, Inc.

FGIC - Financial Guaranty Insurance Company

FSA - Financial Security Assurance, Inc.

MBIA - Municipal Bond Insurance Association

XLCA - XL Capital Assurance, Inc.

The Fund invests primarily in debt securities issued by New York municipalities. The ability of the issuers of the debt securities to meet their obligations may be affected by economic developments in a specific industry or municipality. In order to reduce the risk associated with such economic developments, at September 30, 2006, 83.9% of total investments are backed by bond insurance of various financial institutions and financial guaranty assurance agencies. The aggregate percentage insured by an individual financial institution ranged from 4.0% to 26.3% of total investments.

(1) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2006, the aggregate value of the securities is \$2,396,867 or 6.0% of the Fund's net assets applicable to common shares.

(2) Security has been issued as a leveraged inverse floater bond. The stated interest rate represents the rate in effect at September 30, 2006.

(3) Security (or a portion thereof) has been segregated to cover margin requirements on open financial futures contracts.

(4) Security valued at fair value using methods determined in good faith by or at the direction of the Trustees.

(5) As restated, See Note 11.

See notes to financial statements



Eaton Vance Insured Ohio Municipal Bond Fund as of September 30, 2006

PORTFOLIO OF INVESTMENTS (As Restated See Note 11)

| Tax-Exempt Investments 167.4%       |       |   |              |
|-------------------------------------|-------|---|--------------|
| Principal Amount<br>(000's omitted) |       | Security  | Value        |
| Electric Utilities 2.7%             |       |   |              |
| \$                                  | 1,000 | Puerto Rico Electric Power Authority, 5.125%, 7/1/29  | \$ 1,053,850 |
|                                     |       |   | \$ 1,053,850 |
| Hospital 3.9%                       |       |   |              |
| \$                                  | 900   | Cuyahoga County, (Cleveland Clinic Health System), 5.50%, 1/1/29  | \$ 962,946   |
|                                     | 500   | Miami, (Upper Valley Medical Center), 5.25%, 5/15/26  | 532,230      |
|                                     |       |   | \$ 1,495,176 |
| Insured-Electric Utilities 20.7%    |       |   |              |
| \$                                  | 1,500 | Ohio Air Quality Development Authority, (Dayton Power & Light Co.), (FGIC), 4.80%, 1/1/34                                       | \$ 1,537,515 |
|                                     | 4,000 | Ohio Municipal Electric Generation Agency, (MBIA), 0.00%, 2/15/25   | 1,787,920    |
|                                     | 1,775 | Ohio Municipal Electric Generation Agency, (MBIA), 0.00%, 2/15/26   | 756,505      |
|                                     | 5,000 | Ohio Municipal Electric Generation Agency, (MBIA), 0.00%, 2/15/27   | 2,031,100    |
|                                     | 1,800 | Puerto Rico Electric Power Authority, (MBIA), 4.75%, 7/1/33 <sup>(5)(6)</sup>   | 1,848,540    |
|                                     |       |   | \$ 7,961,580 |
| Insured-Escrowed / Prerefunded 9.4% |       |   |              |
| \$                                  | 2,205 | Puerto Rico Public Buildings Authority, (CIFG), Prerefunded to 7/1/12, 5.25%, 7/1/36 <sup>(5)(6)</sup>                          | \$ 2,393,097 |
|                                     | 615   | Puerto Rico Infrastructure Financing Authority, (AMBAC), Prerefunded to 1/1/08, Variable Rate, 6.832%, 7/1/28 <sup>(1)(2)</sup> | 664,471      |
|                                     | 500   | University of Akron, (FGIC), Prerefunded to 1/1/10, Variable Rate, 7.44%, 1/1/29 <sup>(1)(3)</sup>                              | 576,730      |
|                                     |       |   | \$ 3,634,298 |
| Insured-General Obligations 50.9%   |       |   |              |
| \$                                  | 1,500 | Ashtabula, School District, (Construction Improvements), (FGIC), 5.00%, 12/1/30 <sup>(4)</sup>                                  | \$ 1,564,155 |
|                                     | 1,000 | Cleveland, Municipal School District, (FSA), 5.00%, 12/1/27   | 1,056,320    |
|                                     | 1,500 | Columbus, School District, (FSA), 5.00%, 12/1/32  | 1,635,480    |

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|  |       |   |           |
|--|-------|---|-----------|
|  |       | Cuyahoga, Community College District, (AMBAC),    |           |
|  | 2,075 | 5.00%, 12/1/32                                    | 2,170,886 |
|  | 500   | Hilliard, School District, (MBIA), 5.00%, 12/1/27 | 536,020   |
|  | 600   | Lakota, School District, (FGIC), 5.25%, 12/1/26   | 695,394   |

Principal Amount  
(000's omitted)

|  |  | Security | Value |
|--|--|----------|-------|
|--|--|----------|-------|

Insured-General Obligations (continued)

|    |       |   |               |
|----|-------|---|---------------|
|    |       | Olentangy, School District, (School Facility Construction and Improvements), (MBIA), 5.00%, 12/1/30 |               |
| \$ | 2,500 |   | \$ 2,606,925  |
|    | 2,400 | Plain, School District, (FGIC), 0.00%, 12/1/27  | 899,952       |
|    | 1,400 | Powell, (FGIC), 5.50%, 12/1/32  | 1,521,744     |
|    | 2,500 | Springboro, Community School District, (MBIA), 5.00%, 12/1/32                                       | 2,629,050     |
|    | 500   | Tecumseh, School District, (FGIC), 4.75%, 12/1/31   | 513,085       |
|    | 2,600 | Trotwood-Madison, City School District, (School Improvements), (FGIC), 5.00%, 12/1/30               | 2,714,062     |
|    | 1,000 | Zanesville, School District, (School Improvements), (MBIA), 5.05%, 12/1/29                          | 1,056,720     |
|    |       |   | \$ 19,599,793 |

Insured-Hospital 6.8%

|    |       |  |              |
|----|-------|--|--------------|
|    |       | Hamilton County, (Cincinnati Children's Hospital), (FGIC), 5.00%, 5/15/32  |              |
| \$ | 1,000 |  | \$ 1,045,590 |
|    | 1,500 | Hamilton County, (Cincinnati Children's Hospital), (FGIC), 5.125%, 5/15/28 | 1,586,175    |
|    |       |  | \$ 2,631,765 |

Insured-Lease Revenue / Certificates of

Participation 8.2%

|    |       |  |              |
|----|-------|--|--------------|
|    |       | Cleveland, (Cleveland Stadium), (AMBAC), 5.25%, 11/15/27                                     |              |
| \$ | 1,000 |  | \$ 1,033,850 |
|    | 795   | Puerto Rico Public Buildings Authority, (CIFG), 5.25%, 7/1/36 <sup>(5)(6)</sup>              | 848,114      |
|    | 235   | Puerto Rico Public Buildings Authority, Government Facilities Revenue, (XLCA), 5.25%, 7/1/36 | 250,700      |
|    | 1,000 | Summit County, (Civic Theater Project), (AMBAC), 5.00%, 12/1/33                              | 1,034,200    |
|    |       |  | \$ 3,166,864 |

Insured-Pooled Loans 2.3%

|    |     |  |            |
|----|-----|--|------------|
|    |     | Puerto Rico Municipal Finance Agency, (FSA), 5.00%, 8/1/27 <sup>(5)(6)</sup> |            |
| \$ | 850 |  | \$ 890,194 |
|    |     |  | \$ 890,194 |

Insured-Public Education 14.2%

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|                       |       |  |              |
|-----------------------|-------|--|--------------|
|                       |       | Cincinnati, Technical and<br>Community College, (AMBAC),<br>5.00%, 10/1/28 | \$ 3,152,700 |
| \$                    | 3,000 |  |              |
|                       |       | Ohio University, (FSA), 5.25%,<br>12/1/23                                  | 1,269,450    |
|                       | 1,170 |  |              |
|                       |       | University of Cincinnati, (AMBAC),<br>5.00%, 6/1/31                        | 1,041,660    |
|                       | 1,000 |  |              |
|                       |       |  | \$ 5,463,810 |
| Insured-Sewer Revenue | 2.9%  |  |              |
|                       |       | Marysville Wastewater Treatment<br>System, (XLCA),<br>4.75%, 12/1/46       | \$ 1,105,489 |
| \$                    | 1,100 |  |              |
|                       |       |  | \$ 1,105,489 |

See notes to financial statements

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## Eaton Vance Insured Ohio Municipal Bond Fund as of September 30, 2006

## PORTFOLIO OF INVESTMENTS CONT'D (As Restated See Note 11)

| Principal Amount<br>(000's omitted)      |       | Security  | Value           |
|--|-------|---|-----------------|
| <b>Insured-Special Tax Revenue 12.9%</b> |       |   |                 |
| \$                                       | 4,315 | Hamilton County, Sales Tax,<br>(AMBAC), 0.00%, 12/1/22  | \$ 2,148,050    |
|  | 5,000 | Hamilton County, Sales Tax,<br>(AMBAC), 0.00%, 12/1/23  | 2,372,000       |
|  | 1,000 | Hamilton County, Sales Tax,<br>(AMBAC), 0.00%, 12/1/24  | 452,630         |
|  |       |   | \$ 4,972,680    |
| <b>Insured-Transportation 14.7%</b>      |       |   |                 |
| \$                                       | 4,000 | Cleveland, Airport System, (FSA),<br>5.00%, 1/1/31  | \$ 4,114,640    |
|  | 885   | Puerto Rico Highway and<br>Transportation Authority,<br>(AMBAC),<br>Variable Rate, 7.164%, 7/1/28 <sup>(1)(2)</sup> | 960,579         |
|  | 500   | Puerto Rico Highway and<br>Transportation Authority, (CIFG),<br>5.25%, 7/1/41                                       | 581,730         |
|  |       |   | \$ 5,656,949    |
| <b>Pooled Loans 7.3%</b>                 |       |   |                 |
| \$                                       | 1,500 | Cuyahoga County Port Authority,<br>(Garfield Heights),<br>5.25%, 5/15/23  | \$ 1,545,045    |
|  | 1,150 | Rickenbacker, Port Authority,<br>Oasbo Expanded Asset<br>Pooled Loan, 5.375%, 1/1/32                                | 1,277,627       |
|  |       |   | \$ 2,822,672    |
| <b>Private Education 10.5%</b>           |       |   |                 |
| \$                                       | 850   | Ohio Higher Educational Facilities<br>Authority, (John Carroll<br>University), 5.25%, 11/15/33                      | \$ 902,564      |
|  | 1,000 | Ohio Higher Educational Facilities<br>Authority, (Oberlin College),<br>5.00%, 10/1/33                               | 1,042,880       |
|  | 1,821 | Ohio Higher Educational Facilities<br>Authority, (Oberlin College),<br>5.00%, 10/1/29 <sup>(5)(6)</sup>             | 1,913,089       |
|  | 179   | Ohio Higher Educational Facilities<br>Authority, (Oberlin College),<br>5.25%, 10/1/29 <sup>(5)(6)</sup>             | 184,331         |
|  |       |   | \$ 4,042,864    |
| Total Tax-Exempt Investments 167.4%      |       |   |                 |
| (identified cost \$60,816,349)           |       |   | \$ 64,497,983   |
| Other Assets, Less Liabilities (10.6%)   |       |   | \$ (4,091,413)  |
| Auction Preferred Shares Plus Cumulative |       |   |                 |
| Unpaid Dividends (56.8%)                 |       |   | \$ (21,875,000) |
| Net Assets Applicable to                 |       |   |                 |
| Common Shares 100.0%                     |       |   | \$ 38,531,570   |

AMBAC - AMBAC Financial Group, Inc.



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CIFG - CDC IXIS Financial Guaranty North America, Inc.

FGIC - Financial Guaranty Insurance Company

FSA - Financial Security Assurance, Inc.

MBIA - Municipal Bond Insurance Association

XLCA - XL Capital Assurance, Inc.

The Fund invests primarily in debt securities issued by Ohio municipalities. The ability of the issuers of the debt securities to meet their obligations may be affected by economic developments in a specific industry or municipality. In order to reduce the risk associated with such economic developments, at September 30, 2006, 85.4% of total investments are backed by bond insurance of various financial institutions and financial guaranty assurance agencies. The aggregate percentage insured by an individual financial institution ranged from 2.1% to 23.3% of total investments.

- (1) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2006, the aggregate value of the securities is \$2,201,780 or 5.7% of the Fund's net assets applicable to common shares.
- (2) Security has been issued as a leveraged inverse floater bond. The stated interest rate represents the rate in effect at September 30, 2006.
- (3) Security has been issued as an inverse floater bond. The stated interest rate represents the rate in effect at September 30, 2006.
- (4) Security (or a portion thereof) has been segregated to cover margin requirements on open financial futures contracts.
- (5) Security valued at fair value using methods determined in good faith by or at the direction of the Trustees.
- (6) As restated, See Note 11.

