



QUARTERLY STATEMENT

As of March 31, 2002
of the Condition and Affairs of the

SPECIALTY RISK INSURANCE COMPANY

NAIC Group Code..... 155, 155 (Current Period) (Prior Period)	NAIC Company Code..... 44288	Employer's ID Number..... 62-1444848
Organized under the Laws of OHIO	Country of Domicile US	State of Domicile or Port of Entry OHIO
Incorporated..... September 17, 1990	Commenced Business..... November 30, 1990	
Statutory Home Office	6300 WILSON MILLS ROAD, W33..... MAYFIELD VILLAGE OH 44143-2182 (Street and Number) (City or Town, State and Zip Code)	
Main Administrative Office	6300 WILSON MILLS ROAD, W33..... MAYFIELD VILLAGE OH 44143-2182 440-461-5000 (Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)	
Mail Address	6300 WILSON MILLS ROAD, W33..... MAYFIELD VILLAGE OH 44143-2182 (Street and Number or P. O. Box) (City or Town, State and Zip Code)	
Primary Location of Books and Records	6300 WILSON MILLS RAOD, W33..... MAYFIELD VILLAGE OH 44143-2182 440-461-5000 (Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)	
Internet Website Address	PROGRESSIVE.COM	
Statement Contact	ROBERT WILLIAM HEIN 440-395-4460 (Name) (Area Code) (Telephone Number) (Extension) Financial_Reporting@Progressive.com 440-446-7168 (E-Mail Address) (Fax Number)	
Policyowner Relations Contact	6300 WILSON MILLS ROAD, E61..... MAYFIELD VILLAGE OH 44134-2182 (Street and Number) (City or Town, State and Zip Code)	

POLICYHOLDER SERVICES AND CLAIMS REPORTING -- 1-800 PROGRESSIVE (1-800-776-4737)

OFFICERS

President CHARLES CLIFFORD BOUCHERLE	Treasurer..... STEPHEN DAVID PETERSON	Secretary DANE ALLEN SHRALLOW
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VICE PRESIDENTS

ELENA (NMN) BARNHAM (VICE PRESIDENT)	JEFFREY WAYNE BASCH (VICE PRESIDENT)
MARIA JEAN CASHY (EXECUTIVE VICE PRESIDENT)	KATHLEEN MARY CERNY (ASST. SECRETARY)
WILLIAM THOMAS FORRESTER, II (VICE PRESIDENT)	CHARLES ELWOOD JARRETT (VICE PRESIDENT)
TIMOTHY FRANCIS KASELONIS (ASST. VICE PRESIDENT)	THOMAS ALFRED KING (VICE PRESIDENT)
JAMES LEE KUSMER (VP/ASST. TREASURER)	DANE ALLEN SHRALLOW (VICE PRESIDENT)

DIRECTORS OR TRUSTEES

CHARLES CLIFFORD BOUCHERLE	WILLIAM THOMAS FORRESTER, II	CHARLES ELWOOD JARRETT #
RICHARD HENRY WATTS #	ROBERT THOMAS WILLIAMS JR.	

State of..... OHIO
County of..... CUYAHOGA

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

(Signature)	(Signature)	(Signature)
CHARLES CLIFFORD BOUCHERLE	KATHLEEN MARY CERNY	JAMES LEE KUSMER
(Printed Name)	(Printed Name)	(Printed Name)
President	Assistant Secretary	VP/ Assistant Treasurer

