



QUARTERLY STATEMENT

AS OF MARCH 31, 2002
OF THE CONDITION AND AFFAIRS OF THE

CONTINENTAL NATIONAL INDEMNITY COMPANY

NAIC Group Code	0218 <small>(Current Period)</small>	0218 <small>(Prior Period)</small>	NAIC Company Code	28258	Employer's ID Number	31-1191023
Organized under the Laws of	Ohio			State of Domicile or Port of Entry	Ohio	
Country of Domicile	United States of America					
Incorporated	12/09/1986			Commenced Business	12/29/1986	
Statutory Home Office	10700 Montgomery Road Suite 210 <small>(Street and Number)</small>			Cincinnati, OH 45242-3296 <small>(City or Town, State and Zip Code)</small>		
Main Administrative Office	CNA Plaza <small>(Street and Number)</small>			Chicago, IL 60685 <small>(City or Town, State and Zip Code)</small>		
				312-822-5000 <small>(Area Code) (Telephone Number) (Extension)</small>		
Mail Address	CNA Plaza <small>(Street and Number or P.O. Box)</small>			Chicago, IL 60685 <small>(City or Town, State and Zip Code)</small>		
Primary Location of Books and Records	CNA Plaza 9 S <small>(Street and Number)</small>			Chicago, IL 60685 <small>(City or Town, State and Zip Code)</small>		
				312-822-5000 <small>(Area Code) (Telephone Number)</small>		
Internet Website Address	www.cna.com					
Statement Contact	David Anthony Forst <small>(Name)</small>			312-822-1372 <small>(Area Code) (Telephone Number) (Extension)</small>		
	David.Forst@cna.com <small>(E-mail Address)</small>			312-817-0040 <small>(FAX Number)</small>		
Policyowner Relations Contact	CNA Plaza <small>(Street and Number)</small>			Chicago, IL 60685, <small>(City or Town, State and Zip Code)</small>		
				800-262-2255 <small>(Area Code) (Telephone Number) (Extension)</small>		

OFFICERS

Chairman	Michael Fitzgerald	Treasurer	Pamela Sylvester Dempsey
President	Arthur P Coleman	Secretary	Mary Alice Ribikawskis

GROUP VICE PRESIDENTS

Lawrence John Boysen
John Joseph Sullivan Jr

VICE PRESIDENTS
PRESIDENTS

Ralph Richard Mueller
Pamela Sylvester Dempsey

ASSISTANT VICE

John Paul Wagner
Mary Alice Ribikawskis
Jerry Frank Sliwa
Jeffery Charles Alton

DIRECTORS OR TRUSTEES

John Arthur Beckman	Lawrence John Boysen	Arthur P Coleman
Michael Fitzgerald	Robert Maurice Mann	Ralph Richard Mueller

State ofIllinois.....
County ofCook.....
} ss

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.

Ralph Richard Mueller Vice President	Lawrence John Boysen Group Vice President	Jeffery Charles Alton Assistant Vice President
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Subscribed and sworn to before me this
13th day of May, 2002

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	21,402,462		21,402,462	8,895,080
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	25,000		25,000	309,699
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 (\$4,468,277 and short-term investments \$4,226,052)	8,694,329		8,694,329	24,875,847
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)	30,121,791		30,121,791	34,080,626
10. Agents' balances or uncollected premiums				
10.1 Premiums and agents' balances in course of collection	2,072,537	1,248,044	824,493	3,914,859
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	2,199,416		2,199,416	3,324,331
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	3,039,885		3,039,885	3,892,461
15. Federal and foreign income tax recoverable and interest thereon (including \$0 net deferred tax asset)	1,956,421	1,956,421		
16. Guaranty funds receivable or on deposit				
17. Electronic data processing equipment and software	485,204	485,204		
18. Interest, dividends and real estate income due and accrued	341,315		341,315	167,540
19. Net adjustments in assets and liabilities due to foreign exchange rates				
20. Receivable from parent, subsidiaries and affiliates	102,898		102,898	
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	141,363	5,902	135,461	22,104
26. Total assets excluding protected cell assets (Lines 9 through 25)	40,460,830	3,695,571	36,765,259	45,401,921
27. Protected cell assets				
28. TOTALS (Lines 26 and 27)	40,460,830	3,695,571	36,765,259	45,401,921
DETAILS OF WRITE-INS				
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. Other assets	141,363	5,902	135,461	22,104
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)	141,363	5,902	135,461	22,104