See notes to financial statements

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## Eaton Vance Insured Pennsylvania Municipal Bond Fund as of September 30, 2006

## PORTFOLIO OF INVESTMENTS (As Restated See Note 11)

| Tax-Exempt Investments 178.6%        |       |   |              |
|--------------------------------------|-------|---|--------------|
| Principal Amount<br>(000's omitted)  |       | Security  | Value        |
| Electric Utilities 1.5%              |       |   |              |
| \$                                   | 650   | Puerto Rico Electric Power Authority, 5.125%, 7/1/29 <sup>(1)(2)</sup>  | \$ 685,006   |
|                                      |       |   | \$ 685,006   |
| Hospital 7.9%                        |       |   |              |
| \$                                   | 750   | Lancaster County, Hospital Authority, 5.50%, 3/15/26  | \$ 802,702   |
|                                      | 350   | Lebanon County Health Facility Authority, (Good Samaritan Hospital), 6.00%, 11/15/35                                    | 378,651      |
|                                      | 1,500 | Lehigh County, General Purpose Authority, (Lehigh Valley Health Network), 5.25%, 7/1/32                                 | 1,580,385    |
|                                      | 750   | Pennsylvania Higher Educational Facilities Authority, (UPMC Health System), 6.00%, 1/15/31                              | 818,340      |
|                                      |       |   | \$ 3,580,078 |
| Insured-Education 4.2%               |       |   |              |
| \$                                   | 1,900 | Pennsylvania Higher Educational Facilities Authority, (Temple University), (MBIA), 4.50%, 4/1/36 <sup>(3)</sup>         | \$ 1,898,461 |
|                                      |       |   | \$ 1,898,461 |
| Insured-Electric Utilities 9.2%      |       |   |              |
| \$                                   | 3,615 | Lehigh County Industrial Development Authority, (PPL Electric Utilities Corp.), (FGIC), 4.75%, 2/15/27                  | \$ 3,709,062 |
|                                      | 400   | Puerto Rico Electric Power Authority, (FSA), Variable Rate, 7.73%, 7/1/29 <sup>(4)(5)</sup>                             | 469,840      |
|                                      |       |   | \$ 4,178,902 |
| Insured-Escrowed / Prerefunded 17.6% |       |   |              |
| \$                                   | 1,000 | Butler School District, (FSA), Prerefunded to 4/1/14, 5.00%, 4/1/31   | \$ 1,085,540 |
|                                      | 2,500 | Pennsylvania Higher Educational Facilities Authority, (Temple University), (MBIA), Prerefunded to 4/1/08, 5.00%, 4/1/29 | 2,577,700    |
|                                      | 1,355 | Philadelphia Natural Gas Works, (FSA), Prerefunded to 8/1/11, 5.125%, 8/1/31  | 1,449,186    |
|                                      | 1,200 | Puerto Rico, (FGIC), Prerefunded to 7/1/12, 5.00%, 7/1/32 <sup>(1)(2)</sup>   | 1,289,472    |
|                                      | 270   | Southcentral General Authority, (MBIA), Escrowed to Maturity,   | 288,206      |

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|  |       |   |              |
|--|-------|---|--------------|
|  |       | 5.25%, 5/15/31  |              |
|  |       | Southcentral General Authority,<br>(MBIA), Prerefunded to |              |
|  | 1,230 | 5/1/11, 5.25%, 5/15/31                                    | 1,326,457    |
|  |       |   | \$ 8,016,561 |

Principal Amount  
(000's omitted)

|  |              | Security   | Value         |
|--|--------------|--|---------------|
| <b>Insured-General Obligations</b>                               | <b>33.3%</b> |  |               |
| \$   | 1,650        | Armstrong County, (MBIA), 5.40%,<br>6/1/31   | \$ 1,757,299  |
|  | 4,845        | Canon McMillan School District,<br>(FGIC), 0.00%, 12/1/33                                      | 1,423,073     |
|  | 500          | Canon McMillan School District,<br>(FGIC), 5.25%, 12/1/34                                      | 534,140       |
|  | 1,000        | Erie School District, (AMBAC),<br>0.00%, 9/1/30  | 343,910       |
|  | 1,000        | Gateway School District, Allegheny<br>County, (FGIC),<br>5.00%, 10/15/32                       | 1,047,400     |
|  | 2,555        | McKeesport School District,<br>(MBIA), 0.00%, 10/1/21  | 1,331,666     |
|  | 2,000        | Pennridge School District, (MBIA),<br>5.00%, 2/15/29   | 2,092,600     |
|  | 500          | Philadelphia, (FSA), 5.00%, 9/15/31  | 515,390       |
|  | 1,750        | Philadelphia, (FSA), 5.00%,<br>9/15/31 <sup>(1)(2)</sup>                                       | 1,804,031     |
|  | 1,000        | Pine-Richland School District,<br>(FSA), 5.00%, 9/1/29   | 1,036,780     |
|  | 2,550        | Shaler Area School District,<br>(XLCA), 0.00%, 9/1/33  | 757,478       |
|  | 1,390        | Steel Valley School District,<br>Allegheny County, (FSA),<br>0.00%, 11/1/29                    | 504,848       |
|  | 1,390        | Steel Valley School District,<br>Allegheny County, (FSA),<br>0.00%, 11/1/30                    | 479,772       |
|  | 1,290        | Steel Valley School District,<br>Allegheny County, (FSA),<br>0.00%, 11/1/31                    | 421,869       |
|  | 1,060        | Upper Clair Township, School<br>District, (FSA),<br>5.00%, 7/15/32                             | 1,102,315     |
|  |              |  | \$ 15,152,571 |
| <b>Insured-Hospital</b>  | <b>2.2%</b>  |  |               |
| \$   | 1,000        | Washington County Hospital<br>Authority, (Washington Hospital),<br>(AMBAC), 5.125%, 7/1/28     | \$ 1,027,980  |
|  |              |  | \$ 1,027,980  |
| <b>Insured-Industrial Development Revenue</b>                    | <b>3.9%</b>  |  |               |
| \$   | 1,700        | Allegheny County Industrial<br>Development Authority, (MBIA),<br>5.00%, 11/1/29                | \$ 1,775,582  |
|  |              |  | \$ 1,775,582  |
| <b>Insured-Lease Revenue / Certificates of<br/>Participation</b> | <b>7.0%</b>  |  |               |
| \$   | 1,300        | Philadelphia, Authority for Industrial<br>Development Lease<br>Revenue, (FSA), 5.125%, 10/1/26 | \$ 1,372,891  |
|  | 1,700        | Philadelphia, Authority for Industrial<br>Development Lease                                    | 1,797,971     |

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Revenue, (FSA), 5.25%, 10/1/30

\$ 3,170,862

Insured-Other 1.0%

Erie County Convention Center  
Authority, (FGIC),

\$ 450

5.00%, 1/15/36

\$ 471,272

\$ 471,272

See notes to financial statements

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## Eaton Vance Insured Pennsylvania Municipal Bond Fund as of September 30, 2006

## PORTFOLIO OF INVESTMENTS CONT'D (As Restated See Note 11)

| Principal Amount<br>(000's omitted)      |       | Security  | Value         |
|--|-------|---|---------------|
| <b>Insured-Private Education 9.8%</b>    |       |   |               |
|  |       | Chester County Industrial<br>Development Authority<br>Educational Facility, (Westtown<br>School), (AMBAC),<br>5.00%, 1/1/31 | \$ 1,037,550  |
| \$                                       | 1,000 |   |               |
|  |       | Delaware County, (Villanova<br>University), (MBIA),<br>5.00%, 12/1/28   | 3,416,340     |
|  | 3,315 |   |               |
|  |       |   | \$ 4,453,890  |
| <b>Insured-Public Education 7.9%</b>     |       |   |               |
|  |       | Lycoming County, College<br>Authority, (Pennsylvania<br>College of Technology), (AMBAC),<br>5.25%, 5/1/32                   | \$ 2,550,072  |
| \$                                       | 2,400 |   |               |
|  |       | Pennsylvania Higher Educational<br>Facilities Authority,<br>(Clarion University Foundation),<br>(XLCA), 5.00%, 7/1/33       | 1,040,900     |
|  | 1,000 |   |               |
|  |       |   | \$ 3,590,972  |
| <b>Insured-Special Tax Revenue 15.8%</b> |       |   |               |
|  |       | Pittsburgh and Allegheny County<br>Public Auditorium Authority,<br>(AMBAC), 5.00%, 2/1/29                                   | \$ 4,503,164  |
| \$                                       | 4,350 |   |               |
|  |       | Puerto Rico Infrastructure Financing<br>Authority, (AMBAC),<br>0.00%, 7/1/28  | 744,744       |
|  | 1,925 |   |               |
|  |       | Puerto Rico Infrastructure Financing<br>Authority, (AMBAC),<br>0.00%, 7/1/37  | 292,404       |
|  | 1,180 |   |               |
|  |       | Puerto Rico Infrastructure Financing<br>Authority, (AMBAC),<br>0.00%, 7/1/43  | 1,636,905     |
|  | 8,700 |   |               |
|  |       |   | \$ 7,177,217  |
| <b>Insured-Transportation 25.2%</b>      |       |   |               |
|  |       | Allegheny County Port Authority,<br>(FGIC), 5.00%, 3/1/25   | \$ 2,103,200  |
| \$                                       | 2,000 |   |               |
|  |       | Allegheny County, Port Authority,<br>(FGIC), 5.00%, 3/1/29  | 1,040,120     |
|  | 1,000 |   |               |
|  |       | Pennsylvania Turnpike Commission,<br>(FSA),<br>5.25%, 1/15/23 <sup>(1)(2)</sup>   | 926,624       |
|  | 800   |   |               |
|  |       | Puerto Rico Highway and<br>Transportation Authority, (MBIA),<br>5.00%, 7/1/36 <sup>(1)(2)</sup>                             | 2,606,105     |
|  | 2,450 |   |               |
|  |       | Puerto Rico Highway and<br>Transportation Authority,<br>(CIFG), 5.25%, 7/1/41 <sup>(1)(2)</sup>                             | 2,443,280     |
|  | 2,100 |   |               |
|  |       | Pennsylvania Turnpike Commission,<br>(FSA),<br>5.25%, 1/15/23 <sup>(1)(2)</sup>   | 2,387,014     |
|  | 2,050 |   |               |
|  |       |   | \$ 11,506,343 |

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| Insured-Water and Sewer 21.1%  |       |   |                 |
|--|-------|---|-----------------|
|  |       |   |                 |
| \$   | 1,555 | Erie Sewer Authority, (AMBAC),<br>0.00%, 12/1/25  | \$ 670,018      |
|  | 2,155 | Erie Sewer Authority, (AMBAC),<br>0.00%, 12/1/25  | 928,546         |
|  | 1,920 | Erie Sewer Authority, (AMBAC),<br>0.00%, 12/1/26  | 790,176         |
|  | 1,500 | Pennsylvania University Sewer<br>Authority, (MBIA),<br>5.00%, 11/1/26                                       | 1,561,035       |
|  | 3,000 | Philadelphia Water and Wastewater,<br>(FGIC),<br>5.00%, 11/1/31 <sup>(1)(2)</sup>                           | 3,120,300       |
|  | 1,750 | Pittsburgh Water and Sewer<br>Authority, (AMBAC),<br>5.125%, 12/1/27 <sup>(1)(2)</sup>                      | 1,844,755       |
| Principal Amount<br>(000's omitted)                                  |       |   |                 |
|  |       | Security  | Value           |
| Insured-Water and Sewer (continued)                                  |       |   |                 |
| \$   | 650   | Saxonburg Water and Sewer<br>Authority, (AGC),<br>5.00%, 3/1/35   | \$ 684,151      |
|  |       |   | \$ 9,598,981    |
| Private Education 6.7%   |       |   |                 |
| \$   | 3,000 | Pennsylvania Higher Educational<br>Facilities Authority,<br>(University of Pennsylvania),<br>4.75%, 7/15/35 | \$ 3,059,250    |
|  |       |   | \$ 3,059,250    |
| Senior Living / Life Changes 1.1%                                    |       |   |                 |
| \$   | 200   | Montgomery County Industrial<br>Development Authority,<br>(Foulkeways at Gwynedd), 5.00%,<br>12/1/24        | \$ 205,390      |
|  | 300   | Montgomery County Industrial<br>Development Authority,<br>(Foulkeways at Gwynedd), 5.00%,<br>12/1/30        | 305,976         |
|  |       |   | \$ 511,366      |
| Transportation 3.2%  |       |   |                 |
| \$   | 1,400 | Delaware River Joint Toll Bridge<br>Commission,<br>5.00%, 7/1/28  | \$ 1,456,420    |
|  |       |   | \$ 1,456,420    |
| Total Tax-Exempt Investments 178.6%                                  |       |   |                 |
| (identified cost \$77,179,524)                                       |       |   | \$ 81,311,714   |
| Other Assets, Less Liabilities (21.5)%                               |       |   | \$ (9,790,768)  |
| Auction Preferred Shares Plus Cumulative<br>Unpaid Dividends (57.1)% |       |   | \$ (26,004,573) |
| Net Assets Applicable to<br>Common Shares 100.0%                     |       |   | \$ 45,516,373   |

AGC - Assured Guaranty Corp.

AMBAC - AMBAC Financial Group, Inc.

CIFG - CDC IXIS Financial Guaranty North America, Inc.

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FGIC - Financial Guaranty Insurance Company

FSA - Financial Security Assurance, Inc.

