



QUARTERLY STATEMENT

AS OF MARCH 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

National Interstate Insurance Company

NAIC Group Code 0084 0084 NAIC Company Code 32620 Employer's ID Number 34-1607395

(Current Period) (Prior Period)

Organized under the Laws of OHIO, State of Domicile or Port of Entry Ohio

Country of Domicile US

Incorporated February 10, 1989 Commenced Business March 28, 1989

Statutory Home Office 3250 Interstate Drive, Richfield, Ohio 44286

(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 3250 Interstate Drive, Richfield, Ohio 44286 800-929-1500 -307

(Street and Number, City or Town, State and Zip Code)

(Area Code) (Telephone Number)

Mail Address 3250 Interstate Drive, Richfield, Ohio 44286

(Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 3250 Interstate Drive, Richfield, Ohio

(Street and Number, City or Town, State and Zip Code)

800-929-1500 -307

(Area Code) (Telephone Number)

Internet Website Address www.nationalinterstate.com

Statement Contact Gary Norman Monda 330-659-8900 -307

(Name)

(Area Code) (Telephone Number) (Extension)

gary.monda@nationalinterstate.com

(E-Mail Address)

(Fax Number)

Policyowner Relations Contact 3250 Interstate Drive, Richfield, Ohio 44286

(Street and Number, City or Town, State and Zip Code)

330-659-8900 -123

(Area Code) (Telephone Number) (Extension)

OFFICERS

President Alan Robert Spachman
Secretary #David Warner Michelson
Treasurer Arthur Myron Kraus

VICE PRESIDENTS

Gary Norman Monda
Arthur Myron Kraus

Terry Eugene Phillips
David Warner Michelson

Robert Adrian Bernartchez
Eric Juris Raudins

DIRECTORS OR TRUSTEES

Gary Norman Monda
Robert Adrian Bernartchez
Arthur Myron Kraus
Ronald George Steiger, Jr.

Alan Robert Spachman
Bradley Scott Schneeberger
Michelle Ann Silvestro
Edward Jeffrey Masch

David Warner Michelson
Eric Juris Raudins
Terry Eugene Phillips
William Joseph Hobbs

State of Ohio

SS

County of Summit

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.

Alan Robert Spachman
President

#David Warner Michelson
Secretary

Arthur Myron Kraus
Treasurer

Subscribed and sworn to before me this
8th day of May, 2002

ASSETS

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	64,926,305		64,926,305	57,041,247
2. Stocks:				
2.1 Preferred stocks	6,541,315		6,541,315	6,539,263
2.2 Common stocks	9,046,459		9,046,459	8,951,580
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 \$ 5,082,910 encumbrances)	5,095,231		5,095,231	4,908,779
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ (1,415,660)) and short-term investments (\$ 13,440,526)	12,024,866		12,024,866	14,028,703
6. Other invested assets				
7. Receivable for securities	9,390		9,390	
8. Aggregate write-ins for invested assets				
9. Subtotals, cash and invested assets (Lines 1 to 8)	97,643,566		97,643,566	91,469,572
10. Agents' balances or uncollected premiums :				
10.1 Premiums and agents' balances in course of collection	2,929,157		2,929,157	2,196,218
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	41,236,486	650,000	40,586,486	24,320,207
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	2,066,957		2,066,957	776,840
15. Federal and foreign income tax recoverable and interest thereon (including \$ 4,947,989 net deferred tax asset)	4,947,989		4,947,989	3,546,897
16. Guaranty funds receivable or on deposit				
17. Electronic data processing equipment and software	125,867		125,867	114,941
18. Interest, dividends and real estate income due and accrued	956,356		956,356	989,038
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	44,113	44,113		
25. Aggregate write-ins for other than invested assets				
26. Total assets excluding protected cell assets (Lines 9 through 25)	149,950,491	694,113	149,256,378	123,413,713
27. Protected cell assets				
28. TOTALS (Lines 26 and 27)	149,950,491	694,113	149,256,378	123,413,713
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page				
0899. Totals (Lines 0801 through 0803 plus 0898) (Line 8 above)				
2501. Prepaid Insurance				
2502. Security Deposits				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)				