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$(224,930))	13,626,997	16,288,344
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	1,380,908	2,623,383
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	657,033	567,176
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	102,732	239,058
7. Federal and foreign income taxes [including \$ on realized capital gains (losses)] (including \$ net deferred tax liability)		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$3,154,997 and including warranty reserves of \$)	(18,904)	3,347,247
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	5,171,065	9,449,839
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others	1,789,958	1,597,484
15. Remittances and items not allocated	740,733	944,336
16. Provision for reinsurance	1,067,000	1,331,000
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	1,386,658	1,416,296
19. Payable to parent, subsidiaries and affiliates		
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	(1,399,159)	(1,399,159)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	24,505,021	36,405,003
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	24,505,021	36,405,003
27. Aggregate write-ins for special surplus funds	1,500,000	1,500,000
28. Common capital stock	4,000,002	4,000,002
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	37,026,763	34,526,763
33. Unassigned funds (surplus)	(30,266,527)	(31,029,847)
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)	12,260,238	8,996,918
36. TOTALS	36,765,259	45,401,921
DETAILS OF WRITE-INS		
2301. Funds held by company under reinsurance assumed contracts.....		0
2302. Retroactive reinsurance reserve ceded-Continental Casualty Company.....	(1,655,000)	(1,655,000)
2303. Retroactive reinsurance funds held-Continental Casualty Company.....	255,841	255,841
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	(1,399,159)	(1,399,159)
2701. Special surplus from retroactive reinsurance-Continental Casualty Company.....	1,500,000	1,500,000
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)	1,500,000	1,500,000
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 OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 524,159)	3,948,797	11,749,959	41,398,027
1.2 Assumed (written \$ 0)	0		114,166
1.3 Ceded (written \$ 3,992,118)	4,050,606	6,163,209	26,701,687
1.4 Net (written \$ (3,467,959))	(101,809)	5,586,750	14,810,506
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 0):			
2.1 Direct	3,174,412	7,528,326	50,438,191
2.2 Assumed	0	227	166,178
2.3 Ceded	3,174,412	4,719,671	30,635,703
2.4 Net	0	2,808,882	19,968,667
3. Loss expenses incurred		694,264	5,472,932
4. Other underwriting expenses incurred	197,156	2,438,855	7,158,359
5. Aggregate write-ins for underwriting deductions			127,564
6. Total underwriting deductions (Lines 2.4 thru 5)	197,156	5,942,001	32,727,522
7. Net income of protected cells			
8. Net underwriting gain or (loss) (Line 1.4 minus Line 6 + Line 7)	(298,965)	(355,251)	(17,917,016)
INVESTMENT INCOME			
9. Net investment income earned	215,776	278,277	899,459
10. Net realized capital gains or (losses)	878,934	27,800	125,091
11. Net investment gain (loss) (Lines 9 + 10)	1,094,710	306,077	1,024,550
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 85,744)	(85,744)	(8,386)	(35,456)
13. Finance and service charges not included in premiums			
14. Aggregate write-ins for miscellaneous income		160	939,594
15. Total other income (Lines 12 through 14)	(85,744)	(8,226)	904,138
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	710,001	(57,400)	(15,988,328)
17. Dividends to policyholders			
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	710,001	(57,400)	(15,988,328)
19. Federal and foreign income taxes incurred			
20. Net income (Line 18 minus Line 19)(to Line 22)	710,001	(57,400)	(15,988,328)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	8,996,918	9,544,677	9,544,677
GAINS AND (LOSSES) IN SURPLUS			
22. Net income (from Line 20)	710,001	(57,400)	(15,988,328)
23. Net unrealized capital gains or losses	(284,699)		
24. Change in net unrealized foreign exchange capital gain (loss)			
25. Change in net deferred income tax			(380,258)
26. Change in nonadmitted assets	74,018	67,357	(406,851)
27. Change in provision for reinsurance	264,000	39,263	(1,140,737)
28. Change in surplus notes			
29. Surplus (contributed to) withdrawn from protected cells			
30. Cumulative effect of changes in accounting principles		56,000	56,000
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	2,500,000		17,312,415
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)	3,263,320	105,220	(547,759)
38. Surplus as regards policyholders, as of statement date (Lines 21 plus 37)	12,260,238	9,649,897	8,996,918
DETAILS OF WRITE-INS			
0501. Writeoff of reinsurance recoverable from Reliance		0	127,564
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)			127,564
1401. Miscellaneous Profit and Loss		0	6,078
1402. Retroactive Reinsurance Gain-Continental Casualty Company		160	933,516
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)		160	939,594
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 CONTINENTAL NATIONAL INDEMNITY COMPANY