MBIA - Municipal Bond Insurance Association

XLCA - XL Capital Assurance, Inc.

The Fund invests primarily in debt securities issued by Pennsylvania municipalities. The ability of the issuers of the debt securities to meet their obligations may be affected by economic developments in a specific industry or municipality. In order to reduce the risk associated with such economic developments, at

See notes to financial statements

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**Eaton Vance Insured Pennsylvania Municipal Bond Fund** as of September 30, 2006

PORTFOLIO OF INVESTMENTS CONT'D (As Restated See Note 11)

September 30, 2006, 88.6% of total investments are backed by bond insurance of various financial institutions and financial guaranty assurance agencies. The aggregate percentage insured by an individual financial institution ranged from 0.8% to 25.4% of total investments.

- (1) Security valued at fair value using methods determined in good faith by or at the direction of the Trustees.
- (2) As restated, See Note 11.
- (3) Security (or a portion thereof) has been segregated to cover margin requirements on open financial futures contracts.
- (4) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2006, the aggregate value of the securities is \$469,840 or 1.0% of the Fund's net assets applicable to common shares.
- (5) Security has been issued as a leveraged inverse floater bond. The stated interest rate represents the rate in effect at September 30, 2006.

See notes to financial statements

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## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS

Statements of Assets and Liabilities (As Restated See Note 11)

As of September 30, 2006

|   | Insured<br>Municipal Fund II | Insured<br>California Fund II | Insured<br>Florida Fund |
|---|------------------------------|-------------------------------|-------------------------|
| <b>Assets</b>   |                              |                               |                         |
| <b>Investments</b>  |                              |                               |                         |
| Identified cost   | \$ 267,529,131               | \$ 94,607,941                 | \$ 61,688,482           |
| Unrealized appreciation   | 17,191,125                   | 5,411,235                     | 3,282,517               |
| Investments, at value   | \$ 284,720,256               | \$ 100,019,176                | \$ 64,970,999           |
| Cash  | \$ 247,602                   | \$                            | \$                      |
| Receivable for investments sold   | 331,573                      |                               | 1,180,408               |
| Interest receivable   | 3,513,828                    | 976,262                       | 1,041,418               |
| <b>Total assets</b>   | <b>\$ 288,813,259</b>        | <b>\$ 100,995,438</b>         | <b>\$ 67,192,825</b>    |
| <b>Liabilities</b>  |                              |                               |                         |
| Payable for when-issued securities  | \$ 3,587,407                 | \$                            | \$                      |
| Due to custodian  |                              | 308,647                       | 368,473                 |
| Payable to affiliate for investment advisory fees                               | 80,332                       | 30,493                        | 20,214                  |
| Payable for floating rate notes issued  | 39,570,000                   | 7,550,000                     | 5,055,000               |
| Interest expense and fees payable   | 502,991                      | 87,934                        | 56,071                  |
| Accrued expenses  | 101,075                      | 59,466                        | 53,306                  |
| <b>Total liabilities</b>  | <b>\$ 43,841,805</b>         | <b>\$ 8,036,540</b>           | <b>\$ 5,553,064</b>     |
| Auction preferred shares at liquidation value plus cumulative unpaid dividends  | 87,508,569                   | 33,759,430                    | 22,510,941              |
| <b>Net assets applicable to common shares</b>                                   | <b>\$ 157,462,885</b>        | <b>\$ 59,199,468</b>          | <b>\$ 39,128,820</b>    |
| <b>Sources of Net Assets</b>  |                              |                               |                         |
| Common Shares, \$0.01 par value, unlimited number of shares authorized          | \$ 99,254                    | \$ 38,619                     | \$ 25,755               |
| Additional paid-in capital  | 140,750,922                  | 54,744,606                    | 36,515,052              |
| Accumulated net realized gain (loss) (computed on the basis of identified cost) | 453,263                      | (832,690)                     | (501,469)               |
| Undistributed net investment income   | 184,615                      | 94,976                        | 29,450                  |
| Net unrealized appreciation (computed on the basis of identified cost)          | 15,974,831                   | 5,153,957                     | 3,060,032               |
| <b>Net assets applicable to common shares</b>                                   | <b>\$ 157,462,885</b>        | <b>\$ 59,199,468</b>          | <b>\$ 39,128,820</b>    |
| <b>Auction Preferred Shares Issued and Outstanding</b>                          |                              |                               |                         |
| (Liquidation preference of \$25,000 per share)                                  | 3,500                        | 1,350                         | 900                     |
| <b>Common Shares Outstanding</b>  | <b>9,925,378</b>             | <b>3,861,925</b>              | <b>2,575,502</b>        |
| <b>Net Asset Value Per Common Share</b>   |                              |                               |                         |
| Net assets applicable to common shares ÷ common shares issued and outstanding   | \$ 15.86                     | \$ 15.33                      | \$ 15.19                |

See notes to financial statements

## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

## Statements of Assets and Liabilities (As Restated See Note 11)

As of September 30, 2006

|  | Insured<br>Massachusetts Fund | Insured<br>Michigan Fund | Insured<br>New Jersey Fund |
|--|-------------------------------|--------------------------|----------------------------|
| <b>Assets</b>  |                               |                          |                            |
| <b>Investments</b>   |                               |                          |                            |
| Identified cost  | \$ 49,784,629                 | \$ 39,794,782            | \$ 67,439,526              |
| Unrealized appreciation  | 3,042,760                     | 2,522,177                | 4,634,968                  |
| Investments, at value  | \$ 52,827,389                 | \$ 42,316,959            | \$ 72,074,494              |
| Cash   | \$                            | \$                       | \$ 69,956                  |
| Receivable from the transfer agent   | 2,971                         |                          | 5,140                      |
| Interest receivable  | 600,144                       | 565,662                  | 711,885                    |
| <b>Total assets</b>  | <b>\$ 53,430,504</b>          | <b>\$ 42,882,621</b>     | <b>\$ 72,861,475</b>       |
| <b>Liabilities</b>   |                               |                          |                            |
| Due to custodian   | \$ 10,993                     | \$ 152,944               | \$                         |
| Payable to affiliate for investment advisory fees                              | 14,060                        | 12,075                   | 20,634                     |
| Payable to affiliate for inverse floaters                                      | 1,586,200                     |                          |                            |
| Payable for floating rate notes issued   | 8,765,000                     | 5,780,000                | 9,580,000                  |
| Interest expense and fees payable  | 83,574                        | 55,264                   | 85,604                     |
| Accrued expenses   | 48,457                        | 42,675                   | 45,953                     |
| <b>Total liabilities</b>   | <b>\$ 10,508,284</b>          | <b>\$ 6,042,958</b>      | <b>\$ 9,732,191</b>        |
| Auction preferred shares at liquidation value plus cumulative unpaid dividends | 15,502,972                    | 13,505,029               | 22,509,629                 |
| <b>Net assets applicable to common shares</b>                                  | <b>\$ 27,419,248</b>          | <b>\$ 23,334,634</b>     | <b>\$ 40,619,655</b>       |
| <b>Sources of Net Assets</b>   |                               |                          |                            |
| Common Shares, \$0.01 par value, unlimited number of shares authorized         | \$ 17,532                     | \$ 15,118                | \$ 25,638                  |
| Additional paid-in capital   | 24,841,440                    | 21,413,714               | 36,341,705                 |
| Accumulated net realized loss (computed on the basis of identified cost)       | (378,536)                     | (564,722)                | (214,341)                  |
| Undistributed net investment income  | 44,610                        | 33,700                   | 60,235                     |
| Net unrealized appreciation (computed on the basis of identified cost)         | 2,894,202                     | 2,436,824                | 4,406,418                  |
| <b>Net assets applicable to common shares</b>                                  | <b>\$ 27,419,248</b>          | <b>\$ 23,334,634</b>     | <b>\$ 40,619,655</b>       |
| <b>Auction Preferred Shares Issued and Outstanding</b>                         |                               |                          |                            |
| (Liquidation preference of \$25,000 per share)                                 | 620                           | 540                      | 900                        |
| <b>Common Shares Outstanding</b>   | <b>1,753,163</b>              | <b>1,511,845</b>         | <b>2,563,836</b>           |
| <b>Net Asset Value Per Common Share</b>  |                               |                          |                            |
| Net assets applicable to common shares ÷ common shares issued and outstanding  | \$ 15.64                      | \$ 15.43                 | \$ 15.84                   |

See notes to financial statements

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## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

## Statements of Assets and Liabilities (As Restated See Note 11)

As of September 30, 2006

|   | Insured<br>New York Fund II | Insured<br>Ohio Fund | Insured<br>Pennsylvania Fund |
|---|-----------------------------|----------------------|------------------------------|
| <b>Assets</b>   |                             |                      |                              |
| <b>Investments</b>  |                             |                      |                              |
| Identified cost   | \$ 63,530,603               | \$ 60,816,349        | \$ 77,179,524                |
| Unrealized appreciation   | 3,059,539                   | 3,681,634            | 4,132,190                    |
| Investments, at value   | \$ 66,590,142               | \$ 64,497,983        | \$ 81,311,714                |
| Cash  | \$ 163,965                  | \$                   | \$ 452,814                   |
| Receivable for investments sold   |                             | 1,168,760            |                              |
| Receivable from the transfer agent  |                             | 1,948                |                              |
| Interest receivable   | 806,490                     | 846,479              | 929,378                      |
| Total assets  | \$ 67,560,597               | \$ 66,515,170        | \$ 82,693,906                |
| <b>Liabilities</b>  |                             |                      |                              |
| Payable for open swap contracts   | \$                          | \$                   | \$ 498,658                   |
| Payable for closed swap contracts   |                             |                      | 107,000                      |
| Due to custodian  |                             | 1,209,049            |                              |
| Payable for floating rate notes issued  | 4,665,000                   | 4,770,000            | 10,395,000                   |
| Interest expense and fees payable   | 55,039                      | 55,983               | 104,563                      |
| Payable to affiliate for Trustees' fees   | 69                          |                      | 67                           |
| Payable to affiliate for investment advisory fees                               | 20,593                      | 19,807               | 23,423                       |
| Accrued expenses  | 48,627                      | 53,761               | 44,249                       |
| Total liabilities   | \$ 4,789,328                | \$ 6,108,600         | \$ 11,172,960                |
| Auction preferred shares at liquidation value plus cumulative unpaid dividends  | 22,508,135                  | 21,875,000           | 26,004,573                   |
| Net assets applicable to common shares  | \$ 40,263,134               | \$ 38,531,570        | \$ 45,516,373                |
| <b>Sources of Net Assets</b>  |                             |                      |                              |
| Common Shares, \$0.01 par value, unlimited number of shares authorized          | \$ 25,549                   | \$ 25,127            | \$ 29,432                    |
| Additional paid-in capital  | 36,204,414                  | 35,610,746           | 41,716,097                   |
| Accumulated net realized gain (loss) (computed on the basis of identified cost) | 1,039,747                   | (503,743)            | 61,926                       |
| Accumulated undistributed net investment income                                 | 161,206                     | 32,884               | 42,786                       |
| Net unrealized appreciation (computed on the basis of identified cost)          | 2,832,218                   | 3,366,556            | 3,666,132                    |
| Net assets applicable to common shares  | \$ 40,263,134               | \$ 38,531,570        | \$ 45,516,373                |
| <b>Auction Preferred Shares Issued and Outstanding</b>                          |                             |                      |                              |
| (Liquidation preference of \$25,000 per share)                                  | 900                         | 875                  | 1,040                        |
| Common Shares Outstanding   | 2,554,928                   | 2,512,727            | 2,943,172                    |
| <b>Net Asset Value Per Common Share</b>   |                             |                      |                              |
| Net assets applicable to common shares ÷ common shares issued and outstanding   | \$ 15.76                    | \$ 15.33             | \$ 15.47                     |

See notes to financial statements

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## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