STATEMENT AS OF MARCH 31, 2002 OF THE National Interstate Insurance Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 7,606,139)	36,929,629	33,264,891
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	13,838,428	12,312,621
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	7,092,481	5,987,594
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,124,224	938,586
7. Federal and foreign income taxes, including \$ on realized capital gains (losses) (including \$ net deferred tax liability)	187,840	409,283
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 17,983,735 and including warranty reserves of \$)	39,134,164	28,840,571
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	14,753,732	6,320,247
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others	1,061,750	565,872
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	1,313,201	582,414
20. Payable for securities		210,068
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)	115,435,449	89,432,147
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	115,435,449	89,432,147
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	3,000,000	3,000,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	7,608,779	7,608,779
33. Unassigned funds (surplus)	23,212,150	23,372,787
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)	33,820,929	33,981,566
36. TOTALS	149,256,378	123,413,713
DETAILS OF WRITE-INS		
2301. Excess of Statutory Reserves over Statment Reserves		
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 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 through 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 through 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 \$ 37,572,249)	22,413,544	18,728,912	82,691,624
1.2 Assumed (written \$ 4,539,866)	2,730,960	2,496,688	10,198,427
1.3 Ceded (written \$ 15,377,196)	8,703,178	6,724,622	30,481,416
1.4 Net (written \$ 26,734,919)	16,441,326	14,500,978	62,408,635
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 8,713,876):			
2.1 Direct	14,089,835	10,095,565	44,654,546
2.2 Assumed	1,659,289	1,546,786	3,988,883
2.3 Ceded	7,134,398	3,020,876	13,754,308
2.4 Net	8,614,726	8,621,475	34,889,121
3. Loss expenses incurred	2,988,423	2,474,571	11,440,695
4. Other underwriting expenses incurred	7,126,095	6,351,975	18,664,627
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)	18,729,244	17,448,021	64,994,443
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(2,287,918)	(2,947,043)	(2,585,808)
INVESTMENT INCOME			
9. Net investment income earned	944,766	749,027	3,389,492
10. Net realized capital gains (losses)	3,531	7,630	506,392
11. Net investment gain (loss) (Lines 9 plus 10)	948,297	756,657	3,895,884
OTHER INCOME			
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	207,892	17,466	
14. Aggregate write-ins for miscellaneous income			42,590
15. Total other income (Lines 12 through 14)	207,892	17,466	42,590
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 plus 11 plus 15)	(1,131,729)	(2,172,920)	1,352,666
17. Dividends to policyholders			
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	(1,131,729)	(2,172,920)	1,352,666
19. Federal and foreign income taxes incurred	678,557	(210,029)	730,188
20. Net income (Line 18 minus Line 19) (to Line 22)	(1,810,286)	(1,962,891)	622,478
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	33,981,566	21,106,069	21,106,069
GAINS AND (LOSSES) IN SURPLUS			
22. Net income (from Line 20)	(1,810,286)	(1,962,891)	622,478
23. Net unrealized capital gains or losses	180,183	(156,984)	(131,743)
24. Change in net unrealized foreign exchange capital gain (loss)			
25. Change in net deferred income tax	1,401,092	500,153	685,744
26. Change in nonadmitted assets	68,375	21,530	(500,914)
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		7,291,153	7,291,153
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			4,908,779
37. Change in surplus as regards policyholders (Lines 22 through 36)	(160,636)	5,692,961	12,875,497
38. Surplus as regards policyholders, as of statement date (Lines 21 plus 37)	33,820,930	26,799,030	33,981,566
DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page			
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)			
1401. Discounts earned			
1402. Other			42,590
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			42,590
3601. Change in excess of statutory reserves over statement reserves			
3602. Contribution of real estate net of encumbrances from parent company			4,908,779
3603.			
3698. Summary of remaining write-ins for Line 36 from overflow page			
3699. TOTALS (Lines 3601 through 3603 plus 3698) (Line 36 above)			4,908,779

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	18,230,186	65,815,860
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	7,702,722	30,342,063
3. Underwriting expenses paid	5,835,570	18,067,363
4. Other underwriting income (expenses)	70,855	
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	4,762,749	17,406,434
6. Net investment income	1,113,664	3,288,302
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		278,612
7.4 Aggregate write-ins for miscellaneous items	207,892	152,423
7.5 Total other income (Lines 7.1 to 7.4)	207,892	431,035
8. Dividends to policyholders on direct business, less \$ dividends on reinsurance assumed or ceded (net)		
9. Federal and foreign income taxes (paid) recovered	(900,000)	896,488
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	5,184,305	22,022,259
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	720,000	23,918,828
11.2 Stocks	384,791	2,368,650
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		
11.7 Miscellaneous proceeds		
11.8 Total investment proceeds (Lines 11.1 to 11.7)	1,104,791	26,287,478
12. Cost of investments acquired (long-term only):		
12.1 Bonds	8,738,369	40,859,754
12.2 Stocks	300,913	4,136,845
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Miscellaneous applications	219,458	(210,068)
12.7 Total investments acquired (Lines 12.1 to 12.6)	9,258,740	44,786,531
13. Net cash from investments (Line 11.8 minus Line 12.7)	(8,153,949)	(18,499,053)
Cash from Financing and Miscellaneous Sources		
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	730,787	
14.4 Borrowed funds received	495,877	75,556
14.5 Other cash provided		
14.6 Total (Lines 14.1 to 14.5)	1,226,664	75,556
15. Cash applied:		
15.1 Dividends to stockholders paid		
15.2 Net transfers to affiliates		529,917
15.3 Borrowed funds repaid	124,444	
15.4 Other applications	136,413	19,137
15.5 Total (Lines 15.1 to 15.4)	260,857	549,054
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	965,807	(473,498)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	(2,003,837)	3,049,708
18. Cash and short-term investments:		
18.1 Beginning of year	14,028,703	10,978,995
18.2 End of period (Line 17 plus Line 18.1)	12,024,866	14,028,703
DETAILS OF WRITE-INS		
7.401 Other Income	207,892	30,096
7.402 Depreciation		122,327
7.403		
7.498 Summary of remaining write-ins for Line 7.4 from overflow page		
7.499 Totals (Lines 7.401 through 7.403 plus 7.498) (Line 7.4 above)	207,892	152,423

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

- A. The Annual Statement of National Interstate Insurance Company has been prepared in accordance with the NAIC *Accounting Practices and Procedures* manual.
- B. The preparation of financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual requires management to make estimates and assumptions that affect amounts reported as assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums that are written under the Company's insurance policies and reinsurance contracts are earned over the terms of the related policies and contracts on a daily pro rata basis. Unearned reserves are liabilities established, as the portion of premiums written that have not yet been earned.

Unlike the recognition of premiums revenue, expenses incurred while producing new insurance business such as commissions and premium taxes are charged to operations as incurred and ceding allowances received or receivable are credited to operations through reductions in expenses incurred.

In addition, the Company uses the following accounting policies:

- Short-term investments are stated at amortized cost.
- Bonds are stated at amortized cost using the interest method.
- Common stock in National Interstate Insurance Company of Hawaii, Inc. (a wholly owned subsidiary) is carried on the equity basis; all other common stocks are carried at market.
- Preferred stocks are carried at market.
- Unpaid losses and loss adjustment expense reserves represent the estimated ultimate net cost of all reported and unreported losses incurred. The Company does not discount loss and loss adjustment expense reserves. The reserves for unpaid losses and loss adjustment expenses include an amount determined using individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Those estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates and the ultimate liability may be in excess of or less than the amounts provided, management believes that the reserves for losses and loss adjustment expenses are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are reflected in the period determined.
- Estimated salvage and subrogation recoverable have not reduced outstanding losses and loss adjustment expenses. Such amounts, which are not significant, are recognized when received.