CASH FLOW

	1 Current Year to Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	(3,531,452)	21,017,659
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	3,284,487	21,390,415
3. Underwriting expenses paid	243,625	7,394,449
4. Other underwriting income (expenses)		(127,564)
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(7,059,564)	(7,894,769)
6. Net investment income	53,533	1,070,795
7. Other income (expenses):		
7.1 Agents' balances charged off	(85,744)	(35,456)
7.2 Net funds held under reinsurance treaties		(1,026,926)
7.3 Net amount withheld or retained for account of others	192,474	176,969
7.4 Aggregate write-ins for miscellaneous items		939,597
7.5 Total other income (Lines 7.1 to 7.4)	106,730	54,184
8. Dividends to policyholders on direct business , less \$ dividends on reinsurance assumed or ceded (net)		
9. Federal and foreign income taxes (paid) recovered		
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	(6,899,301)	(6,769,791)
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	7,949	6,278,678
11.2 Stocks	879,336	219
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	(429)	
11.7 Miscellaneous proceeds		
11.8 Total investment proceeds (Lines 11.1 to 11.7)	886,856	6,278,897
12. Cost of investments acquired (long-term only):		
12.1 Bonds	12,526,839	2,062,658
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)	12,526,839	2,062,658
13. Net Cash from investments (Line 11.8 minus Line 12.7)	(11,639,983)	4,216,239
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in	2,500,000	17,312,415
14.2 Capital notes \$ less amounts repaid \$		
14.3 Net transfers from affiliates		
14.4 Borrowed funds received		
14.5 Other cash provided		588,566
14.6 Total (Lines 14.1 to 14.5)	2,500,000	17,900,981
15. Cash applied:		
15.1 Dividends to stockholders paid		
15.2 Net transfers to affiliates	102,898	
15.3 Borrowed funds repaid		
15.4 Other applications	39,339	1,041,199
15.5 Total (Lines 15.1 to 15.4)	142,237	1,041,199
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	2,357,763	16,859,782
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	(16,181,521)	14,306,230
18. Cash and short-term investments:		
18.1 Beginning of year	24,875,850	10,569,620
18.2 End of year (Line 17 plus Line 18.1)	8,694,329	24,875,850
DETAILS OF WRITE-INS		
07.401 Other income		6,078
07.402 Retroactive Reinsurance Gain-Continental Casualty Company		933,519
07.403 Retroactive Reinsurance Reserve Ceded-Continental Casualty Company		0
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)		939,597

NOTES TO FINANCIAL STATEMENTS

1. A. ACCOUNTING PRACTICES

The statutory financial statements of Continental National Indemnity Company ("Company" or CNI) have been prepared in conformity with accounting practices prescribed by the State of Ohio and the National Association of Insurance Commissioners ("NAIC"). Certain financial information that is normally included in the annual statutory financial statements, including footnotes, has been omitted. These statements should be read in conjunction with the Annual Statement for the year ended December 31, 2001. In the opinion of management, these statements include all adjustments (consisting of normal recurring accruals) that are necessary for the fair presentation of the statutory financial position, results of operations and cash flows. The statutory results for the interim periods are not necessarily indicative of the results to be expected for the full year.

The statutory financial statements of the Company are, in all material respects, prepared in accordance with Statutory Accounting Principles as published in the NAIC Accounting Practices and Procedures Manual.