## Statements of Operations (As Restated See Note 11)

For the Year Ended September 30, 2006

|   | Insured<br>Municipal Fund II | Insured<br>California Fund II | Insured<br>Florida Fund |
|---|------------------------------|-------------------------------|-------------------------|
| <b>Investment Income</b>                                |                              |                               |                         |
| Interest  | \$ 13,439,133                | \$ 4,729,472                  | \$ 3,159,772            |
| Total investment income                                 | \$ 13,439,133                | \$ 4,729,472                  | \$ 3,159,772            |
| <b>Expenses</b>   |                              |                               |                         |
| Investment adviser fee                                  | \$ 1,321,358                 | \$ 501,015                    | \$ 333,311              |
| Trustees' fees and expenses                             | 11,735                       | 6,904                         | 1,726                   |
| Legal and accounting services                           | 43,622                       | 41,707                        | 38,644                  |
| Printing and postage                                    | 19,178                       | 9,588                         | 7,837                   |
| Interest expense and fees                               | 1,396,990                    | 275,511                       | 179,031                 |
| Custodian fee   | 143,383                      | 54,729                        | 41,368                  |
| Transfer and dividend disbursing agent fees             | 121,342                      | 52,281                        | 37,390                  |
| Preferred shares remarketing agent fee                  | 218,752                      | 84,373                        | 56,250                  |
| Miscellaneous   | 45,944                       | 33,865                        | 32,360                  |
| Total expenses  | \$ 3,322,304                 | \$ 1,059,973                  | \$ 727,917              |
| <b>Deduct</b>   |                              |                               |                         |
| Reduction of custodian fee                              | \$ 23,257                    | \$ 12,523                     | \$ 4,312                |
| Reduction of investment adviser fee                     | 360,368                      | 136,640                       | 90,903                  |
| Total expense reductions                                | \$ 383,625                   | \$ 149,163                    | \$ 95,215               |
| Net expenses  | \$ 2,938,679                 | \$ 910,810                    | \$ 632,702              |
| Net investment income                                   | \$ 10,500,454                | \$ 3,818,662                  | \$ 2,527,070            |
| <b>Realized and Unrealized Gain (Loss)</b>              |                              |                               |                         |
| <b>Net realized gain (loss)</b>                         |                              |                               |                         |
| Investment transactions (identified cost basis)         | \$ (22,558)                  | \$ (111,667)                  | \$ 198,356              |
| Financial futures contracts                             | 4,379,013                    | 1,384,983                     | 854,528                 |
| Net realized gain                                       | \$ 4,356,455                 | \$ 1,273,316                  | \$ 1,052,884            |
| <b>Change in unrealized appreciation (depreciation)</b> |                              |                               |                         |
| Investments (identified cost basis)                     | \$ 4,438,649                 | \$ 1,678,359                  | \$ 429,413              |
| Financial futures contracts                             | (2,788,744)                  | (843,928)                     | (577,247)               |
| Net change in unrealized appreciation (depreciation)    | \$ 1,649,905                 | \$ 834,431                    | \$ (147,834)            |
| Net realized and unrealized gain                        | \$ 6,006,360                 | \$ 2,107,747                  | \$ 905,050              |
| <b>Distributions to preferred shareholders</b>          |                              |                               |                         |
| From net investment income                              | \$ (2,631,920)               | \$ (937,884)                  | \$ (684,139)            |
| Net increase in net assets from operations              | \$ 13,874,894                | \$ 4,988,525                  | \$ 2,747,981            |

See notes to financial statements



## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

## Statements of Operations (As Restated See Note 11)

For the Year Ended September 30, 2006

|   | Insured<br>Massachusetts Fund | Insured<br>Michigan Fund | Insured<br>New Jersey Fund |
|---|-------------------------------|--------------------------|----------------------------|
| <b>Investment Income</b>                                |                               |                          |                            |
| Interest  | \$ 2,466,093                  | \$ 1,996,324             | \$ 3,354,390               |
| Total investment income                                 | \$ 2,466,093                  | \$ 1,996,324             | \$ 3,354,390               |
| <b>Expenses</b>   |                               |                          |                            |
| Investment adviser fee                                  | \$ 230,928                    | \$ 198,787               | \$ 338,123                 |
| Affiliate interest expense                              | 94,360                        |                          |                            |
| Trustees' fees and expenses                             | 1,726                         | 154                      | 1,710                      |
| Legal and accounting services                           | 33,925                        | 30,501                   | 34,039                     |
| Printing and postage                                    | 7,738                         | 6,900                    | 11,715                     |
| Interest expense and fees                               | 314,015                       | 202,858                  | 335,296                    |
| Custodian fee   | 33,110                        | 33,815                   | 46,272                     |
| Transfer and dividend disbursing agent fees             | 28,319                        | 26,033                   | 38,431                     |
| Preferred shares remarketing agent fee                  | 38,748                        | 33,104                   | 56,250                     |
| Miscellaneous   | 29,641                        | 24,650                   | 27,750                     |
| Total expenses  | \$ 812,510                    | \$ 556,802               | \$ 889,586                 |
| <b>Deduct</b>   |                               |                          |                            |
| Reduction of custodian fee                              | \$ 6,120                      | \$ 4,633                 | \$ 10,347                  |
| Reduction of investment adviser fee                     | 62,979                        | 54,214                   | 92,215                     |
| Total expense reductions                                | \$ 69,099                     | \$ 58,847                | \$ 102,562                 |
| Net expenses  | \$ 743,411                    | \$ 497,955               | \$ 787,024                 |
| Net investment income                                   | \$ 1,722,682                  | \$ 1,498,369             | \$ 2,567,366               |
| <b>Realized and Unrealized Gain (Loss)</b>              |                               |                          |                            |
| <b>Net realized gain (loss)</b>                         |                               |                          |                            |
| Investment transactions (identified cost basis)         | \$ 156,458                    | \$ 118,478               | \$ 210,722                 |
| Financial futures contracts                             | 732,010                       | 511,945                  | 1,094,595                  |
| Net realized gain                                       | \$ 888,468                    | \$ 630,423               | \$ 1,305,317               |
| <b>Change in unrealized appreciation (depreciation)</b> |                               |                          |                            |
| Investments (identified cost basis)                     | \$ 585,972                    | \$ 303,340               | \$ 1,035,914               |
| Financial futures contracts                             | (407,508)                     | (229,494)                | (616,975)                  |
| Net change in unrealized appreciation (depreciation)    | \$ 178,464                    | \$ 73,846                | \$ 418,939                 |
| Net realized and unrealized gain                        | \$ 1,066,932                  | \$ 704,269               | \$ 1,724,256               |
| <b>Distributions to preferred shareholders</b>          |                               |                          |                            |
| From net investment income                              | \$ (447,955)                  | \$ (381,488)             | \$ (648,584)               |
| Net increase in net assets from operations              | \$ 2,341,659                  | \$ 1,821,150             | \$ 3,643,038               |



See notes to financial statements

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## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

## Statements of Operations (As Restated See Note 11)

For the Year Ended September 30, 2006

|  | Insured<br>New York Fund II | Insured<br>Ohio Fund | Insured<br>Pennsylvania Fund |
|--|-----------------------------|----------------------|------------------------------|
| <b>Investment Income</b>                             |                             |                      |                              |
| Interest   | \$ 3,127,516                | \$ 3,045,533         | \$ 3,778,031                 |
| Total investment income                              | \$ 3,127,516                | \$ 3,045,533         | \$ 3,778,031                 |
| <b>Expenses</b>                                      |                             |                      |                              |
| Investment adviser fee                               | \$ 338,359                  | \$ 326,163           | \$ 385,434                   |
| Trustees' fees and expenses                          | 1,642                       | 1,725                | 1,827                        |
| Legal and accounting services                        | 37,875                      | 33,907               | 34,583                       |
| Printing and postage                                 | 7,249                       | 9,125                | 12,075                       |
| Interest expense and fees                            | 163,452                     | 154,688              | 345,276                      |
| Custodian fee  | 39,389                      | 40,456               | 55,382                       |
| Transfer and dividend disbursing agent fees          | 28,681                      | 37,235               | 42,931                       |
| Preferred shares remarketing agent fee               | 56,250                      | 54,688               | 64,999                       |
| Miscellaneous  | 27,045                      | 31,001               | 28,507                       |
| Total expenses                                       | \$ 699,942                  | \$ 688,988           | \$ 971,014                   |
| <b>Deduct</b>  |                             |                      |                              |
| Reduction of custodian fee                           | \$ 10,021                   | \$ 10,974            | \$ 12,899                    |
| Reduction of investment adviser fee                  | 92,280                      | 88,954               | 105,118                      |
| Total expense reductions                             | \$ 102,301                  | \$ 99,928            | \$ 118,017                   |
| Net expenses   | \$ 597,641                  | \$ 589,060           | \$ 852,997                   |
| Net investment income                                | \$ 2,529,875                | \$ 2,456,473         | \$ 2,925,034                 |
| <b>Realized and Unrealized Gain (Loss)</b>           |                             |                      |                              |
| Net realized gain (loss)                             |                             |                      |                              |
| Investment transactions (identified cost basis)      |                             |                      |                              |
|  | \$ 694,203                  | \$ 168,455           | \$ 364,262                   |
| Financial futures contracts                          | 1,126,461                   | 1,268,821            | 1,766,510                    |
| Swap contracts                                       |                             |                      | (223,978)                    |
| Net realized gain                                    | \$ 1,820,664                | \$ 1,437,276         | \$ 1,906,794                 |
| Change in unrealized appreciation (depreciation)     |                             |                      |                              |
| Investments (identified cost basis)                  | \$ 181,082                  | \$ 622,466           | \$ 776,581                   |
| Financial futures contracts                          | (630,916)                   | (789,434)            | (544,764)                    |
| Swap contracts                                       |                             |                      | (498,658)                    |
| Net change in unrealized appreciation (depreciation) | \$ (449,834)                | \$ (166,968)         | \$ (266,841)                 |
| Net realized and unrealized gain                     | \$ 1,370,830                | \$ 1,270,308         | \$ 1,639,953                 |
| Distributions to preferred shareholders              |                             |                      |                              |
| From net investment income                           | \$ (612,672)                | \$ (660,891)         | \$ (783,269)                 |
| From net realized gain                               | (37,328)                    |                      |                              |
| Net increase in net assets from operations           | \$ 3,250,705                | \$ 3,065,890         | \$ 3,781,718                 |

See notes to financial statements

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## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

## Statements of Changes in Net Assets

For the Year Ended September 30, 2006

| Increase (Decrease) in Net Assets   | Insured<br>Municipal Fund II<br>(As Restated<br>See Note 11) | Insured<br>California Fund II<br>(As Restated<br>See Note 11) | Insured<br>Florida Fund |
|---|--|---|-------------------------|
| <b>From operations</b>  |  |   |                         |
| Net investment income   | \$ 10,500,454  | \$ 3,818,662  | \$ 2,527,070            |
| Net realized gain from investment transactions<br>and financial futures contracts                           | 4,356,455  | 1,273,316   | 1,052,884               |
| Net change in unrealized appreciation<br>(depreciation) from investments and<br>financial futures contracts | 1,649,905  | 834,431   | (147,834)               |
| Distributions to preferred shareholders<br>From net investment income                                       | (2,631,920)  | (937,884)   | (684,139)               |
| Net increase in net assets from operations  | \$ 13,874,894  | \$ 4,988,525  | \$ 2,747,981            |
| <b>Distributions to common shareholders</b>   |  |   |                         |
| From net investment income  | \$ (8,416,039)   | \$ (2,983,698)  | \$ (1,912,090)          |
| Total distributions to common shareholders  | \$ (8,416,039)   | \$ (2,983,698)  | \$ (1,912,090)          |
| <b>Capital share transactions</b>   |  |   |                         |
| Reinvestment of distributions to common<br>shareholders   | \$ 67,445  | \$ 7,738  | \$ 24,117               |
| Net increase in net assets from capital share<br>transactions   | \$ 67,445  | \$ 7,738  | \$ 24,117               |
| Net increase in net assets  | \$ 5,526,300   | \$ 2,012,565  | \$ 860,008              |
| <b>Net Assets Applicable to Common Shares</b>   |  |   |                         |
| At beginning of year  | \$ 151,936,585   | \$ 57,186,903   | \$ 38,268,812           |
| At end of year  | \$ 157,462,885   | \$ 59,199,468   | \$ 39,128,820           |
| <b>Undistributed net investment income included<br/>in net assets applicable to common shares</b>           |  |   |                         |
| At end of year  | \$ 184,615   | \$ 94,976   | \$ 29,450               |

See notes to financial statements

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## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

## Statements of Changes in Net Assets

For the Year Ended September 30, 2006

| Increase (Decrease) in Net Assets   | Insured<br>Massachusetts Fund<br>(As Restated<br>See Note 11) | Insured<br>Michigan Fund | Insured<br>New Jersey Fund |
|---|---|--------------------------|----------------------------|
| <b>From operations</b>  |   |                          |                            |
| Net investment income   | \$ 1,722,682  | \$ 1,498,369             | \$ 2,567,366               |
| Net realized gain from investment transactions<br>and financial futures contracts                           | 888,468   | 630,423                  | 1,305,317                  |
| Net change in unrealized appreciation<br>(depreciation) from investments and<br>financial futures contracts | 178,464   | 73,846                   | 418,939                    |
| <b>Distributions to preferred shareholders</b>  |   |                          |                            |
| From net investment income  | (447,955)   | (381,488)                | (648,584)                  |
| <b>Net increase in net assets from operations</b>   | <b>\$ 2,341,659</b>   | <b>\$ 1,821,150</b>      | <b>\$ 3,643,038</b>        |
| <b>Distributions to common shareholders</b>   |   |                          |                            |
| From net investment income  | \$ (1,400,956)  | \$ (1,166,029)           | \$ (2,101,233)             |
| <b>Total distributions to common shareholders</b>   | <b>\$ (1,400,956)</b>   | <b>\$ (1,166,029)</b>    | <b>\$ (2,101,233)</b>      |
| <b>Capital share transactions</b>   |   |                          |                            |
| Reinvestment of distributions to common<br>shareholders   | \$ 37,096   | \$ 9,334                 | \$ 45,513                  |
| <b>Net increase in net assets from capital share<br/>transactions</b>                                       | <b>\$ 37,096</b>  | <b>\$ 9,334</b>          | <b>\$ 45,513</b>           |
| <b>Net increase in net assets</b>   | <b>\$ 977,799</b>   | <b>\$ 664,455</b>        | <b>\$ 1,587,318</b>        |
| <b>Net Assets Applicable to Common Shares</b>   |   |                          |                            |
| At beginning of year  | \$ 26,441,449   | \$ 22,670,179            | \$ 39,032,337              |
| At end of year  | \$ 27,419,248   | \$ 23,334,634            | \$ 40,619,655              |
| <b>Undistributed net investment income included<br/>in net assets applicable to common shares</b>           |   |                          |                            |
| At end of year  | \$ 44,610   | \$ 33,700                | \$ 60,235                  |

