



# QUARTERLY STATEMENT

AS OF MARCH 31, 2002  
OF THE CONDITION AND AFFAIRS OF THE  
VICTORIA SPECIALTY INSURANCE COMPANY

NAIC Group Code	0304 (Current Period)	0304 (Prior Period)	NAIC Company Code	10777	Employer's ID Number	34-1842602
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States of America					
Incorporated	02/09/1996		Commenced Business			
Statutory Home Office	5915 Landerbrook Drive (Street and Number)		Cleveland, OH 44124-4058 (City or Town, State and Zip Code)			
Main Administrative Office	5915 Landerbrook Drive Cleveland, OH 44124-4058 (Street and Number)		440-461-3461 (Area Code) (Telephone Number) (Extension)			
Mail Address	5915 Landerbrook Drive Cleveland, OH 44124-4058 (Street and Number or P.O. Box)		Cleveland, OH 44124-4058 (City or Town, State and Zip Code)			
Primary Location of Books and Records	5915 Landerbrook Drive Cleveland, OH 44124-4058 (Street and Number)		440-461-3461-321 (Area Code) (Telephone Number)			
Internet Website Address	WWW.Victoriainsurance.com					
Statement Contact	Raymond Karl Mueller Ray.Mueller@victoriainsurance.com (E-mail Address)		440-461-3461-321 440-461-0492 (Area Code) (Telephone Number) (Extension)			
Policyowner Relations Contact	5915 Landerbrook Drive Cleveland, OH 44124-4058 (Street and Number)		440-461-3461-441 (Area Code) (Telephone Number) (Extension)			

**OFFICERS**

President	Robert William Mueller	Assistant Secretary	Assunta Rossi
Assistant Treasurer	Raymond Karl Mueller		

**VICE PRESIDENTS**

Joseph William Metz	Thomas Owen Ramsbacher	Howard Veail Dempster
David Alan Nachman		

**DIRECTORS OR TRUSTEES**

Robert William Mueller	Sharon Leslie Helldorfer	James Thomas Byron
Brendan Patrick Houlihan	James Andrew Tignanelli #	Joseph John Pecoraro #
Roger Louis Desjadon	Howard Veail Dempster	

State of ..... Ohio ..... } ss  
County of ..... Cuyahoga .....

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

\_\_\_\_\_  
Robert William Mueller  
President

\_\_\_\_\_  
Assunta Rossi  
Assistant Secretary

\_\_\_\_\_  
Raymond Karl Mueller  
Assistant Treasurer

Subscribed and sworn to before me this  
day of \_\_\_\_\_, 2002

**STATEMENT AS OF MARCH 31, 2002 OF THE Victoria Specialty Insurance Company**

**ASSETS**

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	2,630,138		2,630,138	2,687,005
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....				
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ ..... 94,566 and short-term investments \$ ..... 618,538 ) .....	713,105		713,105	593,637
6. Other invested assets .....				
7. Receivable for securities .....				
8. Aggregate write-ins for invested assets .....				
9. Subtotals, cash and invested assets (Lines 1 to 8) .....	3,343,243		3,343,243	3,280,642
10. Agents' balances or uncollected premiums				
10.1 Premiums and agents' balances in course of collection .....				
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
10.3 Accrued retrospective premiums .....				
11. Funds held by or deposited with reinsured companies .....				
12. Bills receivable, taken for premiums .....				
13. Amounts billed and receivable under high deductible policies .....				
14. Reinsurance recoverables on loss and loss adjustment expense payments .....				
15. Federal and foreign income tax recoverable and interest thereon (including \$ ..... net deferred tax asset) .....				
16. Guaranty funds receivable or on deposit .....				
17. Electronic data processing equipment and software .....				
18. Interest, dividends and real estate income due and accrued .....	18,826		18,826	40,008
19. Net adjustments in assets and liabilities due to foreign exchange rates .....				
20. Receivable from parent, subsidiaries and affiliates .....				
21. Amounts due from /to protected cells .....				
22. Equities and deposits in pools and associations .....				
23. Amounts receivable relating to uninsured accident and health plans .....				
24. Other assets nonadmitted .....				
25. Aggregate write-ins for other than invested assets .....				
26. Total assets excluding protected cell assets (Lines 9 through 25) .....	3,362,069		3,362,069	3,320,650
27. Protected cell assets .....				
28. TOTALS (Lines 26 and 27) .....	3,362,069		3,362,069	3,320,650
<b>DETAILS OF WRITE-INS</b>				
0801. .....				
0802. .....				
0803. .....				
0898. Summary of remaining write-ins for Line 8 from overflow page .....				
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above) .....				
2501. .....				
2502. .....				
2503. .....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above) .....				