B. USE OF ESTIMATES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The preparation of financial statements in conformity with the statutory basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the financial statement date, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ significantly from those estimates.

2. INCOME TAXES

A. The components of the deferred tax asset (liability) at March 31, 2002 and December 31, 2001 are as follows:

	March 31, 2002	December 31, 2001	Change
Total deferred tax assets, admitted and non-admitted	\$ 2,022,044	\$ 1,464,367	\$ 557,677
Total deferred tax liabilities	(65,623)	(9,456)	(56,167)
Subtotal	1,956,421	1,454,911	501,510
Total deferred tax assets, non-admitted	(1,956,421)	(1,454,911)	
Net deferred tax assets	\$ 0	\$ 0	
Change in deferred tax on unrealized gains and losses			0
Change in net deferred tax asset			\$ 501,510
(Increase) decrease in deferred tax assets non-admitted	\$ (501,510)	\$ (380,258)	

B. Deferred tax liabilities have not been recognized for the following:

Not applicable.

C. The components of incurred income tax expense and the change in deferred tax assets and liabilities are as follows:

Current income tax expense (benefit)	\$ 0
Increase (decrease) in deferred tax assets	\$ 557,677
Increase (decrease) in deferred tax liabilities	56,167
Net increase (decrease) in deferred tax assets before non-admitted deferred tax assets	\$ 501,510

There were no tax adjustments related to tax credits, or the benefits of net operating loss carryforwards.

D. Rate reconciliation.

A rate reconciliation will be presented on an annual basis, and not quarterly.

3. OTHER ITEMS

Capital Contributions

On March 28, 2002, the Company's ultimate insurance parent company, Continental Casualty Company (CCC) made capital contributions to the Company totaling \$2.50 million.

NOTES TO FINANCIAL STATEMENTS

3. OTHER ITEMS -(Continued)

Company's Existing Book of Business

During 2000, due to continued adverse market conditions in the program insurance market, management determined it was strategically necessary for CNI to non-renew this business and proceed with a run-off strategy. During 2001, CNI substantially decreased new business production and worked with CCC to non-renew policies in the program insurance market. The non-renewal of policies in the program insurance market is anticipated to be complete during the second half of 2002, and does not adversely affect current policyholders or claims. Responsibility for managing the 'run-off' of CNI is being transitioned to Global Resource Managers (GRM), a CNA subsidiary, in 2002. A gradual reduction in CNI's workforce has occurred to date. CNI accounting and management information systems professionals will be retained until mid- to end of 2002 to ensure a smooth transition.

To help mitigate any future adverse impacts to its financial results, the Company has entered into two aggregate excess of loss reinsurance agreements with CCC. The first agreement, effective October 1, 2001, covers up to \$25 million in adverse development in CNI's estimated loss and loss adjustment expense reserves for accident years prior to 2001. The Company ceded premium of \$4 million to CCC pursuant to this agreement in 2001. The starting point for the calculation is net loss and loss adjustment expense reserves as of September 30, 2001. To date, CNI has ceded approximately \$2.11 of losses under this reinsurance agreement. The second reinsurance agreement, effective January 1, 2002, covers up to \$5 million in adverse development in CNI's estimated loss and loss adjustment expense reserves for accident years 2001 and subsequent. CNI ceded earned premium of \$1.60 million in the first quarter of 2002, and will cede an additional \$0.5 million of earned premium in each of the three remaining quarters in 2002 pursuant to the second reinsurance agreement. In the first quarter of 2002, CNI ceded approximately \$0.86 million of losses under the second reinsurance agreement.

Option Agreement Impacting Company

In October 1999, CCC and certain of its insurance affiliates sold their personal insurance business to a subsidiary of The Allstate Corporation (Allstate). In connection with that transaction, Allstate was granted an option to purchase five designated insurance affiliates of CCC. The original related agreements were amended as of December 10, 2001 in order to restructure the option company process. Under the new agreements Allstate is provided an option to acquire seven insurance affiliates of CCC. CNI has been designated as one of these new option companies. The option is available to Allstate from October 1, 2003 through September 30, 2004. It is expected that Allstate will exercise this option within this option period, but there is no obligation to exercise. In anticipation of Allstate's exercise of this option, the majority of the future personal insurance business that is currently written by other insurance affiliates of CCC will be migrated into these new option companies which is expected to increase their direct business significantly. Due to the numerous regulatory rate filings and approvals required to migrate this business into CNI, the current plan is that this new direct business will begin in the fourth quarter of 2002 in a limited number of states, and is expected to increase in volume and in more states during 2003 and subsequent years. One hundred percent of this business will be ceded to Allstate under the indemnity reinsurance agreement dated as of December 10, 2001.