See notes to financial statements

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## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

## Statements of Changes in Net Assets

For the Year Ended September 30, 2006

| Increase (Decrease) in Net Assets  | Insured<br>New York Fund II | Insured<br>Ohio Fund<br>(As Restated<br>See Note 11) | Insured<br>Pennsylvania Fund<br>(As Restated<br>See Note 11) |
|--|-----------------------------|--|--|
| <b>From operations</b>   |                             |  |  |
| Net investment income  | \$ 2,529,875                | \$ 2,456,473   | \$ 2,925,034   |
| Net realized gain from investment transactions,<br>financial futures contracts and swap contracts                              | 1,820,664                   | 1,437,276  | 1,906,794  |
| Net change in unrealized appreciation<br>(depreciation) from investments, financial<br>futures contracts and<br>swap contracts | (449,834)                   | (166,968)  | (266,841)  |
| <b>Distributions to preferred shareholders</b>   |                             |  |  |
| From net investment income   | (612,672)                   | (660,891)  | (783,269)  |
| From net realized gain   | (37,328)                    |  |  |
| Net increase in net assets from operations   | \$ 3,250,705                | \$ 3,065,890   | \$ 3,781,718   |
| <b>Distributions to common shareholders</b>  |                             |  |  |
| From net investment income   | \$ (1,870,200)              | \$ (1,789,062)                                       | \$ (2,199,819)   |
| From net realized gain   | (217,935)                   |  |  |
| Total distributions to common shareholders   | \$ (2,088,135)              | \$ (1,789,062)                                       | \$ (2,199,819)   |
| <b>Capital share transactions</b>  |                             |  |  |
| Reinvestment of distributions to common<br>shareholders  | \$                          | \$   | \$ 14,661  |
| Net increase in net assets from capital share<br>transactions  | \$                          | \$   | \$ 14,661  |
| Net increase in net assets   | \$ 1,162,570                | \$ 1,276,828   | \$ 1,596,560   |
| <b>Net Assets Applicable to Common Shares</b>  |                             |  |  |
| At beginning of year   | \$ 39,100,564               | \$ 37,254,742  | \$ 43,919,813  |
| At end of year   | \$ 40,263,134               | \$ 38,531,570  | \$ 45,516,373  |
| <b>Undistributed net investment income included<br/>in net assets applicable to common shares</b>                              |                             |  |  |
| At end of year   | \$ 161,206                  | \$ 32,884  | \$ 42,786  |

See notes to financial statements

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## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

## Statements of Changes in Net Assets

For the Year Ended September 30, 2005

| Increase (Decrease) in Net Assets   | Insured<br>Municipal Fund II | Insured<br>California Fund II<br>(As Restated<br>See Note 11) | Insured<br>Florida Fund |
|---|------------------------------|---|-------------------------|
| <b>From operations</b>  |                              |   |                         |
| Net investment income   | \$ 10,846,557                | \$ 3,890,616  | \$ 2,614,424            |
| Net realized gain from investment transactions<br>and financial futures contracts                           | (3,697,302)                  | (1,112,326)   | (642,114)               |
| Net change in unrealized appreciation<br>(depreciation) from investments and<br>financial futures contracts | 7,278,731                    | 2,484,245   | 1,670,118               |
| Distributions to preferred shareholders<br>From net investment income                                       | (1,672,528)                  | (558,126)   | (408,998)               |
| From net realized gain  | (2,835)                      |   |                         |
| <b>Net increase in net assets from operations</b>   | <b>\$ 12,752,623</b>         | <b>\$ 4,704,409</b>   | <b>\$ 3,233,430</b>     |
| <b>Distributions to common shareholders</b>   |                              |   |                         |
| From net investment income  | \$ (9,921,669)               | \$ (3,559,348)  | \$ (2,330,794)          |
| From net realized gain  | (28,757)                     |   |                         |
| <b>Total distributions to common shareholders</b>   | <b>\$ (9,950,426)</b>        | <b>\$ (3,559,348)</b>   | <b>\$ (2,330,794)</b>   |
| <b>Capital share transactions</b>   |                              |   |                         |
| Reinvestment of distributions to common<br>shareholders   | \$ 77,370                    | \$ 86,785   | \$ 154,716              |
| <b>Net increase in net assets from capital share<br/>transactions</b>                                       | <b>\$ 77,370</b>             | <b>\$ 86,785</b>  | <b>\$ 154,716</b>       |
| <b>Net increase in net assets</b>   | <b>\$ 2,879,567</b>          | <b>\$ 1,231,846</b>   | <b>\$ 1,057,352</b>     |
| <b>Net Assets Applicable to Common Shares</b>   |                              |   |                         |
| At beginning of year  | \$ 149,057,018               | \$ 55,955,057   | \$ 37,211,460           |
| At end of year  | \$ 151,936,585               | \$ 57,186,903   | \$ 38,268,812           |
| <b>Undistributed net investment income included<br/>in net assets applicable to common shares</b>           |                              |   |                         |
| At end of year  | \$ 773,207                   | \$ 213,260  | \$ 107,874              |

See notes to financial statements

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## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

## Statements of Changes in Net Assets

For the Year Ended September 30, 2005

| Increase (Decrease) in Net Assets   | Insured<br>Massachusetts Fund | Insured<br>Michigan Fund | Insured<br>New Jersey Fund |
|---|-------------------------------|--------------------------|----------------------------|
| <b>From operations</b>  |                               |                          |                            |
| Net investment income   | \$ 1,802,336                  | \$ 1,568,355             | \$ 2,659,492               |
| Net realized gain from investment transactions<br>and financial futures contracts                           | (609,169)                     | (627,156)                | (531,919)                  |
| Net change in unrealized appreciation<br>(depreciation) from investments and<br>financial futures contracts | 1,117,600                     | 978,843                  | 1,390,392                  |
| <b>Distributions to preferred shareholders</b>  |                               |                          |                            |
| From net investment income  | (250,700)                     | (247,412)                | (406,069)                  |
| Net increase in net assets from operations  | \$ 2,060,067                  | \$ 1,672,630             | \$ 3,111,896               |
| <b>Distributions to common shareholders</b>   |                               |                          |                            |
| From net investment income  | \$ (1,657,895)                | \$ (1,431,507)           | \$ (2,456,689)             |
| Total distributions to common shareholders  | \$ (1,657,895)                | \$ (1,431,507)           | \$ (2,456,689)             |
| <b>Capital share transactions</b>   |                               |                          |                            |
| Reinvestment of distributions to common<br>shareholders   | \$ 57,153                     | \$ 33,377                | \$ 50,800                  |
| Net increase in net assets from capital share<br>transactions   | \$ 57,153                     | \$ 33,377                | \$ 50,800                  |
| Net increase in net assets  | \$ 459,325                    | \$ 274,500               | \$ 706,007                 |
| <b>Net Assets Applicable to Common Shares</b>   |                               |                          |                            |
| At beginning of year  | \$ 25,982,124                 | \$ 22,395,679            | \$ 38,326,330              |
| At end of year  | \$ 26,441,449                 | \$ 22,670,179            | \$ 39,032,337              |
| <b>Undistributed net investment income included<br/>in net assets applicable to common shares</b>           |                               |                          |                            |
| At end of year  | \$ 178,054                    | \$ 89,907                | \$ 242,532                 |

See notes to financial statements



## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

## Statements of Changes in Net Assets

For the Year Ended September 30, 2005

| Increase (Decrease) in Net Assets   | Insured<br>New York Fund II | Insured<br>Ohio Fund | Insured<br>Pennsylvania Fund |
|---|-----------------------------|----------------------|------------------------------|
| <b>From operations</b>  |                             |                      |                              |
| Net investment income   | \$ 2,574,609                | \$ 2,526,350         | \$ 2,997,257                 |
| Net realized gain from investment transactions<br>and financial futures contracts                           | (60,395)                    | (1,337,713)          | (617,701)                    |
| Net change in unrealized appreciation<br>(depreciation) from investments and<br>financial futures contracts | 1,239,929                   | 1,865,829            | 2,343,740                    |
| <b>Distributions to preferred shareholders</b>  |                             |                      |                              |
| From net investment income  | (378,349)                   | (434,877)            | (507,628)                    |
| Net increase in net assets from operations  | \$ 3,375,794                | \$ 2,619,589         | \$ 4,215,668                 |
| <b>Distributions to common shareholders</b>   |                             |                      |                              |
| From net investment income  | \$ (2,379,407)              | \$ (2,163,391)       | \$ (2,685,275)               |
| Total distributions to common shareholders  | \$ (2,379,407)              | \$ (2,163,391)       | \$ (2,685,275)               |
| <b>Capital share transactions</b>   |                             |                      |                              |
| Reinvestment of distributions to common<br>shareholders   | \$ 15,536                   | \$ 52,662            | \$ 37,173                    |
| Net increase in net assets from capital share<br>transactions   | \$ 15,536                   | \$ 52,662            | \$ 37,173                    |
| Net increase in net assets  | \$ 1,011,923                | \$ 508,860           | \$ 1,567,566                 |
| <b>Net Assets Applicable to Common Shares</b>   |                             |                      |                              |
| At beginning of year  | \$ 38,088,641               | \$ 36,745,882        | \$ 42,352,247                |
| At end of year  | \$ 39,100,564               | \$ 37,254,742        | \$ 43,919,813                |
| <b>Undistributed net investment income included<br/>in net assets applicable to common shares</b>           |                             |                      |                              |
| At end of year  | \$ 112,592                  | \$ 48,190            | \$ 107,068                   |

See notes to financial statements

## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

## Statements of Cash Flows

For the Year Ended September 30, 2006

|  | Insured<br>Municipal Fund II | Insured<br>Massachusetts Fund | Insured<br>Michigan Fund |
|--|------------------------------|-------------------------------|--------------------------|
| Cash Flows from Operating Activities   |                              |                               |                          |
| Net increase in net assets from operations   | \$ 13,874,894                | \$ 2,341,659                  | \$ 1,821,150             |
| Distributions to preferred shareholders  | 2,631,920                    | 447,955                       | 381,488                  |
| Net increase in net assets from operations excluding distributions to preferred shareholders from                                  |                              |                               |                          |
| net investment income  | 16,506,814                   | 2,789,614                     | 2,202,638                |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided/(used) in operating activities: |                              |                               |                          |
| Investments purchased  | (74,079,576)                 | (7,140,105)                   | (2,919,794)              |
| Investments sold   | 73,117,865                   | 7,514,185                     | 2,628,778                |
| Net amortization of premium/(discount)   | (1,684,131)                  | (105,024)                     | (195,060)                |
| Interest receivable  | (1,934)                      | 10,392                        | 15,076                   |
| Receivable for daily variation margin on open financial futures contracts  | 225,000                      | 37,500                        | 20,625                   |
| Receivable from transfer agent   | 20,372                       | 2,124                         | 2,931                    |
| Prepaid expenses   | 30,268                       | 4,299                         |                          |
| Payable for when-issued securities   | (294,100)                    | (522,643)                     |                          |
| Payable to affiliate for investment advisory fees  | 1,123                        | 111                           | 70                       |
| Payable to affiliate for trustees' fees  |                              |                               | (19)                     |
| Interest expense and fees payable  | 140,482                      | 13,833                        | 17,137                   |
| Accrued expenses   | 2,431                        | 3,498                         | 8,618                    |
| Net change in realized and unrealized (gain)/loss on investments   | (4,416,091)                  | (742,430)                     | (421,818)                |
| Net cash provided by operating activities  | \$ 9,568,523                 | \$ 1,865,354                  | \$ 1,359,182             |
| Cash Flows from Financing Activities   |                              |                               |                          |
| Due to custodian   |                              | 10,993                        | 152,944                  |
| Cash distributions paid for common shares net of reinvestments   | (8,348,594)                  | (1,363,860)                   | (1,156,695)              |
| Proceeds from secured borrowings   | 13,670,000                   | 500,000                       |                          |
| Repayments of secured borrowings   | (13,665,000)                 | (835,000)                     |                          |
| Distributions to preferred shareholders from net investment income   | (2,624,563)                  | (446,047)                     | (378,654)                |
| Net cash used in financing activities  | \$ (10,968,157)              | \$ (2,133,914)                | \$ (1,382,405)           |
| Net increase/(decrease) in cash  | (1,399,634)                  | (268,560)                     | (23,223)                 |
| Cash at beginning of period  | 1,647,236                    | 268,560                       | 23,223                   |
| Cash at end of period  | \$ 247,602                   | \$                            | \$                       |
| Supplemental Disclosure of Cash Flow Information:  |                              |                               |                          |
| Noncash financing activities not included herein consists of reinvestment of dividends and distributions of :                      | \$ 67,445                    | \$ 37,096                     | \$ 9,334                 |