2. Accounting changes

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Ohio. Effective January 1, 2001, the State of Ohio required that insurance companies domiciled therein prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual – Version effective January 1, 2001.

Accounting changes adopted to conform to provisions of the NAIC *Accounting Practices and Procedures* manual – version effective January 1, 2001 are reported as changes in accounting principal. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a change of accounting principle, as an adjustment that increased unassigned funds (surplus) of \$7,291,153. Included in this total adjustment is an increase in unassigned funds of \$2,861,153 related to the reporting of deferred tax assets and \$4,430,000 related to the elimination of excess of statutory reserves over statement reserves.

3. Business Combinations and Goodwill

The Company has never engaged in a business combination.

4. Discontinued Operations

To date, the Company has never discontinued one of its insurance operations.

NOTES TO FINANCIAL STATEMENTS

5. Investments

The Company’s investment portfolio does not include mortgage loans, restructured debt, reverse mortgages, loan-backed securities or repurchase agreements.

6. Joint Ventures, Partnerships and Limited Liability companies

The Company does not invest in any of these types of ventures.

7. Investment Income

The company’s due and accrued investment income is current and therefore, none is excluded.

8. Derivative Instruments

The Company does not invest in derivative instruments.

9. Income Taxes

The components of net deferred taxes (all assets) are as follows:

	<u>2002</u>	<u>2001</u>
Total deferred tax assets (all admitted)	<u>\$4,747,989</u>	<u>\$3,546,897</u>

The only component of current income taxes incurred is current income tax expense as reported in the Statement of Income of \$ 678,557 for 2002 and \$730,188 for 2001.

The main components of the 2002 and 2001 deferred tax asset amounts are as follows:

	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
2001 deferred tax asset:				
Reserves (loss and unearned premiums)	<u>\$74,418,083</u>	<u>\$63,986,033</u>	<u>\$10,432,050</u>	<u>\$3,546,897</u>
2002 deferred tax asset:				
Reserves (loss and unearned premiums)	<u>\$89,902,221</u>	<u>\$75,343,313</u>	<u>\$14,552,908</u>	<u>\$4,947,989</u>

Among the more significant book to tax adjustments for the first quarter of 2002 and the year ended December 31, 2001and following:

	<u>Amount</u>	<u>Tax Effect</u>	<u>Amount</u>	<u>Tax Effect</u>
Income(loss) before taxes	\$1,352,666	\$501,906	\$(1,131,730)	\$(384,788)
Book over tax reserves	2,216,226	753,517	4,283,487	1,456,386
Tax exempt interest expense	(488,820)	(166,199)	(143,141)	(48,668)
Dividend received deduction	(144,264)	(49,050)	(31,338)	(10,767)
Other	(911,726)	(309,987)	(981,191)	(333,605)
Taxable Income	\$2,024,082	\$730,188	\$1,995,757	\$678,557

The following are income taxes incurred in the current years that will be available for recoupment: in future years:

2001	\$730,188
2000	1,296,068
1999	937,660

NOTES TO FINANCIAL STATEMENTS

The Company files its Federal income tax returns with its parent and its parent's other wholly owned subsidiaries. A written agreement between companies calls for allocation of income taxes to companies in the group, which have taxable income.

10. Information Concerning Parent, Subsidiaries and Affiliates

The company's parent company, National Interstate Corporation (Corporation) is a 58% owned subsidiary of Great American Insurance Company. The Company is the parent (100%) of National Interstate Insurance Company of Hawaii, Inc.

The company has a management services agreement with National Interstate Insurance Agency, Inc (Agency) whereby Agency receives a fee for rendering administrative services to the Company. Fees paid in 2002, which are based on cost of services under this agreement, amounted to \$ 560,000.

On December 31, 2001, Corporation donated its real estate, which consisted of an office building occupied by the Company to the Company as additional paid in capital. Net of encumbrances, the book value to the building was \$4,908,779 at December 31, 2001.

At March 31, 2002 the Company had the following inter-company receivables and (payables):

National Interstate Corporation	\$ 8,339,800
Hudson Indemnity, Ltd.	(3,919,300)
National Interstate Insurance of Hawaii, Inc.	(410,713)
Other	<u>(5,312,988)</u>
	\$ <u>(1,303,201)</u>

11. Debt

The company acquired debt in connection the receipt of real estate from Corporation on December 31,2001 in the amount of \$5,207,354 (balance due on March31, 2002 - \$5,082,910). The debt acquired is a mortgage note payable governed by a mortgage loan agreement and secured by a mortgage on the real estate. The note is payable in monthly installments of \$31,111 through November 1, 2010 with a final payment of \$1,878,465 on December 1,2010. Interest is payable monthly at variable rate determined by adding to the London Inter-bank Offering Rate (LIBOR), 1.75% for years 1 through 5 and 1.50% for years 6 through 10. The LIBOR rate at December 31, 2001 was 1.87%. 2001 is the 1st year of payments. The Company paid \$65,888 in interest in 2002. The mortgage loan agreement contains certain covenants including maintenance of Corporation's consolidated shareholders' equity at a minimum level which at December 31,2001, was met.

12. Retirement Plans

The Company has no such plans at March 31, 2001.

13. Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations

- a. The company has 100,000 common shares issued and outstanding at March 31, 2002.
- b. No preferred shares are authorized.
- c. The payment of dividends by Ohio domiciled insurance companies, without the prior approval of the Superintendent of Insurance, is limited of the greater of 10% of statutory surplus as of the prior year end or net income for the prior year. The Ohio Insurance Holding Company law requires an insurance company's surplus be reasonable in relation to it liabilities and adequate for its financial needs following any dividend that it may pay to its parent. The maximum dividend payment that may be made without prior approval in 2002 is \$3,398,157. The Company has no regular dividend payment schedule.
- d. Unassigned funds (surplus) at March 31, 2002 was reduced by unrealized capital losses on unaffiliated common and preferred stocks of \$585,868 and other nonadmitted assets of \$694,1213.
- e. The company does not issue surplus notes.
- f. No quasi-reorganizations were made in 2001 or any prior year.

NOTES TO FINANCIAL STATEMENTS

14. Contingencies

The Company has no contingent liabilities at March 31, 2001 and has no reserves committed to cover unknown contingencies.

15. Leases

The company leases approximately 9,600 square feet of office space in Honolulu, Hawaii under a lease that expires in 2003. The Company’s lease commitment under this lease is \$143,180 in 2002 and \$11,932 in 2003.

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

The company does not invest in these types of financial instruments

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities.

None

18. Gain or Loss from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

The Company does not sell A&H Insurance programs.

19. Direct Premiums Written/Produced by Managing General Agents/Third Party Administrators

The Company does not do business through managing general agents or third party administrators.

20. Other Items

The company has had no extraordinary items to report in 2002 or 2001, nor has it been involved with any troubled debt restructuring in either year.

Investments with a fair valued of \$6,031,515 at December 31, 2001 were on deposit with government authorities or trustees as required by law.

21. Events Subsequent

The company has no Type I or Type II subsequent events to report.

22. Reinsurance

The following table shows details of unsecured reinsurance recoverables at December 231, 2001that exceed 3% of the company’s policyholder surplus. The balances at March 31, 2002 were not materially different.

Reinsurer	NAIC COMPANY CODE	FEDERAL ID NUMBER	UNSECURED AGGREGATE RECOVERABLE
General Reinsurance Corporation	22039	13-2637100	\$3,695,000
Great American Insurance Company	16691	31-0501234	7,169,000
St. Paul Re	24767	41-0406690	2,621,000
National Fire Insurance Company of Pittsburgh	19445	25-0687550	1,764,000
Swiss Reinsurance America Corporation	25364	13-1675535	1,390,000

The company has no reinsurance in dispute nor does it deem any of its reinsurance recoveries to be uncollectible. The company has not entered any agreements in 2001 and 2001 that would result in the commutation of ceded reinsurance.

NOTES TO FINANCIAL STATEMENTS

The company does not have any retroactive reinsurance agreements.

Had reinsurance agreements with ceding commissions been canceled by either the Company or the reinsurer at December 31, 2001, the maximum return ceding commission to nonaffiliated reinsurers would have been \$661,642 and to affiliated reinsurers \$1,4825,712.

23. Retrospectively rated contracts & contracts subject to Redetermination

The company has not entered any contracts that are retrospectively rated or subject to redetermination.

24. Change in Incurred Losses and Loss Adjustment Expenses

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years have increased by \$2,419,000 in 2001 and \$562,000 in 2002 through March 31. These increases are generally the result of ongoing analysis of recent loss development trends. Original estimates are increase or decreased, as additional information becomes known regarding individual claims.

25. Intercompany Pooling Arrangements

The Company does not participate in intercompany pooling arrangements.

26. Structured Settlements

The company rarely enters structured settlements, and in 2002 and 2001 entered none.

27. High Deductibles

Although the company writes commercial auto policies with deductible of various sizes, it does not write policies that have high deductibles.

28. Discounting of Liabilities for Unpaid Losses and Loss Adjustment Expenses

The Company does not discount its liabilities for unpaid loss and loss adjustment expenses.

29. Asbestos/Environmental Reserves

The company primarily writes auto insurance both commercial and private passenger, and has never written a policy that insured against asbestos or other environmental risks.

30. Subscriber Savings Accounts

This note is not applicable to the Company

16 Financial Guaranty Insurance Exposures

Policies issued by the company do not include financial guarantee coverage.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since 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 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 () N/A (X)
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). 07/06/2000

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 (continued)

(Responses to these interrogatories should be based on changes that have occurred since 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 (X) No ()

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	\$ 4,701,227	\$ 4,920,506
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)	\$ 4,701,227	\$ 4,920,506
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)
.....
.....
.....

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 Identifiy all investment advisors, brokers/dealers or individuals acting on behalf of brokers/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
.....
.....
.....

GENERAL INTERROGATORIES
(continued)

PART 2
PROPERTY AND CASUALTY INTERROGATORIES

1.

If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change?
If yes, attach an explanation.

Yes () No () N/A (X)
2.

Has the reporting entity reinsured any risk with any other reporting 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?
If yes, attach an explanation.

Yes () No (X)
- 3.1

Have any of the reporting entity's primary reinsurance contracts been cancelled?

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 Discount Schedule.