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. 12/31/1998

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. 12/31/1998

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). 11/17/1999

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:
.....

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:\$0

12. Amount of real estate and mortgages held in short-term investments:\$0

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 [X] No []

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
Chase Manhattan Trust Company of Illinois.....	10 South LaSalle Chicago, Illinois 60603.....

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)
NONE.....

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

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Fifth Third Bank.....	Chase Manhattan Trust Company of Illinois.....	01/01/2002.....	Management of investment portfolio transferred to Parent effective 1/1/2002

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
NONE.....

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:

			TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
1	2	3	4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Discount Rate	Unpaid Losses	Unpaid LAE	IBNR	TOTAL	Unpaid Losses	Unpaid LAE	IBNR	TOTAL
.....
.....
.....
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	NONE			
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)				

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	NONE			
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	NONE			
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				

STATEMENT AS OF MARCH 31, 2002 OF THE CONTINENTAL NATIONAL INDEMNITY 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
BONDS								
1. Class 1	24,246,358	87,401,041	90,808,214	46,858	20,886,043			24,246,358
2. Class 2		4,744,033	.0	(1,562)	4,742,471			
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	24,246,358	92,145,074	90,808,214	45,296	25,628,514			24,246,358
PREFERRED STOCK								
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	24,246,358	92,145,074	90,808,214	45,296	25,628,514			24,246,358

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Amount of Interest Received Current Quarter	Paid for Accrued Interest
8099999 Totals	4,226,051	XXX	4,226,051	29,531	

SCHEDULE DA - PART 2- Verification

Short-Term Investments Owned				
	1	2	3	4
	First Quarter Current Year	Second Quarter Current Year	Third Quarter Current Year	Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period	15,351,279			8,177,743
2. Cost of short-term investments acquired	79,618,234			22,665,735
3. Increase (decrease) by adjustment	56,803			
4. Increase (decrease) by foreign exchange adjustment				
5. Total profit (loss) on disposal of short-term investments	(429)			
6. Consideration received on disposal of short-term investments	90,799,835			15,492,199
7. Book/adjusted carrying value, current period	4,226,052			15,351,279
8. Total valuation allowance				
9. Subtotal (Lines 7 plus 8)	4,226,052			15,351,279
10. Total nonadmitted amounts				
11. Statement value (Lines 9 minus 10)	4,226,052			15,351,279
12. Income collected during period	76,785			314,145
13. Income earned during period	70,449			321,464