**STATEMENT AS OF MARCH 31, 2002 OF THE Victoria Specialty Insurance Company**

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ ..... )		
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses		
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)		
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7. Federal and foreign income taxes [including \$ ..... on realized capital gains (losses)] (including \$ ..... 1,840 net deferred tax liability)	13,853	14,308
8. Borrowed money \$ ..... and interest thereon \$ .....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ ..... and including warranty reserves of \$ ..... ).		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	144,108	131,640
20. Payable for securities		
21. Liability for amounts held under uninsured accident and health plans		
22. Capital notes \$ ..... and interest thereon \$ .....		
23. Aggregate write-ins for liabilities		
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	157,961	145,948
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	157,961	145,948
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	1,000,000	1,000,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	1,500,000	1,500,000
33. Unassigned funds (surplus)	704,108	674,702
34. Less treasury stock, at cost		
34.1 ..... shares common (value included in Line 28 \$ ..... )		
34.2 ..... shares preferred (value included in Line 29 \$ ..... )		
35. Surplus as regards policyholders (Lines 27 to 33, less 34)	3,204,108	3,174,702
36. TOTALS	3,362,069	3,320,650
<b>DETAILS OF WRITE-INS</b>		
2301.		
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)		
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)		

**STATEMENT AS OF MARCH 31, 2002 OF THE Victoria Specialty Insurance Company**

**STATEMENT OF INCOME**

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ ..... )			
1.2 Assumed (written \$ ..... )			
1.3 Ceded (written \$ ..... )			
1.4 Net (written \$ ..... )			
<b>DEDUCTIONS:</b>			
2. Losses incurred (current accident year \$ ..... ):			
2.1 Direct			
2.2 Assumed			
2.3 Ceded			
2.4 Net			
3. Loss expenses incurred			
4. Other underwriting expenses incurred			
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2.4 thru 5)			
7. Net income of protected cells			
8. Net underwriting gain or (loss) (Line 1.4 minus Line 6 + Line 7)			
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	41,418	79,275	181,374
10. Net realized capital gains or (losses)			(710)
11. Net investment gain (loss) (Lines 9 + 10)	41,418	79,275	180,664
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ ..... amount charged off \$ ..... )			
13. Finance and service charges not included in premiums			
14. Aggregate write-ins for miscellaneous income			
15. Total other income (Lines 12 through 14)			
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	41,418	79,275	180,664
17. Dividends to policyholders			
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	41,418	79,275	180,664
19. Federal and foreign income taxes incurred	12,013	27,446	61,098
20. Net income (Line 18 minus Line 19)(to Line 22)	29,405	51,829	119,566
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	3,174,703	3,056,977	3,056,977
<b>GAINS AND (LOSSES) IN SURPLUS</b>			
22. Net income (from Line 20)	29,405	51,829	119,566
23. Net unrealized capital gains or losses			
24. Change in net unrealized foreign exchange capital gain (loss)			
25. Change in net deferred income tax			7,798
26. Change in nonadmitted assets			
27. Change in provision for reinsurance			
28. Change in surplus notes			
29. Surplus (contributed to) withdrawn from protected cells			
30. Cumulative effect of changes in accounting principles		(9,638)	(9,638)
31. Capital changes:			
31.1 Paid in			
31.2 Transferred from surplus (Stock Dividend)			
31.3 Transferred to surplus			
32. Surplus adjustments:			
32.1 Paid in			
32.2 Transferred to capital (Stock Dividend)			
32.3 Transferred from capital			
33. Net remittances from or (to) Home Office			
34. Dividends to stockholders			
35. Change in treasury stock			
36. Aggregate write-ins for gains and losses in surplus			
37. Change in surplus as regards policyholders (Lines 22 through 36)	29,405	42,191	117,726
38. Surplus as regards policyholders, as of statement date (Lines 21 plus 37)	3,204,108	3,099,168	3,174,703
<b>DETAILS OF WRITE-INS</b>			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page			
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)			
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)			
3601.			
3602.			
3603.			
3698. Summary of remaining write-ins for Line 36 from overflow page			
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above)			