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	4,908,779			
2. Increase (decrease) by adjustment	62,919			
3. Cost of acquired				4,908,779
4. Cost of additions to and permanent improvements	123,533			
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	5,095,231			4,908,779
9. Total valuation allowance				
10. Subtotal (Line 8 plus Line 9)	5,095,231			4,908,779
11. Total nonadmitted amounts				
12. Statement value, current period (Page 2, real estate lines, current period)	5,095,231			4,908,779

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 int				
2. Amount loaned during period:				
2.1 Actual cost at time of acquisitions				
2.2 Additional investment made after acquisit				
3. Accrual of discount and mortgage interest poi				
4. Increase (decrease) by adjustment				
5. Total profit (loss) on sale				
6. Amounts paid on account or in full during the				
7. Amortization of premium				
8. Increase (decrease) by foreign exchange adjust				
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period				
10. Total valuation allowance				
11. Subtotal (Line 9 plus Line 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

Description	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 inve				
2. Cost of acquisitions during period:				
2.1 Actual cost at time of acquisitions				
2.2 Additional investment made after acquisit				
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				
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 (Line 9 plus Line 10)				
12. Total nonadmitted amounts				
13. Statement value of long term invested assets at end of current period				

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	2	3	4	5	6	7	8
	Statement Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Statement Value End of First Quarter	Statement Value End of Second Quarter	Statement Value End of Third Quarter	Statement Value December 31 Prior Year
BONDS								
1. Class 1	53,178,673	7,697,345	717,230	(123,476)	60,035,312			53,178,673
2. Class 2	1,023,617	1,033,400		2,833,976	4,890,993			1,023,617
3. Class 3	2,838,957			(2,838,957)				2,838,957
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	57,041,247	8,730,745	717,230	(128,457)	64,926,305			57,041,247
PREFERRED STOCK								
8. Class 1	5,123,373	83,235		(59,294)	5,147,314			5,123,373
9. Class 2	1,212,850			(26,130)	1,186,720			1,212,850
10. Class 3	199,200			(720)	198,480			199,200
11. Class 4								
12. Class 5								
13. Class 6	3,840			4,960	8,800			3,840
14. Total Preferred Stock	6,539,263	83,235		(81,184)	6,541,314			6,539,263
15. Total Bonds and Preferred Stock	63,580,510	8,813,980	717,230	(209,641)	71,467,619			63,580,510

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	13,440,526	X X X	13,440,526	60,432	

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	15,599,284			9,430,808
2. Cost of short-term investments acquired	(2,158,758)			6,168,476
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				
7. Book / adjusted carrying value, current period	13,440,526			15,599,284
8. Total valuation allowance				
9. Subtotal (Line 7 plus Line 8)	13,440,526			15,599,284
10. Total nonadmitted amounts				
11. Statement value (Line 9 minus Line 10)	13,440,526			15,599,284
12. Income collected during period	60,432			437,330
13. Income earned during period	51,016			440,365

Page 13

Sch. DB, Pt. F, Sn. 1, Summary Replicated (Syn.) Assets Open
NONE

Page 14

Sch. DB, Pt. F, Sn. 2, Reconciliation Replicated (Syn.) Assets
NONE

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Schedule F - Ceded Reinsurance
NONE

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	Yes	214,042	1,981,826	96,881	38,607	2,454,486	75,673
2. Alaska	AK	Yes	10,305	66	10,445		3,000	1
3. Arizona	AZ	Yes	100,217	234,545	75,478	23,683	146,922	117,828
4. Arkansas	AR	Yes	100,832	439,701	5,859	10,202	107,549	56,992
5. California	CA	Yes	1,888,060	2,839,944	970,251	319,414	7,035,347	1,073,274
6. Colorado	CO	Yes	112,076	544,730	(4,267)	33,376	88,985	158,136
7. Connecticut	CT	Yes	1,696,013	2,187,093	982,648	14,730	1,061,258	1,991,322
8. Delaware	DE	Yes	88,206	(4,475)	5,198	1,806	82,161	86,763
9. District of Columbia	DC	Yes						
10. Florida	FL	Yes	2,078,957	1,668,935	721,996	336,746	2,074,109	2,279,795
11. Georgia	GA	Yes	156,907	221,215	58,206	37,579	234,383	5,950
12. Hawaii	HI	Yes	5,256,581	4,253,176	1,195,047	847,486	3,702,892	2,786,909
13. Idaho	ID	Yes	(60,657)	71,543	16,637	14,570	1,047,921	198,923
14. Illinois	IL	Yes	1,103,697	569,400	289,639	146,712	2,377,716	561,877
15. Indiana	IN	Yes	516,563	396,922	131,956	77,145	1,011,119	394,959
16. Iowa	IA	Yes	119,596	566,100	1,686	11,831	47,166	20,460
17. Kansas	KS	Yes	98,064	33,213	22,041	23,356	1,500	18,476
18. Kentucky	KY	Yes	172,113	41,914	20,290	16,147	47,500	35,700
19. Louisiana	LA	Yes	1,251,824	1,003,621	170,515	93,968	688,627	288,153
20. Maine	ME	Yes	194,899		901		501	
21. Maryland	MD	Yes	195,807	23,405	15,901	110,738	189,202	100,361
22. Massachusetts	MA	Yes	764,558	1,430,475	127,427	48,056	539,871	138,910
23. Michigan	MI	Yes	739,498	795,397	79,364	(451)	465,910	248,443
24. Minnesota	MN	Yes	946,030	244,793	50,739	555,006	43,603	45,352
25. Mississippi	MS	Yes	250,958	48,255	4,071	25,812	146,004	8,917
26. Missouri	MO	Yes	212,944	379,847	104,146	28,247	235,549	25,853
27. Montana	MT	Yes	211,421	629,296	22,297	53,136	106,619	51,964
28. Nebraska	NE	Yes	1,022,233	469,699	56,096	18,244	557,705	369,230
29. Nevada	NV	Yes	13,987	40,025	36,242	20,636	418,904	40,505
30. New Hampshire	NH	Yes	147,376		7,773		2,130	
31. New Jersey	NJ	Yes	678,402	441,111	20,032	124,995	218,824	241,669
32. New Mexico	NM	Yes	92,909	79,998	36,102	101,364	550,392	231,726
33. New York	NY	Yes	3,431,196	2,381,064	482,048	168,792	2,556,997	1,354,207
34. North Carolina	NC	Yes	1,677,230	619,279	202,094	319,782	444,784	332,642
35. North Dakota	ND	Yes	5,447	3,554				1
36. Ohio	OH	Yes	2,192,072	1,129,339	256,505	99,050	802,998	421,092
37. Oklahoma	OK	Yes	348,623	477,776	48,791	44,575	177,275	104,260
38. Oregon	OR	Yes	172,494	182,646	139,003	83,376	400,936	393,362
39. Pennsylvania	PA	Yes	5,569,576	469,443	213,176	392,771	920,408	728,277
40. Rhode Island	RI	Yes					1	
41. South Carolina	SC	Yes	189,054	134,533	158,221	18,096	16,656	41,159
42. South Dakota	SD	Yes	75,618	67,321	3,208	7,439	24,100	6,991
43. Tennessee	TN	Yes	536,350	234,851	45,021	154,785	89,382	402,374
44. Texas	TX	Yes	189,797	189,618	1,675	32,677	19,605	176,381
45. Utah	UT	Yes	284,491	199,380	77,914	37,203	105,772	18,166
46. Vermont	VT	Yes	105,260	89,888	1,577	4,037	1	
47. Virginia	VA	Yes	687,931	177,811	69,125	30,177	819,707	119,454
48. Washington	WA	Yes	1,016,057	825,949	76,199	46,736	461,427	298,395
49. West Virginia	WV	Yes	131,894	3,139				
50. Wisconsin	WI	Yes	584,739	475,689	25,618	16,240	26,818	11,983
51. Wyoming	WY	Yes						
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 Alien	OT	X X X						
58. Totals	(a)	51	37,572,247	29,293,050	7,131,772	4,588,877	32,554,722	16,062,865
DETAILS OF WRITE-INS								
5701.		X X X						
5702.		X X X						
5703.		X X X						
5798. Summary of remaining write-ins for Line 57 from overflow page		X X X						
5799. TOTALS (Lines 5701 through 5703 plus Line 5798)(Line 57 above)		X X X						