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

SPECIALTY RISK INSURANCE COMPANY
ASSETS

	Current Statement Date			4
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31, Prior Year Net Admitted Assets
1. Bonds.....	9,506,374		9,506,374	15,543,692
2. Stocks:				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....			.0	
3. Mortgage loans on real estate:				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$....268,229) and short-term investments (\$....312,937).....	581,166		581,166	691,814
6. Other invested assets.....			.0	
7. Receivable for securities.....	192,794		192,794	
8. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
9. Subtotals, cash and invested assets (Lines 1 to 8).....	10,280,334	.0	10,280,334	16,235,506
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection.....	781,394	53,931	727,463	764,892
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	1,971,324		1,971,324	2,036,729
10.3 Accrued retrospective premiums.....			.0	
11. Funds held by or deposited with reinsured companies.....			.0	
12. Bills receivable, taken for premiums.....			.0	
13. Amounts receivable under high deductible policies.....			.0	
14. Reinsurance recoverables on loss and loss adjustment expense payments.....			.0	
15. Federal and foreign income tax recoverable and interest thereon (including \$....397,793 net deferred tax asset).....	420,816	23,023	397,793	399,872
16. Guaranty funds receivable or on deposit.....			.0	
17. Electronic data processing equipment and software.....			.0	
18. Interest, dividends and real estate income due and accrued.....	156,483		156,483	96,888
19. Net adjustments in assets and liabilities due to foreign exchange rates.....			.0	
20. Receivable from parent, subsidiaries and affiliates.....	9,648,881		9,648,881	2,070,033
21. Amounts due from/to protected cells.....			.0	
22. Equities and deposits in pools and associations.....			.0	
23. Amounts receivable relating to uninsured accident and health plans.....			.0	
24. Other assets nonadmitted.....			.0	
25. Aggregate write-ins for other than invested assets.....	130,456	130,456	.0	.0
26. Total assets excluding protected cell assets (Lines 9 through 25).....	23,389,688	207,410	23,182,278	21,603,920
27. Protected cell assets.....			.0	
28. TOTALS (Lines 26 and 27).....	23,389,688	207,410	23,182,278	21,603,920

DETAILS OF WRITE-INS

0801.			.0	
0802.			.0	
0803.			.0	
0898. Summary of remaining write-ins for Line 8 from overflow page.....	.0	.0	.0	.0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above).....	.0	.0	.0	.0
2501. OTHER ASSETS.....	130,456	130,456	.0	
2502.			.0	
2503.			.0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	130,456	130,456	.0	.0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$.....1,017,000).....	1,985,409	1,874,339
2. Reinsurance payable on paid losses and loss adjustment expenses.....	.....	.....
3. Loss adjustment expenses.....	507,264	432,948
4. Commissions payable, contingent commissions and other similar charges.....	9,258	7,444
5. Other expenses (excluding taxes, licenses and fees).....	19,000	18,456
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	6,047	7,520
7. Federal and foreign income taxes (including \$.....(33,815) on realized capital gains (losses) (including \$.....0 net deferred tax liability).....	347,746	.....
8. Borrowed money \$.....0 and interest thereon \$.....0.....	.....	.....
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$.....0 and including warranty reserves of \$.....0).....	3,715,283	3,543,976
10. Advance premium.....	135,471	72,981
11. Dividends declared and unpaid:		
11.1 Stockholders.....	.....	.....
11.2 Policyholders.....	.....	.....
12. Ceded reinsurance premiums payable (net of ceding commissions).....	.....	.....
13. Funds held by company under reinsurance treaties.....	.....	.....
14. Amounts withheld or retained by company for account of others.....	.....	.....
15. Remittances and items not allocated.....	.....	.....
16. Provision for reinsurance.....	.....	.....
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	.....	.....
18. Drafts outstanding.....	435,756	326,622
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.....	0	0
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	7,161,234	6,284,286
25. Protected cell liabilities.....	.....	.....
26. Total liabilities (Lines 24 and 25).....	7,161,234	6,284,286
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	2,650,000	2,650,000
29. Preferred capital stock.....	.....	.....
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....	.....	.....
32. Gross paid in and contributed surplus.....	4,055,228	4,055,228
33. Unassigned funds (surplus).....	9,315,816	8,614,406
34. Less treasury stock, at cost:		
34.1 .....0.000 shares common (value included in Line 28 \$.....0).....	.....	.....
34.2 .....0.000 shares preferred (value included in Line 29 \$.....0).....	.....	.....
35. Surplus as regards policyholders (Lines 27 to 33, less 34).....	16,021,044	15,319,634
36. TOTALS.....	23,182,278	21,603,920

DETAILS OF WRITE-INS

2301.		
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	0	0
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