**STATEMENT AS OF MARCH 31, 2002 OF THE Victoria Specialty Insurance Company**

**CASH FLOW**

	1 Current Year to Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....		
2. Loss and loss adjustment expenses paid (net of salvage and subrogation) .....		
3. Underwriting expenses paid .....		
4. Other underwriting income (expenses) .....		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....		
6. Net investment income .....	63,089	164,377
7. Other income (expenses):		
7.1 Agents' balances charged off .....		
7.2 Net funds held under reinsurance treaties .....		
7.3 Net amount withheld or retained for account of others .....		
7.4 Aggregate write-ins for miscellaneous items .....		
7.5 Total other income (Lines 7.1 to 7.4) .....		
8. Dividends to policyholders on direct business, less \$ dividends on reinsurance assumed or ceded (net) .....		
9. Federal and foreign income taxes (paid) recovered .....	(12,468)	(129,138)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9) .....	50,621	35,239
<b>Cash from Investments</b>		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds .....	56,379	2,097,404
11.2 Stocks .....		
11.3 Mortgage loans .....		
11.4 Real estate .....		
11.5 Other invested assets .....		
11.6 Net gains or (losses) on cash and short-term investments .....		(710)
11.7 Miscellaneous proceeds .....		
11.8 Total investment proceeds (Lines 11.1 to 11.7) .....	56,379	2,096,694
12. Cost of investments acquired (long-term only):		
12.1 Bonds .....		2,069,089
12.2 Stocks .....		
12.3 Mortgage loans .....		
12.4 Real estate .....		
12.5 Other invested assets .....		
12.6 Miscellaneous applications .....		
12.7 Total investments acquired (Lines 12.1 to 12.6) .....		2,069,089
13. Net Cash from investments (Line 11.8 minus Line 12.7) .....	56,379	27,605
<b>Cash from Financing and Miscellaneous Sources</b>		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in .....		
14.2 Capital notes \$ less amounts repaid \$ .....		
14.3 Net transfers from affiliates .....	12,468	
14.4 Borrowed funds received .....		
14.5 Other cash provided .....		
14.6 Total (Lines 14.1 to 14.5) .....	12,468	
15. Cash applied:		
15.1 Dividends to stockholders paid .....		
15.2 Net transfers to affiliates .....	0	16,602
15.3 Borrowed funds repaid .....		
15.4 Other applications .....		1,840
15.5 Total (Lines 15.1 to 15.4) .....	0	18,442
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5) .....	12,468	(18,442)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16) .....	119,468	44,402
18. Cash and short-term investments:		
18.1 Beginning of year .....	593,637	549,235
18.2 End of year (Line 17 plus Line 18.1) .....	713,105	593,637
<b>DETAILS OF WRITE-INS</b>		
07.401 .....		
07.402 .....		
07.403 .....		
07.498 Summary of remaining write-ins for Line 7.4 from overflow page .....		
07.499 Totals (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above) .....		