See notes to financial statements

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## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

## Statements of Cash Flows

For the Year Ended September 30, 2006

|  | Insured<br>New Jersey Fund | Insured<br>Pennsylvania Fund |
|--|----------------------------|------------------------------|
| Cash Flows from Operating Activities   |                            |                              |
| Net increase in net assets from operations   | \$ 3,643,038               | \$ 3,781,718                 |
| Distributions to preferred shareholders  | 648,584                    | 783,269                      |
| Net increase in net assets from operations excluding distributions to preferred shareholders from net investment income            | 4,291,622                  | 4,564,987                    |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided/(used) in operating activities: |                            |                              |
| Investments purchased  | (16,098,590)               | (20,104,646)                 |
| Investments sold   | 17,465,260                 | 17,609,371                   |
| Net amortization of premium/(discount)   | (582,317)                  | (344,292)                    |
| Interest receivable  | 38,748                     | (13,666)                     |
| Receivable for daily variation margin on open financial futures contracts  | 56,250                     | 84,375                       |
| Receivable from transfer agent   | (251)                      | 3,937                        |
| Payable for open swap contracts  |                            | 498,658                      |
| Payable for closed swap contracts  |                            | 107,000                      |
| Payable for when-issued securities   | (1,051,380)                |                              |
| Payable to affiliate for investment advisory fees  | 153                        | 255                          |
| Payable to affiliate for trustees' fees  | (16)                       | 67                           |
| Interest expense and fees payable  | 30,249                     | 48,170                       |
| Accrued expenses   | 6,907                      | 6,096                        |
| Net change in realized and unrealized (gain)/loss on investments   | (1,246,636)                | (1,140,843)                  |
| Net cash provided by operating activities  | \$ 2,909,999               | \$ 1,319,469                 |
| Cash Flows from Financing Activities   |                            |                              |
| Due to custodian   | (140,436)                  | (326,071)                    |
| Cash distributions paid for common shares net of reinvestments   | (2,055,720)                | (2,185,158)                  |
| Proceeds from secured borrowings   |                            | 4,700,000                    |
| Repayments of secured borrowings   |                            | (2,275,000)                  |
| Distributions to preferred shareholders from net investment income   | (643,887)                  | (780,426)                    |
| Net cash used in financing activities  | \$ (2,840,043)             | \$ (866,655)                 |
| Net increase/(decrease) in cash  | 69,956                     | 452,814                      |
| Cash at beginning of period  |                            |                              |
| Cash at end of period  | \$ 69,956                  | \$ 452,814                   |
| Supplemental Disclosure of Cash Flow Information:  |                            |                              |
| Noncash financing activities not included herein consists of reinvestment of dividends and distributions of :                      | \$ 45,513                  | \$ 14,661                    |

See notes to financial statements



## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

## Financial Highlights (As Restated - See Note 11)

Selected data for a common share outstanding during the periods stated

|   | Insured Municipal Fund II |                      |                     |                          |
|---|---------------------------|----------------------|---------------------|--------------------------|
|   | 2006 <sup>(1)</sup>       | 2005 <sup>(1)</sup>  | 2004 <sup>(1)</sup> | 2003 <sup>(1)(2)</sup>   |
| Net asset value - Beginning of year (Common shares)                   | \$ 15.310                 | \$ 15.030            | \$ 14.790           | \$ 14.325 <sup>(3)</sup> |
| Income (loss) from operations   |                           |                      |                     |                          |
| Net investment income   | \$ 1.058                  | \$ 1.094             | \$ 1.162            | \$ 0.879                 |
| Net realized and unrealized gain                                      | 0.605                     | 0.359                | 0.334               | 0.508                    |
| Distributions to preferred shareholders                               |                           |                      |                     |                          |
| From net investment income  | (0.265)                   | (0.169)              | (0.080)             | (0.071)                  |
| From net realized gain  |                           | 0.000 <sup>(4)</sup> | (0.017)             |                          |
| Total income from operations  | \$ 1.398                  | \$ 1.284             | \$ 1.399            | \$ 1.316                 |
| Less distributions to common shareholders                             |                           |                      |                     |                          |
| From net investment income  | \$ (0.848)                | \$ (1.001)           | \$ (1.001)          | \$ (0.714)               |
| From net realized gain  |                           | (0.003)              | (0.158)             |                          |
| Total distributions to common shareholders                            | \$ (0.848)                | \$ (1.004)           | \$ (1.159)          | \$ (0.714)               |
| Preferred and Common shares offering costs charged to paid-in capital | \$                        | \$                   | \$                  | \$ (0.048)               |
| Preferred Shares underwriting discounts                               | \$                        | \$                   | \$                  | \$ (0.089)               |
| Net asset value - End of year (Common shares)                         | \$ 15.860                 | \$ 15.310            | \$ 15.030           | \$ 14.790                |
| Market value - End of year (Common shares)                            | \$ 15.310                 | \$ 16.170            | \$ 14.820           | \$ 14.000                |
| Total Investment Return on Net Asset Value <sup>(5)</sup>             | 9.56%                     | 8.77%                | 10.00%              | 8.46% <sup>(6)</sup>     |
| Total Investment Return on Market Value <sup>(5)</sup>                | 0.13%                     | 16.51%               | 14.59%              | 2.67% <sup>(6)</sup>     |

See notes to financial statements

## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

## Financial Highlights (As Restated - See Note 11)

Selected data for a common share outstanding during the periods stated

|   | Insured Municipal Fund II |                     |                     |                        |
|---|---------------------------|---------------------|---------------------|------------------------|
|   | 2006 <sup>(1)</sup>       | 2005 <sup>(1)</sup> | 2004 <sup>(1)</sup> | 2003 <sup>(1)(2)</sup> |
| Ratios/Supplemental Data  |                           |                     |                     |                        |
| Net assets applicable to common shares, end of year (000's omitted)               | \$ 157,463                | \$ 151,937          | \$ 149,057          | \$ 146,574             |
| Ratios (As a percentage of average net assets applicable to common shares):       |                           |                     |                     |                        |
| Expense excluding interest and fees <sup>(7)</sup>                                | 1.02%                     | 1.03%               | 1.00%               | 0.86% <sup>(8)</sup>   |
| Interest and fee expense <sup>(7)(11)</sup>                                       | 0.91%                     | 0.62%               | 0.36%               | 0.26% <sup>(8)</sup>   |
| Total expenses <sup>(7)</sup>   | 1.93%                     | 1.65%               | 1.36%               | 1.12% <sup>(8)</sup>   |
| Expenses after custodian fee reduction excluding interest and fees <sup>(7)</sup> | 1.01%                     | 1.02%               | 1.00%               | 0.84% <sup>(8)</sup>   |
| Net investment income <sup>(7)</sup>  | 6.87%                     | 7.11%               | 7.92%               | 7.14% <sup>(8)</sup>   |
| Portfolio Turnover  | 26%                       | 10%                 | 28%                 | 32%                    |

The ratios reported above are based on net assets applicable solely to common shares. The ratios based on net assets, including amounts related to preferred shares, are as follows:

|   |           |           |           |                      |
|---|-----------|-----------|-----------|----------------------|
| Ratios (As a percentage of average net assets applicable to common and preferred shares): |           |           |           |                      |
| Expense excluding interest and fees <sup>(7)</sup>  | 0.65%     | 0.65%     | 0.63%     | 0.57% <sup>(8)</sup> |
| Interest and fee expense <sup>(7)(11)</sup>   | 0.58%     | 0.40%     | 0.23%     | 0.17% <sup>(8)</sup> |
| Total expenses <sup>(7)</sup>   | 1.23%     | 1.05%     | 0.86%     | 0.74% <sup>(8)</sup> |
| Expenses after custodian fee reduction excluding interest and fees <sup>(7)</sup>         | 0.64%     | 0.65%     | 0.62%     | 0.56% <sup>(8)</sup> |
| Net investment income <sup>(7)</sup>  | 4.37%     | 4.52%     | 4.94%     | 4.72% <sup>(8)</sup> |
| Senior Securities:  |           |           |           |                      |
| Total preferred shares outstanding  | 3,500     | 3,500     | 3,500     | 3,500                |
| Asset coverage per preferred share <sup>(9)</sup>   | \$ 69,992 | \$ 68,411 | \$ 67,599 | \$ 66,893            |
| Involuntary liquidation preference per preferred share <sup>(10)</sup>                    | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000            |
| Approximate market value per preferred share <sup>(10)</sup>                              | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000            |

(1) Computed using average common shares outstanding.

(2) For the period from the start of business, November 29, 2002, to September 30, 2003.

(3) Net asset value at beginning of period reflects the deduction of the sales load of \$0.675 per share paid by the shareholder from the \$15.000 offering price.

(4) Equal to less than \$0.001 per share.

(5) Returns are historical and are calculated by determining the percentage change in net asset value or market value with all distributions reinvested. Total return is not computed on an annualized basis.

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(6) Total investment return on net asset value is calculated assuming a purchase at the offering price of \$15.000 less the sales load of \$0.675 per share paid by the shareholder on the first day and a sale at the net asset value on the last day of the period reported. Total investment return on market value is calculated assuming a purchase at the offering price of \$15.000 less the sales load of \$0.675 per share paid by the shareholder on the first day and a sale at the current market price on the last day of the period reported. Total investment return on net asset value and total investment return on market value are not computed on an annualized basis.

(7) Ratios do not reflect the effect of dividend payments to preferred shareholders.

(8) Annualized.

(9) Calculated by subtracting the Fund's total liabilities (not including the preferred shares) from the Fund's total assets, and dividing this by the number of preferred shares outstanding.

(10) Plus accumulated and unpaid dividends.

(11) Interest and fee expense relates to the liability for floating rate notes issued in conjunction with inverse floater securities transactions (see Note 1B).

See notes to financial statements

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## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

Financial Highlights (As Restated - See Note 11)

Selected data for a common share outstanding during the periods stated

|   |   | Insured California Fund II |                     |                     |                          |
|---|---|----------------------------|---------------------|---------------------|--------------------------|
|   |   | Year Ended September 30,   |                     |                     |                          |
|   |   | 2006 <sup>(1)</sup>        | 2005 <sup>(1)</sup> | 2004 <sup>(1)</sup> | 2003 <sup>(1)(2)</sup>   |
| Net asset value   | Beginning of year (Common shares)                                     | \$ 14.810                  | \$ 14.510           | \$ 14.560           | \$ 14.325 <sup>(3)</sup> |
| Income (loss) from operations                             |   |                            |                     |                     |                          |
|   | Net investment income   | \$ 0.989                   | \$ 1.008            | \$ 1.060            | \$ 0.822                 |
|   | Net realized and unrealized gain (loss)                               | 0.547                      | 0.360               | (0.022)             | 0.281                    |
| Distributions to preferred shareholders                   |   |                            |                     |                     |                          |
|   | From net investment income  | (0.243)                    | (0.145)             | (0.076)             | (0.050)                  |
|   | From net realized gain  |                            |                     | (0.004)             |                          |
|   | Total income from operations  | \$ 1.293                   | \$ 1.223            | \$ 0.958            | \$ 1.053                 |
| Less distributions to common shareholders                 |   |                            |                     |                     |                          |
|   | From net investment income  | \$ (0.773)                 | \$ (0.923)          | \$ (0.948)          | \$ (0.675)               |
|   | From net realized gain  |                            |                     | (0.060)             |                          |
|   | Total distributions to common shareholders                            | \$ (0.773)                 | \$ (0.923)          | \$ (1.008)          | \$ (0.675)               |
|   | Preferred and Common shares offering costs charged to paid-in capital | \$                         | \$                  | \$                  | \$ (0.054)               |
|   | Preferred Shares underwriting discounts                               | \$                         | \$                  | \$                  | \$ (0.089)               |
| Net asset value   | End of year (Common shares)   | \$ 15.330                  | \$ 14.810           | \$ 14.510           | \$ 14.560                |
| Market value  | End of year (Common shares)   | \$ 14.635                  | \$ 14.770           | \$ 14.580           | \$ 13.800                |
| Total Investment Return on Net Asset Value <sup>(4)</sup> |   |                            |                     |                     |                          |
|   |   | 9.15%                      | 8.65%               | 6.84%               | 6.62% <sup>(5)</sup>     |
| Total Investment Return on Market Value <sup>(4)</sup>    |   |                            |                     |                     |                          |
|   |   | 4.49%                      | 7.84%               | 13.27%              | 1.06% <sup>(5)</sup>     |

See notes to financial statements

## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

Financial Highlights (As Restated - See Note 11)