SPECIALTY RISK INSURANCE COMPANY
STATEMENT OF INCOME

	1 Current Year to Date	2 Previous Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct..... (written \$.....5,037,433).....	4,866,126	3,398,310	16,141,925
1.2 Assumed..... (written \$.....0).....			
1.3 Ceded..... (written \$.....0).....			
1.4 Net..... (written \$.....5,037,433).....	4,866,126	3,398,310	16,141,925
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....2,449,000):			
2.1 Direct.....	2,397,160	1,951,948	8,119,643
2.2 Assumed.....		(75,084)	
2.3 Ceded.....			
2.4 Net.....	2,397,160	2,027,032	8,119,643
3. Loss expenses incurred.....	438,679	223,027	1,553,751
4. Other underwriting expenses incurred.....	1,245,516	1,013,308	5,115,405
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	4,081,355	3,263,367	14,788,799
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	784,771	134,943	1,353,126
INVESTMENT INCOME			
9. Net investment income earned.....	180,272	186,809	720,636
10. Net realized capital gains (losses).....	(33,815)	1,493	39,865
11. Net investment gain (loss) (Lines 9 + 10).....	146,457	188,302	760,501
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....2,378 amount charged off \$.....15,118).....	(12,740)	1,082	(73,708)
13. Finance and service charges not included in premiums.....	107,958	54,567	290,721
14. Aggregate write-ins for miscellaneous income.....	0	0	13,838
15. Total other income (Lines 12 through 14).....	95,218	55,649	230,851
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15).....	1,026,446	378,894	2,344,478
17. Dividends to policyholders.....			
18. Net income after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17).....	1,026,446	378,894	2,344,478
19. Federal and foreign income taxes incurred.....	347,747	219,471	761,186
20. Net income (Line 18 minus Line 19) (to Line 22).....	678,699	159,423	1,583,292
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 previous year.....	15,319,634	13,071,641	13,071,641
GAINS AND (LOSSES) IN SURPLUS			
22. Net income (from Line 20).....	678,699	159,423	1,583,292
23. Net unrealized capital gains or losses.....		9,250	(6,910)
24. Change in net unrealized foreign exchange capital gain (loss).....			
25. Change in net deferred income taxes.....	20,944	80,215	(4,556)
26. Change in nonadmitted assets.....	1,767	(45,619)	204,277
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.....		471,890	471,890
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.....	0	0	0
37. Change in surplus as regards policyholders (Lines 22 through 36).....	701,410	675,159	2,247,993
38. Surplus as regards policyholders, as of statement date (Lines 21 plus 37).....	16,021,044	13,746,800	15,319,634

DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0	0
1401. GAIN ON REINSURANCE COMMUTATION.....			13,838
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	0	0	13,838
3601.			
3602.			
3603.			
3698. Summary of remaining write-ins for Line 36 from overflow page.....	0	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above).....	0	0	0

SPECIALTY RISK INSURANCE COMPANY
STATEMENT OF INCOME

	1 Current Year to Date	2 Previous Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct..... (written \$.....5,037,433).....	4,866,126	3,398,310	16,141,925
1.2 Assumed..... (written \$.....0).....			
1.3 Ceded..... (written \$.....0).....			
1.4 Net..... (written \$.....5,037,433).....	4,866,126	3,398,310	16,141,925
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....2,449,000):			
2.1 Direct.....	2,397,160	1,951,948	8,119,643
2.2 Assumed.....			
2.3 Ceded.....		(75,084)	
2.4 Net.....	2,397,160	2,027,032	8,119,643
3. Loss expenses incurred.....	438,679	223,027	1,553,751
4. Other underwriting expenses incurred.....	1,245,516	1,013,308	5,115,405
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	4,081,355	3,263,367	14,788,799
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	784,771	134,943	1,353,126
INVESTMENT INCOME			
9. Net investment income earned.....	180,272	186,809	720,636
10. Net realized capital gains (losses).....	(33,815)	1,493	39,865
11. Net investment gain (loss) (Lines 9 + 10).....	146,457	188,302	760,501
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....2,378 amount charged off \$.....15,118).....	(12,740)	1,082	(73,708)
13. Finance and service charges not included in premiums.....	107,958	54,567	290,721
14. Aggregate write-ins for miscellaneous income.....	0	0	13,838
15. Total other income (Lines 12 through 14).....	95,218	55,649	230,851
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15).....	1,026,446	378,894	2,344,478
17. Dividends to policyholders.....			
18. Net income after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17).....	1,026,446	378,894	2,344,478
19. Federal and foreign income taxes incurred.....	347,747	219,471	761,186
20. Net income (Line 18 minus Line 19) (to Line 22).....	678,699	159,423	1,583,292
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 previous year.....	15,319,634	13,071,641	13,071,641
GAINS AND (LOSSES) IN SURPLUS			
22. Net income (from Line 20).....	678,699	159,423	1,583,292
23. Net unrealized capital gains or losses.....		9,250	(6,910)
24. Change in net unrealized foreign exchange capital gain (loss).....			
25. Change in net deferred income taxes.....	20,944	80,215	(4,556)
26. Change in nonadmitted assets.....	1,767	(45,619)	204,277
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.....		471,890	471,890
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.....	0	0	0
37. Change in surplus as regards policyholders (Lines 22 through 36).....	701,410	675,159	2,247,993
38. Surplus as regards policyholders, as of statement date (Lines 21 plus 37).....	16,021,044	13,746,800	15,319,634

DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0	0
1401. GAIN ON REINSURANCE COMMUTATION.....			13,838
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	0	0	13,838
3601.			
3602.			
3603.			
3698. Summary of remaining write-ins for Line 36 from overflow page.....	0	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above).....	0	0	0

SPECIALTY RISK INSURANCE COMPANY
CASH FLOW

	1 Current Year to Date	2 Prior Year Ended December 31
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	5,205,985	16,785,571
2. Loss and loss adjustment expenses paid (net of salvage and subrogation).....	2,541,319	7,942,820
3. Underwriting expenses paid.....	1,244,631	5,202,875
4. Other underwriting income (expenses).....		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4).....	1,420,035	3,639,876
6. Net investment income.....	133,441	775,331
7. Other income (expenses):		
7.1 Agents' balances charged off.....	(24,331)	(59,544)
7.2 Net funds held under reinsurance treaties.....		
7.3 Net amount withheld or retained for account of others.....		
7.4 Aggregate write-ins for miscellaneous items.....	107,958	304,559
7.5 Total other income (Lines 7.1 to 7.4).....	83,627	245,015
8. Dividends to policyholders on direct business, less \$.....0 dividends on reinsurance assumed or ceded (net).....		
9. Federal and foreign income taxes (paid) recovered.....		(761,186)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9).....	1,637,103	3,899,036
CASH FROM INVESTMENTS		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds.....	5,990,739	6,406,050
11.2 Stocks.....		500,000
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).....	5,990,739	6,906,050
12. Cost of investments acquired (long-term only):		
12.1 Bonds.....		14,950,361
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Miscellaneous applications.....	192,792	
12.7 Total investments acquired (Lines 12.1 to 12.6).....	192,792	14,950,361
13. Net cash from investments (Line 11.8 minus Line 12.7).....	5,797,947	(8,044,311)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in.....		
14.2 Capital notes \$.....0 less amounts repaid \$.....0.....		
14.3 Net transfers from affiliates.....		
14.4 Borrowed funds received.....		
14.5 Other cash provided.....	33,150	261,547
14.6 Total (Lines 14.1 to 14.5).....	33,150	261,547
15. Cash applied:		
15.1 Dividends to stockholders paid.....		
15.2 Net transfers to affiliates.....	7,578,848	2,082,054
15.3 Borrowed funds repaid.....		
15.4 Other applications.....		
15.5 Total (Lines 15.1 to 15.4).....	7,578,848	2,082,054
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5).....	(7,545,698)	(1,820,507)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16).....	(110,648)	(5,965,782)
18. Cash and short-term investments:		
18.1 Beginning of year.....	691,814	6,657,596
18.2 End of period (Line 17 plus Line 18.1).....	581,166	691,814
DETAILS OF WRITE-INS		
07.401 FINANCE AND SERVICE CHARGES NOT INCLUDED IN PREMIUMS.....	107,958	290,721
07.402 GAIN ON REINSURANCE COMMUTATION.....		13,838
07.403		
07.498 Summary of remaining write-ins for Line 7.4 from overflow page.....	0	0
07.499 Total (Lines 7.401 to 7.403 plus 7.498) (Line 7.4 above).....	107,958	304,559

SPECIALTY RISK INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

The Company's Federal income tax return is consolidated with TPC and all its wholly-owned United States subsidiaries (the "Group"). The method of allocation between the companies is subject to written agreement and is jointly approved by an officer of TPC and the Company. The allocation is based upon separate tax return calculations with current credit for net losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled monthly.