**STATEMENT AS OF MARCH 31, 2002 OF THE Victoria Specialty Insurance Company**

**NOTES TO FINANCIAL STATEMENTS**

**(specialty)**

**9. INCOME TAXES**

A. The components of the net deferred tax asset/(liability) at March 31 are as follows:

	<u>March 31, 2002</u> (in \$ thousands)
(1) Total of all deferred tax assets (DTAs) (admitted and nonadmitted)	\$0
(2) Total of all deferred tax liabilities (DTLs)	(2)
(3) Total deferred tax assets nonadmitted in accordance with SSAP No.10 Income Taxes	0
(4) Net DTA(L)	(\$2)

B. The Company has recognized all Deferred Tax Liabilities as required in SSAP 10, paragraph 6D.

C. Current income taxes incurred consists of the following major components:

	<u>March 31, 2002</u> (in \$ thousands)
Current Year Expense (Benefit)	\$12
Tax Credits	-
Current Federal Income Taxes Incurred	\$12

The change in main components of DTAs and DTLs are as follows:

(in \$ thousands)

<b>DTAS RESULTING FROM BOOK/TAX DIFFERENCES</b>	<b>a/o March 31, 2002</b>	<b>a/o YTD December 31, 2001</b>	<b>Change</b>
Insurance Reserves	\$0	\$0	\$0
Non-Admitted Assets	0	0	0
Other Deferred Tax Assets	0	0	0
Total DTAs	\$0	\$0	\$0
<b>DTLS RESULTING FROM BOOK/TAX DIFFERENCES</b>	<b>a/o March 31, 2002</b>	<b>a/o YTD December 31, 2001</b>	<b>Change</b>
Invested Assets	(\$2)	(\$2)	\$0
Depreciation	0	0	0
Total DTLs	(\$2)	(\$2)	\$0
Total Change in DTL	(\$2)	(\$2)	\$0

D. Analysis of Actual Income Tax Expense

March 31, 2002  
(in \$ thousands)

Total Book Earnings	\$41
Net Tax Exempt Investments	0
Change in Reserves	0
Other Adjustments	0
Total Adjustments	0
Total Taxable Current Income	41
 Total Current Tax	 \$12

10. D. At March 31, 2002, the Company reported \$144,108 as amounts due to several affiliated companies. The terms of the agreement require that these amounts are settled within 90 days.

**STATEMENT AS OF MARCH 31, 2002 OF THE Victoria Specialty Insurance Company****GENERAL INTERROGATORIES**

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

**PART 1 - COMMON INTERROGATORIES  
GENERAL**

1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? ..... Yes [ ] No [X]

1.2 If yes, explain:

.....

2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [X]

2.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]

3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [X]

3.2 If yes, date of change: ..... If not previously filed, furnish herewith a certified copy of the instrument as amended.

4. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ ] No [X]

If yes, attach an organizational chart.

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [X]

5.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....
.....	.....	.....
.....	.....	.....

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [X] NA [ ]

If yes, attach an explanation.

7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ..... 12/31/1996

7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ..... 12/31/1996

7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ..... 08/08/1997

7.4 By what department or departments?

Ohio Department of Insurance.....

8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) ..... Yes [ ] No [X]

8.2 If yes, give full information:

.....

**STATEMENT AS OF MARCH 31, 2002 OF THE Victoria Specialty Insurance Company**

**GENERAL INTERROGATORIES**

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

**INVESTMENT**

9.1 Has there been any change in the reporting entity's own preferred or common stock? ..... Yes [ ] No [X]  
 9.2 If yes, explain:  
 \_\_\_\_\_

10.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes [ ] No [X]

10.2 If yes, give full and complete information relating thereto:  
 \_\_\_\_\_

11. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ \_\_\_\_\_

12. Amount of real estate and mortgages held in short-term investments: ..... \$ \_\_\_\_\_

13.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes [ ] No [X]