Selected data for a common share outstanding during the periods stated

|  | Insured California Fund II |                     |                     |                        |
|--|----------------------------|---------------------|---------------------|------------------------|
|  | Year Ended September 30,   |                     |                     |                        |
|  | 2006 <sup>(1)</sup>        | 2005 <sup>(1)</sup> | 2004 <sup>(1)</sup> | 2003 <sup>(1)(2)</sup> |
| <b>Ratios/Supplemental Data</b>  |                            |                     |                     |                        |
| Net assets applicable to common shares, end of year (000's omitted)                | \$ 59,199                  | \$ 57,187           | \$ 55,955           | \$ 56,083              |
| <b>Ratios (As a percentage of average net assets applicable to common shares):</b> |                            |                     |                     |                        |
| Expense excluding interest and fees <sup>(6)</sup>                                 | 1.13%                      | 1.10%               | 1.09%               | 0.98% <sup>(7)</sup>   |
| Interest and fee expense <sup>(6)(10)</sup>  | 0.48%                      | 0.31%               | 0.15%               | 0.15% <sup>(7)</sup>   |
| Total expenses <sup>(6)</sup>  | 1.61%                      | 1.41%               | 1.24%               | 1.13% <sup>(7)</sup>   |
| Expenses after custodian fee reduction excluding interest and fees <sup>(6)</sup>  | 1.11%                      | 1.06%               | 1.08%               | 0.96% <sup>(7)</sup>   |
| Net investment income <sup>(6)</sup>   | 6.66%                      | 6.81%               | 7.27%               | 6.75% <sup>(7)</sup>   |
| Portfolio Turnover   | 13%                        | 13%                 | 11%                 | 22%                    |

The ratios reported above are based on net assets applicable solely to common shares. The ratios based on net assets, including amounts related to preferred shares, are as follows:

|  |           |           |           |                      |
|--|-----------|-----------|-----------|----------------------|
| <b>Ratios (As a percentage of average net assets applicable to common and preferred shares):</b> |           |           |           |                      |
| Expense excluding interest and fees <sup>(6)</sup>   | 0.71%     | 0.69%     | 0.68%     | 0.64% <sup>(7)</sup> |
| Interest and fee expense <sup>(6)(10)</sup>  | 0.30%     | 0.20%     | 0.09%     | 0.10% <sup>(7)</sup> |
| Total expenses <sup>(6)</sup>  | 1.01%     | 0.89%     | 0.77%     | 0.74% <sup>(7)</sup> |
| Expenses after custodian fee reduction excluding interest and fees <sup>(6)</sup>                | 0.70%     | 0.67%     | 0.67%     | 0.63% <sup>(7)</sup> |
| Net investment income <sup>(6)</sup>   | 4.19%     | 4.28%     | 4.54%     | 4.46% <sup>(7)</sup> |
| <b>Senior Securities:</b>  |           |           |           |                      |
| Total preferred shares outstanding   | 1,350     | 1,350     | 1,350     | 1,350                |
| Asset coverage per preferred share <sup>(8)</sup>  | \$ 68,858 | \$ 67,364 | \$ 66,455 | \$ 66,545            |
| Involuntary liquidation preference per preferred share <sup>(9)</sup>                            | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000            |
| Approximate market value per preferred share <sup>(9)</sup>                                      | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000            |

(1) Computed using average common shares outstanding.

(2) For the period from the start of business, November 29, 2002, to September 30, 2003.

(3) Net asset value at beginning of period reflects the deduction of the sales load of \$0.675 per share paid by the shareholder from the \$15.000 offering price.

(4) Returns are historical and are calculated by determining the percentage change in net asset value or market value with all distributions reinvested. Total return is not computed on an annualized basis.

(5) Total investment return on net asset value is calculated assuming a purchase at the offering price of \$15.000 less the sales load of \$0.675 per share paid by the shareholder on the first day and a sale at the net asset value on the last day of the period reported. Total investment return on market value is calculated assuming a

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purchase at the offering price of \$15.000 less the sales load of \$0.675 per share paid by the shareholder on the first day and a sale at the current market price on the last day of the period reported. Total investment return on net asset value and total investment return on market value are not computed on an annualized basis.

(6) Ratios do not reflect the effect of dividend payments to preferred shareholders.

(7) Annualized.

(8) Calculated by subtracting the Fund's total liabilities (not including the preferred shares) from the Fund's total assets, and dividing this by the number of preferred shares outstanding.

(9) Plus accumulated and unpaid dividends.

(10) Interest and fee expense relates to the liability for floating rate notes issued in conjunction with inverse floater securities transactions (see Note 1B).

See notes to financial statements

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## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

Financial Highlights (As Restated - See Note 11)

Selected data for a common share outstanding during the periods stated

|   |   | Insured Florida Fund     |                     |                      |                          |
|---|---|--------------------------|---------------------|----------------------|--------------------------|
|   |   | Year Ended September 30, |                     |                      |                          |
|   |   | 2006 <sup>(1)</sup>      | 2005 <sup>(1)</sup> | 2004 <sup>(1)</sup>  | 2003 <sup>(1)(2)</sup>   |
| Net asset value   | Beginning of year (Common shares)                                     | \$ 14.870                | \$ 14.520           | \$ 14.550            | \$ 14.325 <sup>(3)</sup> |
| Income (loss) from operations                             |   |                          |                     |                      |                          |
|   | Net investment income   | \$ 0.981                 | \$ 1.018            | \$ 1.062             | \$ 0.788                 |
|   | Net realized and unrealized gain                                      | 0.348                    | 0.399               | 0.002 <sup>(4)</sup> | 0.319                    |
| Distributions to preferred shareholders                   |   |                          |                     |                      |                          |
|   | From net investment income  | (0.266)                  | (0.159)             | (0.077)              | (0.060)                  |
|   | From net realized gain  |                          |                     | (0.007)              |                          |
|   | Total income from operations  | \$ 1.063                 | \$ 1.258            | \$ 0.980             | \$ 1.047                 |
| Less distributions to common shareholders                 |   |                          |                     |                      |                          |
|   | From net investment income  | \$ (0.743)               | \$ (0.908)          | \$ (0.930)           | \$ (0.675)               |
|   | From net realized gain  |                          |                     | (0.080)              |                          |
|   | Total distributions to common shareholders                            | \$ (0.743)               | \$ (0.908)          | \$ (1.010)           | \$ (0.675)               |
|   | Preferred and Common shares offering costs charged to paid-in capital | \$                       | \$                  | \$                   | \$ (0.058)               |
|   | Preferred Shares underwriting discounts                               | \$                       | \$                  | \$                   | \$ (0.089)               |
| Net asset value   | End of period (Common shares)   | \$ 15.190                | \$ 14.870           | \$ 14.520            | \$ 14.550                |
| Market value  | End of period (Common shares)   | \$ 14.410                | \$ 14.980           | \$ 14.750            | \$ 14.100                |
| Total Investment Return on Net Asset Value <sup>(5)</sup> |   |                          |                     |                      |                          |
|   |   | 7.64%                    | 8.85%               | 7.12%                | 6.37% <sup>(6)</sup>     |
| Total Investment Return on Market Value <sup>(5)</sup>    |   |                          |                     |                      |                          |
|   |   | 1.37%                    | 7.94%               | 12.29%               | 3.08% <sup>(6)</sup>     |

See notes to financial statements

## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

Financial Highlights (As Restated - See Note 11)

Selected data for a common share outstanding during the periods stated

|  | Insured Florida Fund     |                     |                     |                        |
|--|--------------------------|---------------------|---------------------|------------------------|
|  | Year Ended September 30, |                     |                     |                        |
|  | 2006 <sup>(1)</sup>      | 2005 <sup>(1)</sup> | 2004 <sup>(1)</sup> | 2003 <sup>(1)(2)</sup> |
| <b>Ratios/Supplemental Data</b>  |                          |                     |                     |                        |
| Net assets applicable to common shares, end of year (000's omitted)                | \$ 39,129                | \$ 38,269           | \$ 37,211           | \$ 37,186              |
| <b>Ratios (As a percentage of average net assets applicable to common shares):</b> |                          |                     |                     |                        |
| Expense excluding interest and fees <sup>(7)</sup>                                 | 1.20%                    | 1.17%               | 1.14%               | 1.04% <sup>(8)</sup>   |
| Interest and fee expense <sup>(7)(11)</sup>  | 0.47%                    | 0.29%               | 0.18%               | 0.09% <sup>(8)</sup>   |
| Total expenses <sup>(7)</sup>  | 1.67%                    | 1.46%               | 1.32%               | 1.13% <sup>(8)</sup>   |
| Expenses after custodian fee reduction excluding interest and fees <sup>(7)</sup>  | 1.19%                    | 1.16%               | 1.14%               | 0.98% <sup>(8)</sup>   |
| Net investment income <sup>(7)</sup>   | 6.63%                    | 6.84%               | 7.30%               | 6.45% <sup>(8)</sup>   |
| Portfolio Turnover   | 16%                      | 13%                 | 17%                 | 10%                    |

The ratios reported above are based on net assets applicable solely to common shares. The ratios based on net assets, including amounts related to preferred shares, are as follows:

|  |           |           |           |                      |
|--|-----------|-----------|-----------|----------------------|
| <b>Ratios (As a percentage of average net assets applicable to common and preferred shares):</b> |           |           |           |                      |
| Expense excluding interest and fees <sup>(7)</sup>   | 0.76%     | 0.74%     | 0.71%     | 0.69% <sup>(8)</sup> |
| Interest and fee expense <sup>(7)(11)</sup>  | 0.29%     | 0.18%     | 0.11%     | 0.06% <sup>(8)</sup> |
| Total expenses <sup>(7)</sup>  | 1.05%     | 0.92%     | 0.82%     | 0.75% <sup>(8)</sup> |
| Expenses after custodian fee reduction excluding interest and fees <sup>(7)</sup>                | 0.75%     | 0.73%     | 0.71%     | 0.65% <sup>(8)</sup> |
| Net investment income <sup>(7)</sup>   | 4.17%     | 4.30%     | 4.55%     | 4.25% <sup>(8)</sup> |
| <b>Senior Securities:</b>  |           |           |           |                      |
| Total preferred shares outstanding   | 900       | 900       | 900       | 900                  |
| Asset coverage per preferred share <sup>(9)</sup>  | \$ 68,489 | \$ 67,528 | \$ 66,348 | \$ 66,319            |
| Involuntary liquidation preference per preferred share <sup>(10)</sup>                           | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000            |
| Approximate market value per preferred share <sup>(10)</sup>                                     | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000            |

(1) Computed using average common shares outstanding.

(2) For the period from the start of business, November 29, 2002, to September 30, 2003.

(3) Net asset value at beginning of period reflects the deduction of the sales load of \$0.675 per share paid by the shareholder from the \$15.000 offering price.

(4) The per share amount does not reflect the actual net realized and unrealized gain/loss for the period because of the timing of reinvested shares of the Fund and the amount of per share realized gains and losses at such time.

(5) Returns are historical and are calculated by determining the percentage change in net asset value or market value with all distributions reinvested. Total return is not computed on an annualized basis.

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(6) Total investment return on net asset value is calculated assuming a purchase at the offering price of \$15.000 less the sales load of \$0.675 per share paid by the shareholder on the first day and a sale at the net asset value on last day of the period reported. Total investment return on market value is calculated assuming a purchase at the offering price of \$15.000 less the sales load of \$0.675 per share paid by the shareholder on the first day and sale at the current market price on the last day of the period reported. Total investment return on net asset value and total investment return on market value are not computed on an annualized basis.

(7) Ratios do not reflect the effect of dividend payments to preferred shareholders.

(8) Annualized.

(9) Calculated by subtracting the Fund's total liabilities (not including the preferred shares) from the Fund's total assets, and dividing this number by the number of preferred shares outstanding.

(10) Plus accumulated and unpaid dividends.

(11) Interest and fee expense relates to the liability for floating rate notes issued in conjunction with inverse floater securities transactions (see Note 1B).