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

PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date			4
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	Prior Year to Date Direct Loss Percentage
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril	296,212	44,745	15.1	6.5
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	86,538			
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	986,115	211,263	21.4	10.2
17.1 Other liability-occurrence	945,480	(43,508)	(4.6)	79.4
17.2 Other liability-claims made				
18.1 Products liability-occurrence				
18.2 Products liability-claims made				
19.1, 19.2 Private passenger auto liability	655,177	244,949	37.4	55.8
19.3, 19.4 Commercial auto liability	13,645,802	11,619,462	85.2	54.4
21. Auto physical damage	5,798,220	2,012,924	34.7	32.2
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	X X X	X X X	X X X	X X X
31. Reinsurance-Nonproportional Assumed Liability	X X X	X X X	X X X	X X X
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	X X X	X X X	X X X
33. Aggregate write-ins for other lines of business				
34. TOTALS	22,413,544	14,089,835	62.9	44.8
DETAILS OF WRITE-INS				
3301.				
3302.				
3303.				
3398. Summary of remaining write-ins for Line 33 from overflow page				
3399. Totals (Lines 3301 through 3303 plus Line 3398) (Line 33)				

PART 2 - DIRECT PREMIUMS WRITTEN

	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire			
2. Allied lines			
3. Farmowners multiple peril			
4. Homeowners multiple peril			
5. Commercial multiple peril	345,580	345,580	292,735
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine	171,505	171,505	
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	1,311,239	1,311,239	1,010,741
17.1 Other liability-occurrence	1,932,776	1,932,776	1,105,092
17.2 Other liability-claims made			
18.1 Products liability-occurrence			
18.2 Products liability-claims made			
19.1, 19.2 Private passenger auto liability	628,968	628,968	717,978
19.3, 19.4 Commercial auto liability	25,097,841	25,097,841	19,328,602
21. Auto physical damage	8,084,340	8,084,340	6,837,904
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	X X X	X X X	X X X
31. Reinsurance-Nonproportional Assumed Liability	X X X	X X X	X X X
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	X X X	X X X
33. Aggregate write-ins for other lines of business			
34. TOTALS	37,572,249	37,572,249	29,293,052
DETAILS OF WRITE-INS			
3301.			
3302.			
3303.			
3398. Summary of remaining write-ins for Line 33 from overflow page			
3399. Totals (Lines 3301 through 3303 plus Line 3398) (Line 33)			

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 plus 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 plus 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 plus 8 plus 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 plus 7 minus Col. 1)	Prior-Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 plus 8 plus 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency(c) (Cols. 11 plus 12)
1. 1999 + Prior	4,480	4,125	8,605	620		620	4,650	9	3,573	8,232	790	(543)	247
2. 2000	5,509	3,386	8,895	872	4	876	3,437	51	5,018	8,506	(1,200)	1,687	487
3. Subtotals 2000 + prior	9,989	7,511	17,500	1,492	4	1,496	8,087	60	8,591	16,738	(410)	1,144	734
4. 2001	11,552	16,524	28,076	3,073	247	3,320	10,655	314	13,615	24,584	2,176	(2,348)	(172)
5. Subtotals 2001 + prior	21,541	24,035	45,576	4,565	251	4,816	18,742	374	22,206	41,322	1,766	(1,204)	562
6. 2002	X X X	X X X	X X X	X X X	1,596	1,596	X X X	3,508	5,937	9,445	X X X	X X X	X X X
7. Totals	21,541	24,035	45,576	4,565	1,847	6,412	18,742	3,882	28,143	50,767	1,766	(1,204)	562
8. Prior Year-End's Surplus As Regards Policyholders	33,982										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. 8.2 %	2. (5.0)%	3. 1.2 %
													Col. 13 , Line 7 Line 8
													4. 1.7 %

(a) Should Equal Prior Year-End Annual Statement; Page 3, Column 1, Lines 1 plus 3
(b) Should Equal Quarterly Statement Page 3, Column 1, Lines 1 and 3
(c) Should Also Equal Columns 6 plus 10 less Column 3 for Lines A through E only

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, Your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

RESPONSES

1. Will the SVO Compliance Certification be filed with this statement?

Yes

EXPLANATION:

.....