The amount of Federal income taxes incurred and available for recoupment by the Company in the event of future net losses is equal to approximately \$347,747 for the current tax year and \$880,488 for the first preceding year. The amounts that can be recouped may be subject to the alternative minimum tax rules, and therefore may be limited.

The components of the net deferred tax asset ("DTA") are as follows:

Description	March 31, 2002	December 31, 2001
Gross deferred tax assets	\$ 433,505	\$ 441,313
Gross deferred tax liabilities	12,689	41,441
Net deferred tax assets	420,816	399,872
Non-admitted deferred tax assets	23,023	--
Net admitted deferred tax assets	\$ 397,793	\$ 399,872
Increase (decrease) in non-admitted deferred tax assets	\$ 23,023	\$ (22,786)

The significant components of the provision for Federal income tax are as follows:

Description	2002	2001
Current income tax expense	\$ 347,747	\$ 867,435
Prior year underaccrual (overaccrual)	--	(106,249)
Current income taxes incurred	\$ 347,747	\$ 761,186

The significant components of the 2002 DTAs and deferred tax liabilities ("DTLs") are as follows:

DTAs Resulting from Statutory/Tax Difference in	March 31, 2002	December 31, 2001	Change
Unpaid losses and LAE	\$ 80,034	\$ 103,499	\$ (23,465)
Unearned premiums	266,272	251,419	14,853
Non-admitted assets	64,536	73,211	(8,675)
Non-deductible reserves	9,013	13,184	(4,171)
Intercompany deferred loss	13,650	--	13,650
Gross DTAs	\$ 433,505	\$ 441,313	\$ (7,808)
Non-admitted DTAs	\$ 23,023	\$ --	\$ 23,023

DTLs Resulting from Statutory/Tax Difference in	March 31, 2002	December 31, 2001	Change
Bond market discount	\$ 2,221	\$ 2,340	\$ (119)
Salvage and subrogation	10,463	39,101	(28,638)
Other	5	--	5
Gross DTLs	\$ 12,689	\$ 41,441	\$ (28,752)

The change in net deferred income taxes is comprised of the following (this analysis excludes non-admitted assets; the change in non-admitted assets is reported separately from the change in net deferred income taxes in the Underwriting and Investment Exhibit):

Description	March 31, 2002	December 31, 2001	Change
Total deferred tax assets	\$ 433,505	\$ 441,313	\$ (7,808)
Total deferred tax liabilities	12,689	41,441	(28,752)
Net deferred tax asset (liability)	\$ 420,816	\$ 399,872	20,944
Tax effect of unrealized gains (losses)			--
Change in net deferred income tax			\$ 20,944

The provision for Federal income tax in the accompanying statutory-basis statements of income differs from the statutory rate. The significant statutory to tax adjustments are as follows:

Description	Amount	Tax Effect at 35%
Provision computed at statutory rate	\$ 359,256	35 %
Exempt interest income	(27,318)	(3)
Total	\$ 331,938	32 %
Federal and foreign income taxes incurred	\$ 347,747	34 %
Change in net deferred income taxes	(20,944)	(2)
Change in deferred from non-admitted assets and intercompany gains (losses)	4,975	1
Other miscellaneous adjustments	160	--
Total statutory income taxes	\$ 331,938	32 %

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

A. Transfers of Receivables Reported as Sales

Not applicable

B. Transfers and Servicing of Financial Assets

Not applicable

C. Wash Sales

The Company had no wash sales of securities with a NAIC rating of 3 or below during the year.

SPECIALTY RISK INSURANCE COMPANY
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 ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	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] N/A []

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).06/21/2001.....

