MURDOCK MICHEY L

Form 4

March 21, 2011

FORM 4

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

OMB Number:

Expires:

response...

3235-0287 January 31,

0.5

Check this box if no longer

subject to Section 16. STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

2005 Estimated average burden hours per

OMB APPROVAL

Form 4 or Form 5

obligations may continue. See Instruction

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(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * MURDOCK MICHEY L

2. Issuer Name and Ticker or Trading

5. Relationship of Reporting Person(s) to

Symbol

NATIONAL SECURITY GROUP

(Check all applicable)

INC [NSEC]

(Last)

(First) (Middle) 3. Date of Earliest Transaction

_X__ Director 10% Owner Officer (give title Other (specify

(Month/Day/Year)

02/28/2011

6. Individual or Joint/Group Filing(Check

Filed(Month/Day/Year)

(Instr. 8)

4. If Amendment, Date Original

Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

(Instr. 4)

Person

Issuer

below)

BIRMINGHAM, AL 35223

3536 VICTORIA ROAD

(City) (State) (Zip)

(Street)

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

1.Title of Security (Instr. 3)

2. Transaction Date 2A. Deemed (Month/Day/Year)

Execution Date, if

(Month/Day/Year)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D)

5. Amount of Securities Beneficially Owned

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial Ownership (I)

(Instr. 4)

(A)

(Instr. 3, 4 and 5)

Following Reported Transaction(s) (Instr. 3 and 4)

or Code V Amount (D) Price

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

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

1. Title of 3. Transaction Date 3A. Deemed Derivative Conversion (Month/Day/Year) Execution Date, if Security or Exercise any

5. Number of TransactionDerivative Code Securities

6. Date Exercisable and **Expiration Date** (Month/Day/Year)

7. Title and Amount of Underlying Securities

1

8. P1

Deri

Secu

Edgar Filing: MURDOCK MICHEY L - Form 4

(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr. 8) Acquired (A or Disposed (D) (Instr. 3, 4, and 5)		posed of 3, 4,			(Instr. 3 and 4)		(Inst	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Phantom Stock Units	\$ 12.25	02/28/2011		J	V	171		<u>(1)</u>	(3)	Phantom Stock Units	171	\$ 1
Phantom Stock Units	\$ 12.25	03/17/2011		J			7,087	(2)	(3)	Phantom Stock Units	7,087	\$ 1

Reporting Owners

Reporting Owner Name / Address	Relationships						
	Director	10% Owner	Officer	Other			
MURDOCK MICHEY L 3536 VICTORIA ROAD BIRMINGHAM, AL 35223	X						

Signatures

Brian R. McLeod, Attorney-in-fact 03/21/2011

**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) The phantom stock units were awarded under the nonqualified deferred compensation plan in which directors could elect to defer their directors' fees by receiving phantom stock units payable in cash upon separation from service from the board. These shares were acquired during the fiscal year pursuant to the dividend reinvestment component of the nonqualified deferred compensation plan which was frozen 12/31/2004.
- The phantom stock units were awarded under the nonqualified deferred compensation plan in which directors could elect to defer their directors' fees by receiving phantom stock units payable in cash upon separation from service from the board. The plan was frozen on 12/31/2004. These shares were disposed of and distributed in cash.
- (3) Upon separation from service from the Board, phantom stock units will be settled in cash at the then current market price of common stock.

Remarks:

Pertains to phantom stock plan in which election to defer fees is not a reportable event under Section 16, however acquisitions Note: File three copies of this Form, one of which must be manually signed. If space 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.

Reporting Owners 2