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule F

NONE

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories								
		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
States, etc.								
1. Alabama	AL	Yes	(495,819)	5,206,280	1,774,148	2,304,409	6,953,567	3,634,773
2. Alaska	AK	No						
3. Arizona	AZ	Yes						
4. Arkansas	AR	Yes		7,642	0	216,904	7,724	347,359
5. California	CA	Yes	1,075,172	941,503	764,651	49,338	4,646,434	315,189
6. Colorado	CO	Yes						
7. Connecticut	CT	No						
8. Delaware	DE	Yes				37,745	60,393	113,882
9. District of Columbia	DC	Yes						
10. Florida	FL	Yes	1,674	13,527	10,555	56,695	2,218,865	447,392
11. Georgia	GA	Yes	3,823	881,557	72,387	327,426	2,121,050	1,886,453
12. Hawaii	HI	No						
13. Idaho	ID	Yes						
14. Illinois	IL	Yes	(4,271)	109,426	6,836	1,003,344	2,311,722	3,094,872
15. Indiana	IN	Yes	(6,324)	97,856	90,828	280,858	171,077	1,574,246
16. Iowa	IA	Yes	(4,164)	57,702	71,454	74,292	608,896	156,971
17. Kansas	KS	Yes		(562)				
18. Kentucky	KY	Yes		(29,881)	1,676	879,282	786,227	733,281
19. Louisiana	LA	Yes	7,805	1,375,206	56,149	125,929	3,979,647	1,774,828
20. Maine	ME	No						
21. Maryland	MD	Yes						
22. Massachusetts	MA	Yes						
23. Michigan	MI	Yes	12,997	290,040	81,783	109,725	858,173	233,931
24. Minnesota	MN	Yes		(178)				
25. Mississippi	MS	Yes	(76,560)	762,271	261,181	160,912	1,152,103	597,490
26. Missouri	MO	Yes	8,521	210,039	29,408	590	1,002,057	125,892
27. Montana	MT	Yes						
28. Nebraska	NE	Yes					30,897	11,181
29. Nevada	NV	Yes						
30. New Hampshire	NH	No						
31. New Jersey	NJ	Yes				41,521	71,063	196,920
32. New Mexico	NM	Yes						
33. New York	NY	Yes		(3,327)	3,363	1,344	641,682	298,483
34. North Carolina	NC	Yes	65	15,526		193,422		54,324
35. North Dakota	ND	Yes						
36. Ohio	OH	Yes	982	695,909	1,817,633	818,504	12,426,025	10,104,277
37. Oklahoma	OK	No						
38. Oregon	OR	Yes						
39. Pennsylvania	PA	Yes	(1,860)	3,175	46,292	70,883	1,238,705	967,055
40. Rhode Island	RI	No					0	
41. South Carolina	SC	Yes	744	20,951	106,066	1,267,196	1,493,727	1,780,759
42. South Dakota	SD	Yes						
43. Tennessee	TN	Yes	2,298	433,293	22,902	315,236	318,002	221,166
44. Texas	TX	Yes			50,062	1,825,000	4,036,173	1,654,940
45. Utah	UT	Yes						
46. Vermont	VT	Yes						
47. Virginia	VA	Yes	370	1,674		46,565		23,707
48. Washington	WA	Yes						
49. West Virginia	WV	Yes	(2,467)	24,266	78,918	183,579	90,889	326,276
50. Wisconsin	WI	Yes	1,173	298,679	(544)	82,838	31,368	99,897
51. Wyoming	WY	Yes						
52. American Samoa	AS	No			0			
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) 44		524,159	11,412,574	5,345,749	10,473,537	47,256,467	30,775,545
DETAILS OF WRITE-INS								
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 - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

PART 1 - LOSS EXPERIENCE

Lines of Business		Current Year to Date			4 Prior Year to Date Direct Loss Percentage
		1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1.	Fire				285.8
2.	Allied Lines				23.3
3.	Farmowners multiple peril				
4.	Homeowners multiple peril				(22.4)
5.	Commercial multiple peril		541,295		
6.	Mortgage guaranty				
8.	Ocean marine				
9.	Inland marine	10,869			14.7
10.	Financial guaranty				
11.1	Medical malpractice - occurrence				
11.2	Medical malpractice - claims-made				
12.	Earthquake				
13.	Group accident and health				
14.	Credit accident and health				
15.	Other accident and health				
16.	Workers' compensation	19,766	449,768	2,275.5	7.9
17.1	Other liability - occurrence		151,336		(16.3)
17.2	Other liability - claims-made				
18.1	Products liability - occurrence		24,214		247.4
18.2	Products liability - claims-made				
19.1,19.2	Private passenger auto liability	2,636,521	1,547,658	58.7	62.6
19.3,19.4	Commercial auto liability	139,995	4,446	3.2	41.4
21.	Auto physical damage	1,141,646	455,696	39.9	80.6
22.	Aircraft (all perils)				
23.	Fidelity				
24.	Surety				
26.	Burglary and theft				
27.	Boiler and machinery				
28.	Credit				
29.	International				
30.	Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
31.	Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
32.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
33.	Aggregate write-ins for other lines of business				
34.	Totals	3,948,797	3,174,412	80.4	64.1
DETAILS OF WRITE-INS					
3301.	.....			
3302.	.....			
3303.	.....			
3398.	Summary of remaining write-ins for Line 33 from overflow page				
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)				