7.4 By what department or departments?..... TENNESSEE

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)

INVESTMENT

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

9.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [☐] No [☒]

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 [☒]

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

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

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

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

13.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
13.21 Bonds.....	\$.....0	\$.....0
13.22 Preferred Stock.....	\$.....0	\$.....0
13.23 Common Stock.....	\$.....0	\$.....0
13.24 Short-Term Investments.....	\$.....0	\$.....0
13.25 Mortgages, Loans or Real Estate.....	\$.....0	\$.....0
13.26 All Other.....	\$.....0	\$.....0
13.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 13.21 to 13.26).....	\$.....0	\$.....0
13.28 Total Investment in Parent included in Lines 13.21 to 13.26 above	\$.....0	\$.....0
13.29 Receivable from Parent not included in Lines 13.21 to 13.26 above.....	\$.....0	\$.....0

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

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 [☐]

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
THE BANK OF NEW YORK	ONE WALL ST 14TH FLR NEW YORK, NY 10286

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 [☒]

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address

SPECIALTY RISK INSURANCE COMPANY
GENERAL INTERROGATORIES (continued)
PART 2
PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

1 Line of Business	2 Maximum Interest	3 Disc. Rate	Total Discount				Discount Taken During Period			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 Total	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 Total
						0				0
Total.....	XXX.....	XXX.....	0	0	0	0	0	0	0	0

SPECIALTY RISK INSURANCE COMPANY
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.....	0	C	C	
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.....	0	C	C	C
9. Total valuation allowance.....				
10. Subtotal (Lines 8 plus 9).....	0	C	C	C
11. Total nonadmitted amounts.....				
12. Statement value, current period (Page 2, real estate lines, current period).....	0	C	C	C

NONE

SCHEDULE B - VERIFICATION

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/recorded investment excluding accrued interest on mortgages owned, beginning of period.....	0	C	C	
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.....	0	C	C	C
10. Total valuation allowance.....				
11. Subtotal (Lines 9 plus 10).....	0	C	C	C
12. Total nonadmitted amounts.....				
13. Statement value of mortgages owned at end of current period.....	0	C	C	C

NONE

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.....	0	C	C	
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.....	0	C	C	C
10. Total valuation allowance.....				
11. Subtotal (Lines 9 plus 10).....	0	C	C	C
12. Total nonadmitted amounts.....				
13. Statement value of long-term invested assets at end of current period.....	0	C	C	C

NONE

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.....	15,132,217	499,242	6,632,673	(12,764)	8,986,022	.....	.....	.....15,132,217
2. Class 2.....	833,288	.....	.....	.....	.....833,288	.....	.....	.....833,288
3. Class 3.....	.....	.....	.....	.....	.....	.....	.....	.....
4. Class 4.....	.....	.....	.....	.....	.....	.....	.....	.....
5. Class 5.....	.....	.....	.....	.....	.....	.....	.....	.....
6. Class 6.....	.....	.....	.....	.....	.....	.....	.....	.....
7. Total Bonds.....	15,965,505	499,242	6,632,673	(12,764)	9,819,310	0	0	15,965,505
PREFERRED STOCK								
8. Class 1.....	.....	.....	.....	.....	.....	.....	.....	.....
9. Class 2.....	.....	.....	.....	.....	.....	.....	.....	.....
10. Class 3.....	.....	.....	.....	.....	.....	.....	.....	.....
11. Class 4.....	.....	.....	.....	.....	.....	.....	.....	.....
12. Class 5.....	.....	.....	.....	.....	.....	.....	.....	.....
13. Class 6.....	.....	.....	.....	.....	.....	.....	.....	.....
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock.....	15,965,505	499,242	6,632,673	(12,764)	9,819,310	0	0	15,965,505

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Amount of Interest Received Current Quarter	5 Paid for Accrued Interest
8099999. Totals.....	312,937	XXX.....	.....	.....	.....