.....

BARCODE:

Document Identifier 470:

2. Will the Trusted Surplus Statement be filed with the state of domicile and the NAIC with this statement?

No

EXPLANATION:

.....

.....

BARCODE:

2. Document Identifier 490:



3. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed with this statement?

No

EXPLANATION:

.....

.....

BARCODE:

3. Document Identifier 450:



SCHEDULE A - PART 2

Showing all Real Estate ACQUIRED During the Current Quarter

1 Description of Property	Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost	7 Amount of Encumbrances	8 Book / Adjusted Carrying Value Less Encumbrances	9 Expended for Additions and Permanent Improvements
	2 City	3 State						

Acquired by purchase								
Office Building - 82,967 Sq. Feet	Richfield	Ohio	03/31/2002	Various - Building Improvements				123,533
0199999	Acquired by purchase							123,533
9999999	TOTALS							123,533

SCHEDULE A - PART 3

Showing all Real Estate SOLD during the Quarter, including Payments during the Final Year on "Sales under Contract"

1 Description of Property	Location		4 Disposal Date	5 Name of Purchaser	6 Actual Cost	7 Increase (Decrease) by Adjustment	8 Increase (Decrease) by Foreign Exchange Adjustment	9 Expended for Additions, Permanent Improvements and Changes in Encumbrances	10 Book/Adjusted Carrying Value Less Encumbrances	11 Amounts Received	12 Foreign Exchange Profit (Loss) on Sale	13 Realized Profit (Loss) on Sale	14 Total Profit (Loss) on Sale	15 Gross Income Earned Less Interest Incurred on Encumbrances	16 Taxes, Repairs and Expenses Incurred
	2 City	3 State													

NONE

Page E02

Schedule B, Part 1, Mortgage Loans Acquired
NONE

Schedule B, Part 2, Mortgage Loans Sold
NONE

Page E03

Sch. BA, Pt. 1, Other Long-Term Invested Assets Acquired
NONE

Sch. BA, Pt. 2, Other Long-Term Invested Assets Sold
NONE

SCHEDULE D - PART 3

Show All Long-term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation (a)
Bonds - U.S. Governments								
3133ML-WW-1	FEDERAL HOME LOAN MTG CORP	03/14/2002	PAINE WEBBER		496,000	500,000	118	1
3134A4-JT-2	FREDDIE MAC	03/15/2002	MERRILL LYNCH		491,256	500,000	4,872	1
0399999	Subtotal - Bonds - U.S. Governments				987,256	1,000,000	4,990	
Bonds - States, Territories and Possessions								
708792-W7-7	PENNSYLVANIA HSG FIN AGY	03/06/2002	PAINE WEBBER		500,000	500,000	2,090	1
1799999	Subtotal - Bonds - States, Territories and Possessions				500,000	500,000	2,090	
Bonds - Industrial and Miscellaneous								
020002-AL-5	ALLSTATE CORP	01/31/2002	MERRILL LYNCH		549,259	500,000	9,844	1
026351-AQ-9	AMERICAN GENERAL CORP	01/31/2002	MERRILL LYNCH		411,750	385,000	9,946	1
066365-BL-0	BANKERS TRUST NY CORP	01/29/2002	MERRILL LYNCH		656,557	648,000	11,232	1
073902-AZ-1	BEAR STEARNS CO	01/29/2002	PAINE WEBBER		528,555	500,000	14,389	1
438516-AK-2	HONEYWELL INTERNATIONAL	03/25/2002	MERRILL LYNCH		1,069,390	1,000,000	5,000	1
456866-AR-3	INGERSOLL RAND CO	01/29/2002	MERRILL LYNCH		1,034,267	1,000,000	9,344	1
493267-AA-6	KEY CORP NEW	03/18/2002	NATIONAL FINANCIAL SERVICES CORP		1,033,700	1,000,000	563	1
637432-CS-2	NATIONAL RURAL UTILITIES FINANCING COOP	03/22/2002	PAINE WEBBER		504,500	500,000	993	1
913017-BE-8	UNITED TECHNOLOGIES CORP	03/22/2002	NATIONAL FINANCIAL SERVICES CORP		493,185	500,000	9,885	1
92344W-AA-9	VERIZON MARYLAND INC	03/27/2002	MERRILL LYNCH		969,950	1,000,000	5,444	1
4599999	Subtotal - Bonds - Industrial and Miscellaneous				7,251,113	7,033,000	76,640	
6099997	Subtotal - Bonds - Part 3				8,738,369	8,533,000	83,720	
6099999	Subtotal - Bonds				8,738,369	8,533,000	83,720	
Preferred Stock - Industrial and Miscellaneous								
053484-70-5	AVALON BAY PFD STOCK	01/09/2002	PAINE WEBBER	3,100.000	83,235			P1
6399999	Subtotal - Preferred Stock - Industrial and Miscellaneous				83,235			
6599997	Subtotal - Preferred Stock - Part 3				83,235			
6599999	Subtotal - Preferred Stock				83,235			
Common Stock - Banks, Trust and Insurance Companies								
026874-10-7	AMERICAN INTERNATIONAL GROUP	02/21/2002	MERRILL LYNCH	200.000	15,060			L
6799999	Subtotal - Common Stock - Banks, Trust and Insurance Companies				15,060			
Common Stock - Industrial and Miscellaneous								
219350-10-5	CORNING	01/28/2002	MERRILL LYNCH	500.000	4,280			L
459200-10-1	INTERNATIONAL BUSINESS MACHINES	02/25/2002	MERRILL LYNCH	200.000	19,710			L
574599-10-6	MASCO	02/22/2002	MERRILL LYNCH	500.000	13,295			L
755111-50-7	RAYTHEON	03/12/2002	MERRILL LYNCH	1,800.000	66,802			L
835699-30-7	SONY	02/04/2002	MERRILL LYNCH	500.000	22,089			L
254687-10-6	WALT DISNEY	01/28/2002	MERRILL LYNCH	500.000	10,730			L
948741-10-3	WEINGARTEN RLTY	03/22/2002	MERRILL LYNCH	1,300.000	65,712			L
6899999	Subtotal - Common Stock - Industrial and Miscellaneous				202,618			
7099997	Subtotal - Common Stock - Part 3				217,678			