13.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
13.21 Bonds .....	\$ .....	\$ .....
13.22 Preferred Stock .....	\$ .....	\$ .....
13.23 Common Stock .....	\$ .....	\$ .....
13.24 Short-term Investments .....	\$ .....	\$ .....
13.25 Mortgages, Loans or Real Estate .....	\$ .....	\$ .....
13.26 All Other .....	\$ .....	\$ .....
13.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 13.21 to 13.26) .....	\$ .....	\$ .....
13.28 Total Investment in Parent included in Lines 13.21 to 13.26 above .....	\$ .....	\$ .....
13.29 Receivable from Parent not included in Lines 13.21 to 13.26 above .....	\$ .....	\$ .....

14.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [X]

14.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ]

If no, attach a description with this statement.

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

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

1 Name of Custodian(s)	2 Custodian Address

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Prudential Savings Bank .....	Atlanta, Georgia .....	Agreement pending approval by the department of insurance. Filed forms comply with the NAIC Financial Condition Examiners Handbook .....

15.3 Have there been any changes, including name changes in the custodian(s) identified in 15.1 during the current year? ..... Yes [ ] No [X]

15.4 If yes, give full and complete information relating thereto:

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

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

1 Central Registration Depository	2 Name(s)	3 Address
Company directs its own investments .....		

**STATEMENT AS OF MARCH 31, 2002 OF THE Victoria Specialty Insurance Company****GENERAL INTERROGATORIES**

(continued)

**PART 2  
PROPERTY & CASUALTY INTERROGATORIES**

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? ..... Yes [ ] No [X] NA [ ]  
If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? ..... Yes [ ] No [X]  
If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? ..... Yes [ ] No [X]  
3.2 If yes, give full and complete information thereto.  
.....

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation liabilities tabular reserves (see annual statement instructions pertaining to disclosure of discounting for definition of tabular reserves) discounted at a rate of interest greater than zero? ..... Yes [ ] No [X]

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	TOTAL DISCOUNT			DISCOUNT TAKEN DURING PERIOD			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
TOTAL			.....	.....	.....	.....	.....	.....	.....

**SCHEDULE A - VERIFICATION**

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period .....				
2. Increase (decrease) by adjustment .....				
3. Cost of acquired .....				
4. Cost of additions to and permanent improvements .....				
5. Total profit (loss) on sales .....				
6. Increase (decrease) by foreign exchange adjustment .....				
7. Amount received on sales .....				
8. Book/adjusted carrying value at end of current period .....				
9. Total valuation allowance .....				
10. Subtotal (Lines 8 plus 9) .....				
11. Total nonadmitted amounts .....				
12. Statement value, current period (Page 2, real estate lines, current period)				

**NONE****SCHEDULE B - VERIFICATION**

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/recorded investment excluding accrued interest on mortgages owned, beginning of period .....				
2. Amount loaned during period:				
2.1. Actual cost at time of acquisitions .....				
2.2. Additional investment made after acquisitions .....				
3. Accrual of discount and mortgage interest points and commitment fees .....				
4. Increase (decrease) by adjustment .....				
5. Total profit (loss) on sale .....				
6. Amounts paid on account or in full during the period .....				
7. Amortization of premium .....				
8. Increase (decrease) by foreign exchange adjustment .....				
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....				
10. Total valuation allowance .....				
11. Subtotal (Lines 9 plus 10) .....				
12. Total nonadmitted amounts .....				
13. Statement value of mortgages owned at end of current period				

**SCHEDULE BA - VERIFICATION**

Other Invested Assets Included in Schedule BA

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, beginning of period .....				
2. Cost of acquisitions during period:				
2.1. Actual cost at time of acquisitions .....				
2.2. Additional investment made after acquisitions .....				
3. Accrual of discount .....				
4. Increase (decrease) by adjustment .....				
5. Total profit (loss) on sale .....				
6. Amounts paid on account or in full during the period .....				
7. Amortization of premium .....				
8. Increase (decrease) by foreign exchange adjustment .....				
9. Book/adjusted carrying value of long-term invested assets at end of current period .....				
10. Total valuation allowance .....				
11. Subtotal (Lines 9 plus 10) .....				
12. Total nonadmitted amounts .....				
13. Statement value of long-term invested assets at end of current period				