SCHEDULE DA - PART 2 - Verification

Short-Term Investments Owned

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period.....	421,814	0	0	6,538,813
2. Cost of short-term investments acquired.....	499,242	.....	.....	.....50,856,117
3. Increase (decrease) by adjustment.....	.....	.....	.....	.....69,784
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.....	608,119	.....	.....	.....57,042,900
7. Book/adjusted carrying value, current period.....	312,937	0	0	421,814
8. Total valuation allowance.....	.....	.....	.....	.....
9. Subtotal (Lines 7 plus 8).....	312,937	0	0	421,814
10. Total nonadmitted amounts.....	.....	.....	.....	.....
11. Statement value (Lines 9 minus 10).....	312,937	0	0	421,814
12. Income collected during period.....	2,455	.....	.....	.....183,355
13. Income earned during period.....	1,446	.....	.....	.....146,018

Sch. DB-Part F-Section 1

NONE

Sch. DB-Part F-Section 2

NONE

Sch. F

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	..S/L.....	.....	.....	.....(1,506)	(7,531)	.....	.....7,500
2. Alaska.....AK	..NO.....	.....	.....	.....	.....	.....	.....
3. Arizona.....AZ	..NO.....	.....	.....	.....	.....	.....	.....
4. Arkansas.....AR	..NO.....	.....	.....	.....	.....	.....	.....
5. California.....CA	..YES.....	1,459	2,688	.....	.....11,634	5,626	37,536
6. Colorado.....CO	..NO.....	.....	.....	.....	.....	.....	.....
7. Connecticut.....CT	..NO.....	.....	.....	.....	.....	.....	.....
8. Delaware.....DE	..NO.....	.....	.....	.....	.....	.....	.....
9. District of Columbia.....DC	..YES.....	.....	.....	.....	.....	.....	.....
10. Florida.....FL	..S/L.....	.....	.....	.....	.....	.....	.....
11. Georgia.....GA	..YES.....	.....	.....96	15,000	36,082	23,358	100,271
12. Hawaii.....HI	..NO.....	.....	.....	.....	.....	.....	.....
13. Idaho.....ID	..NO.....	.....	.....	.....	.....	.....	.....
14. Illinois.....IL	..S/L.....	68,769	76,221	19,430	30,448	9,428	8,398
15. Indiana.....IN	..NO.....	.....	.....	.....	.....	.....	.....
16. Iowa.....IA	..NO.....	.....	.....	.....	.....	.....	.....
17. Kansas.....KS	..YES.....	.....	.....	.....	.....	.....	.....
18. Kentucky.....KY	..NO.....	.....	.....	.....	.....	.....	.....
19. Louisiana.....LA	..YES.....	.....	.....	.....	.....	.....6	191
20. Maine.....ME	..NO.....	.....	.....	.....	.....	.....	.....
21. Maryland.....MD	..NO.....	.....	.....	.....	.....	.....	.....
22. Massachusetts.....MA	..NO.....	.....	.....	.....	.....	.....	.....
23. Michigan.....MI	..NO.....	.....	.....	.....	.....	.....	.....
24. Minnesota.....MN	..NO.....	.....	.....	.....	.....	.....	.....
25. Mississippi.....MS	..S/L.....	.....	.....	.....	.....	.....	.....
26. Missouri.....MO	..NO.....	.....	.....	.....	.....	.....	.....
27. Montana.....MT	..NO.....	.....	.....	.....	.....	.....	.....
28. Nebraska.....NE	..NO.....	.....	.....	.....	.....	.....	.....
29. Nevada.....NV	..NO.....	.....	.....	.....	.....	.....	.....
30. New Hampshire.....NH	..NO.....	.....	.....	.....	.....	.....	.....
31. New Jersey.....NJ	..NO.....	.....	.....	.....	.....	.....	.....
32. New Mexico.....NM	..NO.....	.....	.....	.....	.....	.....	.....
33. New York.....NY	..NO.....	.....	.....	.....	.....	.....	.....
34. North Carolina.....NC	..NO.....	.....	.....	.....	.....	.....	.....
35. North Dakota.....ND	..YES.....	.....	.....	.....	.....	.....	.....
36. Ohio.....OH	..YES.....	.....	.....	.....	.....	.....	.....
37. Oklahoma.....OK	..NO.....	.....	.....	.....	.....	.....	.....
38. Oregon.....OR	..NO.....	.....	.....	.....	.....	.....	.....
39. Pennsylvania.....PA	..YES.....	.....	.....	.....	.....	.....	.....
40. Rhode Island.....RI	..NO.....	.....	.....	.....	.....	.....	.....
41. South Carolina.....SC	..NO.....	.....	.....	.....	.....	.....	.....
42. South Dakota.....SD	..NO.....	.....	.....	.....	.....	.....	.....
43. Tennessee.....TN	..YES.....	4,967,205	3,830,089	2,253,165	1,571,461	1,961,992	1,224,416
44. Texas.....TX	..YES.....	.....	.....	.....	.....	.....	.....
45. Utah.....UT	..NO.....	.....	.....	.....	.....	.....	.....
46. Vermont.....VT	..NO.....	.....	.....	.....	.....	.....	.....
47. Virginia.....VA	..NO.....	.....	.....	.....	.....	.....	.....
48. Washington.....WA	..NO.....	.....	.....	.....	.....	.....	.....
49. West Virginia.....WV	..YES.....	.....	.....	.....	.....	.....	.....
50. Wisconsin.....WI	..NO.....	.....	.....	.....	.....	.....	.....
51. Wyoming.....WY	..NO.....	.....	.....	.....	.....	.....	.....
52. American Samoa.....AS	..NO.....	.....	.....	.....	.....	.....	.....
53. Guam.....GU	..NO.....	.....	.....	.....	.....	.....	.....
54. Puerto Rico.....PR	..NO.....	.....	.....	.....	.....	.....	.....
55. US Virgin Islands.....VI	..NO.....	.....	.....	.....	.....	.....	.....
56. Canada.....CN	..NO.....	.....	.....	.....	.....	.....	.....
57. Aggregate Other Alien.....OT	..XXX.....	0	0	0	0	0	0
58. Totals.....	(a).....11	5,037,433	3,909,094	2,286,089	1,642,094	2,000,410	1,378,312