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

SCHEDULE D - PART 3

Show All Long-term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation (a)
7099999	Subtotal - Common Stock				217,678			
7199999	Subtotal - Preferred and Common Stock				300,913			
7299999	TOTALS				9,039,282		83,720	

STATEMENT AS OF MARCH 31, 2002 OF THE National Interstate 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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CUSIP Identif- ication	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year	NAIC Designa- tion (a)
Bonds - States, Territories and Possessions																
575915-6N-8	MASS ST HSG FIN AGY	01/15/2002	PARTIAL REDEMPTION		20,000	20,000.00	19,850	19,850				150	150	133		1
677518-YV-8	OHIO STATE GO	02/01/2002	MATURED		200,000	200,000.00	199,730	199,730				270	270	4,250		1
1799999	Subtotal - Bonds - States, Territories and Possessions				220,000	220,000.00	219,580	219,580				420	420	4,383		
Bonds - Industrial and Miscellaneous																
590185-ZS-6	MERRILL LYNCH & CO	02/12/2002	CALLED		500,000	500,000.00	496,250	497,650				2,350	2,350	16,050		1
4599999	Subtotal - Bonds - Industrial and Miscellaneous				500,000	500,000.00	496,250	497,650				2,350	2,350	16,050		
6099997	Subtotal - Bonds - Part 4				720,000	720,000.00	715,830	717,230				2,770	2,770	20,433		
6099999	Subtotal - Bonds				720,000	720,000.00	715,830	717,230				2,770	2,770	20,433		
Common Stock - Banks, Trust and Insurance Companies																
160903-10-0	CHARTER ONE FINANCIAL	03/31/2002	MERRILL LYNCH	1,000.000	30,593		21,805	21,805				8,788	8,788		608	L
743315-10-3	PROGRESSIVE	02/04/2002	MERRILL LYNCH	100.000	14,250		9,429	9,429				4,821	4,821			L
6799999	Subtotal - Common Stock - Banks, Trust and Insurance Companies				44,843		31,234	31,234				13,609	13,609		608	
Common Stock - Industrial and Miscellaneous																
010368-20-0	ALBERTO CULVER A	03/22/2002	MERRILL LYNCH	500.000	23,961		17,583	17,583				6,378	6,378		180	L
053015-10-3	AUTOMATIC DATA PROCESSING	02/04/2002	MERRILL LYNCH	500.000	26,602		14,675	14,675				11,927	11,927		207	L
337932-10-7	FIRST ENERGY	03/22/2002	MERRILL LYNCH	2,500.000	82,624		85,950	85,950				(3,326)	(3,326)		938	L
437076-10-2	HOME DEPOT	02/04/2002	MERRILL LYNCH	300.000	14,505		8,449	8,449				6,056	6,056		88	L
713448-10-8	PEPSICO	02/25/2002	MERRILL LYNCH	400.000	19,448		14,082	14,082				5,366	5,366		653	L
749685-10-3	RPM	01/10/2002	MERRILL LYNCH	750.000	11,415		11,754	11,754				(339)	(339)		625	L
872649-10-8	TRW	03/14/2002	MERRILL LYNCH	2,000.000	100,074		83,519	83,519				16,555	16,555		350	L
902124-10-6	TYCO	02/07/2002	MERRILL LYNCH	2,000.000	61,319		116,784	116,784				(55,465)	(55,465)		25	L
6899999	Subtotal - Common Stock - Industrial and Miscellaneous				339,948		352,796	352,796				(12,848)	(12,848)		3,065	
7099997	Subtotal - Common Stock - Part 4				384,791		384,030	384,030				761	761		3,673	
7099999	Subtotal - Common Stock				384,791		384,030	384,030				761	761		3,673	
7199999	Subtotal - Preferred and Common Stock				384,791		384,030	384,030				761	761		3,673	
7299999	TOTALS				1,104,791		1,099,860	1,101,260				3,531	3,531	20,433	3,673	

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

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Schedule DB, Part A, Section 1
NONE

Schedule DB, Part B, Section 1
NONE

Page E07

Schedule DB, Part C, Section 1
NONE

Schedule DB, Part D, Section 1
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1		2	3	4	Book Balance at End of Each Month During Current Quarter			8	
Depository					5	6	7		*
Name	Location and Supplemental Information								
Open Depositories									
NATIONAL CITY BANK	CLEVELAND, OHIO				(27,323)	(27,323)	(27,323)		
FIRSTBANK OF HAWAII	HONOLULU, HAWAII				298,596	358,995	152,309		
KEYBANK	CLEVELAND, OHIO				(663,405)	(2,367,202)	(1,570,209)		
SECURITY BANK OF OMAHA	OMAHA, NEBRASKA				23,773	233,371	9,412		
BANKONE	BATON ROUGE, LOUISIANA			852	20,000	20,000	20,000		
0199999	TOTAL - Open Depositories			852	(348,359)	(1,782,158)	(1,415,810)		
0399999	TOTAL Cash on Deposit			852	(348,359)	(1,782,158)	(1,415,810)		
0499999	Cash in Company's Office				150	150	150		
0599999	TOTALS			852	(348,209)	(1,782,008)	(1,415,660)		