**NONE**

**STATEMENT AS OF MARCH 31, 2002 OF THE Victoria Specialty Insurance Company**

**SCHEDULE D - PART 1B**

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Statement Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Statement Value End of First Quarter	6 Statement Value End of Second Quarter	7 Statement Value End of Third Quarter	8 Statement Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1	2,687,005	618,539	56,379	(487)	3,248,677			2,687,005
2. Class 2								
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	2,687,005	618,539	56,379	(487)	3,248,677			2,687,005
<b>PREFERRED STOCK</b>								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds and Preferred Stock	2,687,005	618,539	56,379	(487)	3,248,677			2,687,005

## SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Amount of Interest Received Current Quarter	5 Paid for Accrued Interest
80999999 Totals	618,538	XXX	618,538		

## SCHEDULE DA - PART 2- Verification

Short-Term Investments Owned		1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period .....					479,883
2. Cost of short-term investments acquired .....	618,539				
3. Increase (decrease) by adjustment .....					
4. Increase (decrease) by foreign exchange adjustment .....					
5. Total profit (loss) on disposal of short-term investments .....					
6. Consideration received on disposal of short-term investments .....					479,883
7. Book/adjusted carrying value, current period .....	618,539				
8. Total valuation allowance .....					
9. Subtotal (Lines 7 plus 8) .....	618,539				
10. Total nonadmitted amounts .....					
11. Statement value (Lines 9 minus 10) .....	618,539				
12. Income collected during period .....					5,117
13. Income earned during period	2,033				4,032

Schedule DB - Part F - Section 1

**NONE**

Schedule DB - Part F - Section 2

**NONE**

Schedule F

**NONE**

**STATEMENT AS OF MARCH 31, 2002 OF THE Victoria Specialty Insurance Company**

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

**Current Year to Date - Allocated by States and Territories**

States, etc.	1 Is Insurer Licensed? (Yes or No)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama	AL	No					
2. Alaska	AK	No					
3. Arizona	AZ	No					
4. Arkansas	AR	No					
5. California	CA	No					
6. Colorado	CO	No					
7. Connecticut	CT	No					
8. Delaware	DE	No					
9. District of Columbia	DC	No					
10. Florida	FL	No					
11. Georgia	GA	No					
12. Hawaii	HI	No					
13. Idaho	ID	No					
14. Illinois	IL	No					
15. Indiana	IN	No					
16. Iowa	IA	No					
17. Kansas	KS	No					
18. Kentucky	KY	No					
19. Louisiana	LA	No					
20. Maine	ME	No					
21. Maryland	MD	No					
22. Massachusetts	MA	No					
23. Michigan	MI	No					
24. Minnesota	MN	No					
25. Mississippi	MS	No					
26. Missouri	MO	No					
27. Montana	MT	No					
28. Nebraska	NE	No					
29. Nevada	NV	No					
30. New Hampshire	NH	No					
31. New Jersey	NJ	No					
32. New Mexico	NM	No					
33. New York	NY	No					
34. North Carolina	NC	No					
35. North Dakota	ND	No					
36. Ohio	OH	Yes					
37. Oklahoma	OK	No					
38. Oregon	OR	No					
39. Pennsylvania	PA	No					
40. Rhode Island	RI	No					
41. South Carolina	SC	No					
42. South Dakota	SD	No					
43. Tennessee	TN	No					
44. Texas	TX	No					
45. Utah	UT	No					
46. Vermont	VT	No					
47. Virginia	VA	No					
48. Washington	WA	No					
49. West Virginia	WV	No					
50. Wisconsin	WI	No					
51. Wyoming	WY	No					
52. American Samoa	AS	No					
53. Guam	GU	No					
54. Puerto Rico	PR	No					
55. U.S. Virgin Islands	VI	No					
56. Canada	CN	No					
57. Aggregate Other Aliens	OT	XXX					
58. Totals		(a) 1					
<b>DETAILS OF WRITE-INS</b>							
5701.		XXX					
5702.		XXX					
5703.		XXX					
5798.	Summary of remaining write-ins for Line 57 from overflow page	XXX					
5799.	Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)	XXX					

