

NATIONAL SECURITY GROUP INC  
 Form 5  
 February 14, 2007

**FORM 5**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).  
 Form 3 Holdings Reported Form 4 Transactions Reported

**ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person \*  
 MARTIN J DOUGLAS JR

2. Issuer Name and Ticker or Trading Symbol  
 NATIONAL SECURITY GROUP INC [NSEC]

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

(Last) (First) (Middle)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)  
 12/31/2006

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 \_\_\_\_ Officer (give title below)  Other (specify below)  
 Former Officer

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Reporting  
 (check applicable line)

Â

Form Filed by One Reporting Person  
 Form Filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | (A) or (D) | Price | 5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|------------|-------|--------------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------|
| Common Stock                    | Â                                    | Â                                                  | Â                              | Â                                                                 | Â          | Â     | 1,586                                                                                      | I                                                        | By 401-K plan <sup>(1)</sup>      |
| Common Stock                    | Â                                    | Â                                                  | Â                              | Â                                                                 | Â          | Â     | 228                                                                                        | I                                                        | By Spouse                         |
| Common Stock                    | Â                                    | Â                                                  | Â                              | Â                                                                 | Â          | Â     | 4,926                                                                                      | I                                                        | By Spouse                         |
| Common Stock                    | Â                                    | Â                                                  | Â                              | Â                                                                 | Â          | Â     | 9,424                                                                                      | D                                                        | Â                                 |

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. of D Se B O E Is F (I   |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------|----------------------------|
|                                            |                                                        |                                      |                                                    |                                |                                                                                         | Date Exercisable (A)                                     | Expiration Date                                               | Title                                      | Amount or Number of Shares |

## Reporting Owners

| Reporting Owner Name / Address | Relationships |           |         |                |
|--------------------------------|---------------|-----------|---------|----------------|
|                                | Director      | 10% Owner | Officer | Other          |
| MARTIN J DOUGLAS JR            |               |           |         | Former Officer |

## Signatures

Brian R. McLeod,  
Attorney-in-fact

02/14/2007

\_\_Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Shares held in 401-K plan are in units. Number of unit shares shown is as of 12/31/2004 and rounded to the nearest unit. Until 2005, owners of 401-K unit shares could not vote their units.

### Remarks:

Pertains to phantom stock plan in which election to defer fees is not a reportable event under Section 16b-3(d). Acquisitions of phantom stock pursuant to the election are reportable. These deferrals are exempt of Section 16b-3(d).

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.