See notes to financial statements

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## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

Financial Highlights (As Restated - See Note 11)

Selected data for a common share outstanding during the periods stated

|   |                               | Insured Massachusetts Fund |                     |                     |                          |
|---|-------------------------------|----------------------------|---------------------|---------------------|--------------------------|
|   |                               | Year Ended September 30,   |                     |                     |                          |
|   |                               | 2006 <sup>(1)</sup>        | 2005 <sup>(1)</sup> | 2004 <sup>(1)</sup> | 2003 <sup>(1)(2)</sup>   |
| Net asset value   | Beginning of period           |                            |                     |                     |                          |
| (Common shares)   |                               | \$ 15.100                  | \$ 14.870           | \$ 14.670           | \$ 14.325 <sup>(3)</sup> |
| Income (loss) from operations   |                               |                            |                     |                     |                          |
| Net investment income   |                               | \$ 0.983                   | \$ 1.031            | \$ 1.109            | \$ 0.823                 |
| Net realized and unrealized gain                                      |                               | 0.613                      | 0.290               | 0.350               | 0.411                    |
| Distributions to preferred shareholders                               |                               |                            |                     |                     |                          |
| From net investment income  |                               | (0.256)                    | (0.143)             | (0.069)             | (0.058)                  |
| From net realized gain  |                               |                            |                     | (0.017)             |                          |
| Total income from operations  |                               | \$ 1.340                   | \$ 1.178            | \$ 1.373            | \$ 1.176                 |
| Less distributions to common shareholders                             |                               |                            |                     |                     |                          |
| From net investment income  |                               | \$ (0.800)                 | \$ (0.948)          | \$ (0.948)          | \$ (0.675)               |
| From net realized gain  |                               |                            |                     | (0.225)             |                          |
| Total distributions to common shareholders                            |                               | \$ (0.800)                 | \$ (0.948)          | \$ (1.173)          | \$ (0.675)               |
| Preferred and Common shares offering costs charged to paid-in capital |                               | \$                         | \$                  | \$                  | \$ (0.066)               |
| Preferred Shares underwriting discounts                               |                               | \$                         | \$                  | \$                  | \$ (0.090)               |
| Net asset value   | End of period (Common shares) | \$ 15.640                  | \$ 15.100           | \$ 14.870           | \$ 14.670                |
| Market value  | End of period (Common shares) | \$ 16.090                  | \$ 17.350           | \$ 15.570           | \$ 14.450                |
| Total Investment Return on Net Asset Value <sup>(4)</sup>             |                               | 9.14%                      | 7.74%               | 9.74%               | 7.22% <sup>(5)</sup>     |
| Total Investment Return on Market Value <sup>(4)</sup>                |                               | (2.28)%                    | 18.23%              | 16.66%              | 5.61% <sup>(5)</sup>     |

See notes to financial statements

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## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

## Financial Highlights (As Restated - See Note 11)

Selected data for a common share outstanding during the periods stated

|   | Insured Massachusetts Fund |                     |                     |                        |
|---|----------------------------|---------------------|---------------------|------------------------|
|   | 2006 <sup>(1)</sup>        | 2005 <sup>(1)</sup> | 2004 <sup>(1)</sup> | 2003 <sup>(1)(2)</sup> |
| Ratios/Supplemental Data  |                            |                     |                     |                        |
| Net assets applicable to common shares, end of period (000's omitted)             | \$ 27,419                  | \$ 26,441           | \$ 25,982           | \$ 25,586              |
| Ratios (As a percentage of average net assets applicable to common shares):       |                            |                     |                     |                        |
| Expense excluding interest and fees <sup>(6)</sup>                                | 1.29%                      | 1.25%               | 1.24%               | 1.10% <sup>(7)</sup>   |
| Interest and fee expense <sup>(6)(10)</sup>                                       | 1.54%                      | 1.26%               | 0.79%               | 0.26% <sup>(7)</sup>   |
| Total expenses <sup>(6)</sup>   | 2.83%                      | 2.51%               | 2.03%               | 1.36% <sup>(7)</sup>   |
| Expenses after custodian fee reduction excluding interest and fees <sup>(6)</sup> | 1.26%                      | 1.24%               | 1.24%               | 1.06% <sup>(7)</sup>   |
| Net investment income <sup>(6)</sup>  | 6.50%                      | 6.79%               | 7.58%               | 6.73% <sup>(7)</sup>   |
| Portfolio Turnover  | 15%                        | 11%                 | 33%                 | 35%                    |

The ratios reported are based on net assets applicable solely to common shares. The ratios based on net assets, including amounts related to preferred shares, are as follows:

|   |           |           |           |                      |
|---|-----------|-----------|-----------|----------------------|
| Ratios (As a percentage of average net assets applicable to common and preferred shares): |           |           |           |                      |
| Expense excluding interest and fees <sup>(6)</sup>  | 0.81%     | 0.79%     | 0.77%     | 0.73% <sup>(7)</sup> |
| Interest and fee expense <sup>(6)(10)</sup>   | 0.97%     | 0.80%     | 0.49%     | 0.17% <sup>(7)</sup> |
| Total expenses <sup>(6)</sup>   | 1.78%     | 1.59%     | 1.26%     | 0.90% <sup>(7)</sup> |
| Expenses after custodian fee reduction excluding interest and fees <sup>(6)</sup>         | 0.80%     | 0.78%     | 0.77%     | 0.70% <sup>(7)</sup> |
| Net investment income <sup>(6)</sup>  | 4.10%     | 4.29%     | 4.72%     | 4.42% <sup>(7)</sup> |
| Senior Securities:  |           |           |           |                      |
| Total preferred shares outstanding  | 620       | 620       | 620       | 620                  |
| Asset coverage per preferred share <sup>(8)</sup>   | \$ 69,229 | \$ 67,649 | \$ 66,907 | \$ 66,270            |
| Involuntary liquidation preference per preferred share <sup>(9)</sup>                     | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000            |
| Approximate market value per preferred share <sup>(9)</sup>                               | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000            |

(1) Computed using average common shares outstanding.

(2) For the period from the start of business, November 29, 2002 to September 30, 2003.

(3) Net asset value at the beginning of period reflects the deduction of the sales load of \$0.675 per share paid by the shareholder from the \$15.000 offering price.

(4) Returns are historical and are calculated by determining the percentage change in net asset value or market value with all distributions reinvested. Total return is not computed on an annualized basis.

(5) Total investment return on net asset value is calculated assuming a purchase at the offering price of \$15.000 less the sales load of \$0.675 per share paid by the shareholder on the first day and a sale at the net asset value on the last day of the period reported. Total investment return on market value is calculated assuming a



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purchase at the offering price of \$15.000 less the sales load of \$0.675 per share paid by the shareholder on the first day and a sale at the current market price on the last day of the period reported. Total investment return on net asset value and total investment return on market value are not computed on an annualized basis.

(6) Ratios do not reflect the effect of dividend payments to preferred shareholders.

(7) Annualized.

(8) Calculated by subtracting the Fund's total liabilities (not including the preferred shares) from the Fund's total assets, and dividing this by the number of preferred shares outstanding.

(9) Plus accumulated and unpaid dividends.

(10) Interest and fee expense relates to the liability for floating rate notes issued in conjunction with inverse floater securities transactions (see Note 1B).

See notes to financial statements

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## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

Financial Highlights (As Restated - See Note 11)

Selected data for a common share outstanding during the periods stated

|   | Insured Michigan Fund    |                     |                     |                          |
|---|--------------------------|---------------------|---------------------|--------------------------|
|   | Year Ended September 30, |                     |                     |                          |
|   | 2006 <sup>(1)</sup>      | 2005 <sup>(1)</sup> | 2004 <sup>(1)</sup> | 2003 <sup>(1)(2)</sup>   |
| Net asset value Beginning of year (Common shares)                     | \$ 15.000                | \$ 14.840           | \$ 14.520           | \$ 14.325 <sup>(3)</sup> |
| Income (loss) from operations   |                          |                     |                     |                          |
| Net investment income   | \$ 0.991                 | \$ 1.039            | \$ 1.105            | \$ 0.824                 |
| Net realized and unrealized gain                                      | 0.462                    | 0.233               | 0.252               | 0.262                    |
| Distributions to preferred shareholders                               |                          |                     |                     |                          |
| From net investment income  | (0.252)                  | (0.164)             | (0.089)             | (0.058)                  |
| Total income from operations  | \$ 1.201                 | \$ 1.108            | \$ 1.268            | \$ 1.028                 |
| Less distributions to common shareholders                             |                          |                     |                     |                          |
| From net investment income  | \$ (0.771)               | \$ (0.948)          | \$ (0.948)          | \$ (0.675)               |
| Total distributions to common shareholders                            | \$ (0.771)               | \$ (0.948)          | \$ (0.948)          | \$ (0.675)               |
| Preferred and Common shares offering costs charged to paid-in capital | \$                       | \$                  | \$                  | \$ (0.068)               |
| Preferred Shares underwriting discounts                               | \$                       | \$                  | \$                  | \$ (0.090)               |
| Net asset value End of period (Common shares)                         | \$ 15.430                | \$ 15.000           | \$ 14.840           | \$ 14.520                |
| Market value End of period (Common shares)                            | \$ 14.190                | \$ 16.200           | \$ 15.490           | \$ 14.410                |
| Total Investment Return on Net Asset Value <sup>(4)</sup>             | 8.44%                    | 7.52%               | 8.96%               | 6.12% <sup>(5)</sup>     |
| Total Investment Return on Market Value <sup>(4)</sup>                | (7.67)%                  | 11.26%              | 14.60%              | 5.31% <sup>(5)</sup>     |

See notes to financial statements

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## Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

## FINANCIAL STATEMENTS CONT'D

## Financial Highlights (As Restated - See Note 11)

Selected data for a common share outstanding during the periods stated

|   | Insured Michigan Fund |                     |                     |                        |
|---|-----------------------|---------------------|---------------------|------------------------|
|   | 2006 <sup>(1)</sup>   | 2005 <sup>(1)</sup> | 2004 <sup>(1)</sup> | 2003 <sup>(1)(2)</sup> |
| Ratios/Supplemental Data  |                       |                     |                     |                        |
| Net assets applicable to common shares, end of year (000's omitted)               | \$ 23,335             | \$ 22,670           | \$ 22,396           | \$ 21,893              |
| Ratios (As a percentage of average net assets applicable to common shares):       |                       |                     |                     |                        |
| Expense excluding interest and fees <sup>(6)</sup>                                | 1.32%                 | 1.28%               | 1.28%               | 1.14% <sup>(7)</sup>   |
| Interest and fee expense <sup>(6)(10)</sup>                                       | 0.90%                 | 0.60%               | 0.33%               | 1.27% <sup>(7)</sup>   |
| Total expenses <sup>(6)</sup>   | 2.22%                 | 1.88%               | 1.61%               | 2.41% <sup>(7)</sup>   |
| Expenses after custodian fee reduction excluding interest and fees <sup>(6)</sup> | 1.30%                 | 1.27%               | 1.27%               | 1.09% <sup>(7)</sup>   |
| Net investment income <sup>(6)</sup>  | 6.62%                 | 6.88%               | 7.56%               | 6.75% <sup>(7)</sup>   |
| Portfolio Turnover  | 6%                    | 5%                  | 7%                  | 45%                    |

The ratios reported are based on net assets applicable solely to common shares. The ratios based on net assets, including amounts related to preferred shares, are as follows:

|   |           |           |           |                      |
|---|-----------|-----------|-----------|----------------------|
| Ratios (As a percentage of average net assets applicable to common and preferred shares): |           |           |           |                      |
| Expense excluding interest and fees <sup>(6)</sup>  | 0.83%     | 0.81%     | 0.79%     | 0.75% <sup>(7)</sup> |
| Interest and fee expense <sup>(6)(10)</sup>   | 0.56%     | 0.38%     | 0.21%     | 0.83% <sup>(7)</sup> |
| Total expenses <sup>(6)</sup>   | 1.39%     | 1.19%     | 1.00%     | 1.58% <sup>(7)</sup> |
| Expenses after custodian fee reduction excluding interest and fees <sup>(6)</sup>         | 0.82%     | 0.80%     | 0.78%     | 0.71% <sup>(7)</sup> |
| Net investment income <sup>(6)</sup>  | 4.15%     | 4.32%     | 4.69%     | 4.42% <sup>(7)</sup> |
| Senior Securities:  |           |           |           |                      |
| Total preferred shares outstanding  | 540       | 540       | 540       | 540                  |
| Asset coverage per preferred share <sup>(8)</sup>   | \$ 68,222 | \$ 66,986 | \$ 66,475 | \$ 65,543            |
| Involuntary liquidation preference per preferred share <sup>(9)</sup>                     | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000            |
| Approximate market value per preferred share <sup>(9)</sup>                               | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000            |

(1) Computed using average common shares outstanding.

(2) For the period from the start of business, November 29, 2002, to September 30, 2003.

(3) Net asset value at beginning of period reflects the deduction of the sales load of \$0.675 per share paid by the shareholder from the \$15.000 offering price.

(4) Returns are historical and are calculated by determining the percentage change in net asset value or market value with all distributions reinvested. Total return is not computed on an annualized basis.

(5) Total investment return on net asset value is calculated assuming a purchase at the offering of \$15.000 less the sales load of \$0.675 per share paid by the shareholder on the first day and a sale at the net asset value on the last day of the period reported. Total investment return on market value is calculated assuming a

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purchase at the offering price of \$15.000 less the sales load of \$0.675 per share paid by the shareholder on the first day and a sale at the current market price on the last day of the period reported. Total investment return on net asset value and total investment return on market value are not computed on an annualized basis.

(6) Ratios do not reflect the effect of dividend payments to preferred shareholders.

(7) Annualized.

(8) Calculated by subtracting the Fund's total liabilities (not including the preferred shares) from the Fund's total assets, and dividing this by the number of preferred shares outstanding.

(9) Plus accumulated and unpaid dividends.

(10) Interest and fee expense relates to the liability for floating rate notes issued in conjunction with inverse floater securities transactions (see Note 1B).

See notes to financial statements

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Eaton Vance Insured Municipal Bond Funds as of September 30, 2006

FINANCIAL STATEMENTS CONT'D

Financial Highlights (As Restated - See Note 11)

Selected data for a common share outstanding during the periods stated

|   | 2006 <sup>(1)</sup> | Insured New Jersey Fund |   | 2003 <sup>(1)(2)</sup>   |
|---|---------------------|-------------------------|---|--------------------------|
|   |                     | 2005 <sup>(1)</sup>     | Year Ended September 30,<br>2004 <sup>(1)</sup> |                          |
| Net asset value - Beginning of year (Common shares) | \$ 15.240           | \$ 14.990               | \$ 14.760                                       | \$ 14.325 <sup>(3)</sup> |
| Income (loss) from operations                       |                     |                         |   |                          |
| Net investment income                               | \$ 1.002            | \$ 1.039                | \$ 1.117  |                          |