PART 2 - DIRECT PREMIUMS WRITTEN

		1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1.	Fire			29,306
2.	Allied Lines			41,902
3.	Farmowners multiple peril			
4.	Homeowners multiple peril			(1,404)
5.	Commercial multiple peril			
6.	Mortgage guaranty			
8.	Ocean marine			
9.	Inland marine	501	501	97,319
10.	Financial guaranty			
11.1	Medical malpractice - occurrence			
11.2	Medical malpractice - claims-made			
12.	Earthquake			
13.	Group accident and health			
14.	Credit accident and health			
15.	Other accident and health			
16.	Workers' compensation	27,955	27,955	310,656
17.1	Other liability - occurrence			106,086
17.2	Other liability - claims-made			
18.1	Products liability - occurrence			24,160
18.2	Products liability - claims-made			
19.1,19.2	Private passenger auto liability	591,189	591,189	4,961,439
19.3,19.4	Commercial auto liability	12,574	12,574	1,675,939
21.	Auto physical damage	(108,060)	(108,060)	4,167,098
22.	Aircraft (all perils)			
23.	Fidelity			
24.	Surety			
26.	Burglary and theft			73
27.	Boiler and machinery			
28.	Credit			
29.	International			
30.	Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
31.	Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
32.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
33.	Aggregate write-ins for other lines of business			
34.	Totals	524,159	524,159	11,412,574
DETAILS OF WRITE-INS				
3301.	.....		
3302.	.....		
3303.	.....		
3398.	Summary of remaining write-ins for Line 33 from overflow page			
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)			

STATEMENT AS OF MARCH 31, 2002 OF THE CONTINENTAL NATIONAL INDEMNITY COMPANY

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (a) (Cols. 1 + 2)	2002 Loss and LAE Payments on Claims Reported as of Prior Year-End	2002 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2002 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (b) (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (c) (Cols. 11 + 12)
1. 1999 + Prior .....	.6,023	2,308	8,331	1,435	.41	1,475	5,055	200	1,600	.6,855	.467	(466)	.0
2. 2000	1,689	.699	2,388	.417	.9	.426	1,436	.35	.492	1,963	.163	(163)	.0
3. Subtotals 2000 + Prior	7,712	3,006	10,719	1,851	.50	1,901	6,491	235	2,092	8,818	.630	(629)	.0
4. 2001.....	2,781	5,412	8,193	1,317	.160	1,478	2,567	.109	3,739	.6,415	.1,104	(1,404)	(300)
5. Subtotals 2001 + Prior	10,493	8,419	18,912	3,169	.210	3,379	9,058	.344	5,831	15,233	1,733	(2,033)	(300)
6. 2002	XXX	XXX	XXX	XXX	.525	.525	XXX	.338	(563)	(225)	XXX	XXX	XXX
7. Totals	10,493	8,419	18,912	3,169	.735	3,904	9,058	.682	5,269	15,008	1,733	(2,033)	(300)
8. Prior Year-End's Surplus As Regards Policyholders	8,997										Col. 11, Line 7 As % of Col. 1 Line 7	Col. 12, Line 7 As % of Col. 2 Line 7	Col. 13, Line 7 As % of Col. 3 Line 7
											1. 16.5	2. (24.2)	3. (1.6)
											Col. 13, Line 7 As a % of Col. 1 Line 8		
											4. (3.3)		

(a) Should Equal Prior Year-End Annual Statement; Page 3, Col. 1, Lines 1 + 3

(b) Should Equal Q.S. Page 3, Col. 1, Lines 1 and 3.

(c) Should Also Equal Cols. 6 + 10 less Col. 3 for Lines 1 through 5 only.

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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:

Item 2 is not applicable to us.

Item 3 is not applicable to us.

Bar Codes:

Trusteed Surplus Statement (Document Identifier 490) here:



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



OVERFLOW PAGE FOR WRITE-INS

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

E04

E04

E04

E04

SCHEDULE D - PART 4

[illegible]

E05

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 CONTINENTAL NATIONAL INDEMNITY COMPANY

SCHEDULE E - PART 1 - CASH

[illegible]