

DIRECT GENERAL CORP  
Form 5  
January 18, 2006

**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 \*  
ADAIR JACQUELINE C  
  
(Last) (First) (Middle)

2. Issuer Name and Ticker or Trading Symbol  
DIRECT GENERAL CORP [DRCT]

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

1281 MURFREESBORO ROAD  
  
(Street)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)  
12/31/2005

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Executive Vice President & COO

NASHVILLE, TN 37217  
  
(City) (State) (Zip)

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

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

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

**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) | Amount | (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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--------|------------|---------|--|--|---|
| Common Stock                    | 10/25/2005                           | ^  | G <sup>(1)</sup>               | 168,677   | A      | \$ 0       | 259,597 | D  | ^  |   |
| Common Stock                    | 10/25/2005                           | ^  | G <sup>(1)</sup>               | 168,677   | D      | \$ 0       | 231,323 | I  | By Limited Partnership                                   |   |
| Common Stock                    | ^                                    | ^  | ^                              | ^   | ^      | ^          | 200     | I  | By Immediate Family                                      |   |
|                                 | ^                                    | ^  | ^                              | ^   | ^      | ^          | 120     | I  | By Spouse  |   |

Common  
Stock

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 Fi (I  |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|----------------------------|
|  |  |                                      |  |                                | (A) (D)   | Date Exercisable   | Expiration Date   | Title                                      | Amount or Number of Shares |

## Reporting Owners

| Reporting Owner Name / Address                                      | Relationships |           |                                  |       |
|---|---------------|-----------|----------------------------------|-------|
|   | Director      | 10% Owner | Officer                          | Other |
| ADAIR JACQUELINE C<br>1281 MURFREESBORO ROAD<br>NASHVILLE, TN 37217 | Â X           | Â         | Â Executive Vice President & COO | Â     |

## Signatures

/s/ Jacqueline C.  
Adair

01/18/2006

\*\*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).

- Transfer of 168,508 shares to reporting person and 169 shares to Tammy Adair from WA Investments, LP, a limited partnership of which the reporting person is a general partner and of which the reporting person and a grantor retained annuity trust are limited partners and
- (1) transfer of 169 shares to reporting person from TA Investments, LP, a limited partnership of which the reporting person is a general partner. The reporting person disclaims beneficial ownership of shares held by WA Investments, LP and TA Investments, LP except to the extent of her pecuniary interest therein and shares owned by her spouse.

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.