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

Schedule Y - Part 1

**NONE**

Part 1

**NONE**

Part 2

**NONE**

Part 3

**NONE**

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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### RESPONSES

1. Will the SVO Compliance Certification be filed with this statement? .....Yes.....
2. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement? .....No.....
3. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed with this statement? .....No.....

**Explanations:**

**Bar Codes:**

Trusted Surplus Statement (Document Identifier 490) here:



Supplement A to Schedule T (Document Identifier 450) here:



**OVERFLOW PAGE FOR WRITE-INS**

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Schedule A - Part 2  
**NONE**

Schedule A - Part 3  
**NONE**

Schedule B - Part 1  
**NONE**

Schedule B - Part 2  
**NONE**

Schedule BA - Part 1  
**NONE**

Schedule BA - Part 2  
**NONE**

Schedule D - Part 3  
**NONE**

**STATEMENT AS OF MARCH 31, 2002 OF THE Victoria Specialty Insurance Company**

## SCHEDULE D - PART 4

**Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter**

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter																
1 CUSIP Identifi- cation	2 Description	3 Disposal Date	4 Name of Purchaser	5 Number of Shares of Stock	6 Consideration	7 Par Value	8 Actual Cost	9 Book/Adjusted Carrying Value at Disposal Date	10 Increase (Decrease) by Adjustment	11 Increase (Decrease) by Foreign Exchange Adjustment	12 Foreign Exchange Gain (Loss) on Disposal	13 Realized Gain (Loss) on Disposal	14 Total Gain (Loss) on Disposal	15 Interest on Bonds Received During Year	16 Dividends on Stocks Received During Year	17 NAIC Desig- nation (a)
<b>BONDS</b>																
US Governments																
United States																
36210G-YZ-1...	GNMA1 SINGLE FAMILY 6.500% 01/15/29 POOL NO 492228...	03/01/2002...	Paydown...		781	781	787	781	(5)			0	.8		1...	
36225B-EV-6...	GNMA1 SF 30 YR PLATI 6.500% 06/15/29 6.5000 06/15/2029 MBS/MBS...	03/01/2002...	Paydown...	55,598	55,598	55,842	55,598	(245)			0	.592		1...		
Total United States					56,379	56,379	56,629	56,379	(250)	0	0	0	0	600	XXX	XXX
0399996 - Bonds - U.S. Government					56,379	56,379	56,629	56,379	(250)	0	0	0	0	600	XXX	XXX
0399999 - Bonds - U.S. Governments					56,379	56,379	56,629	56,379	(250)	0	0	0	0	600	XXX	XXX
6099997 - Bonds - Part 4					56,379	56,379	56,629	56,379	(250)	0	0	0	0	600	XXX	XXX
6099999 - Total - Bonds					56,379	56,379	56,629	56,379	(250)					600	XXX	XXX
6599999 - Total - Preferred Stocks					XXX									XXX		XXX
7099999 - Total - Common Stocks					XXX									XXX		XXX
7199999 - Total - Preferred and Common Stocks					XXX									XXX		XXX
72999999 Totals																
					56,379	XXX	56,629	56,379	(250)					600		XXX

(a) For all common stock bearing the NAIC designation "U" provide: the number of such shares

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Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part D - Section 1

**NONE**

## **STATEMENT AS OF MARCH 31, 2002 OF THE Victoria Specialty Insurance Company**

## **SCHEDULE E - PART 1 - CASH**