DETAILS OF WRITE-INS

5701.	..XXX.....	.....	.....	.....	.....	.....	.....
5702.	..XXX.....	.....	.....	.....	.....	.....	.....
5703.	..XXX.....	.....	.....	.....	.....	.....	.....
5798. Summary of remaining write-ins for Line 57 from overflow page...	..XXX.....	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 + Line 5798) (Line 57 above).....	..XXX.....	0	0	0	0	0	0

(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

NONE

PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date			Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire.....			0.0	
2. Allied lines.....			0.0	
3. Farmowners multiple peril.....			0.0	
4. Homeowners multiple peril.....			0.0	
5. Commercial multiple peril.....			0.0	
6. Mortgage guaranty.....			0.0	
8. Ocean marine.....			0.0	
9. Inland marine.....			0.0	
10. Financial guaranty.....			0.0	
11.1. Medical malpractice-occurrence.....			0.0	
11.2. Medical malpractice-claims made.....			0.0	
12. Earthquake.....			0.0	
13. Group accident and health.....			0.0	
14. Credit accident and health.....			0.0	
15. Other accident and health.....			0.0	
16. Workers' compensation.....			0.0	
17.1. Other liability-occurrence.....			0.0	
17.2. Other liability-claims made.....			0.0	
18.1. Products liability-occurrence.....			0.0	
18.2. Products liability-claims made.....			0.0	
19.1, 19.2 Private passenger auto liability.....	1,639,348	1,112,495	67.9	67.9
19.3, 19.4 Commercial auto liability.....		(1,000)	0.0	
21. Auto physical damage.....	3,226,778	1,285,665	39.8	58.8
22. Aircraft (all perils).....			0.0	
23. Fidelity.....			0.0	
24. Surety.....			0.0	
26. Burglary and theft.....			0.0	
27. Boiler and machinery.....			0.0	
28. Credit.....			0.0	
29. International.....			0.0	
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.....	0	0	0.0	0.0
34. Totals.....	4,866,126	2,397,160	49.3	57.4
DETAILS OF WRITE-INS				
3301.			0.0	
3302.			0.0	
3303.			0.0	
3398. Sum. of remaining write-ins for Line 33 from overflow page.....	0	0	0.0	0.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33).....	0	0	0.0	0.0

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.....			
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....			
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.....			
17.1. Other liability-occurrence.....			
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.....	1,868,533	1,868,533	1,068,068
19.3, 19.4 Commercial auto liability.....			
21. Auto physical damage.....	3,168,900	3,168,900	2,841,026
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
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.....	0	0	0
34. Totals.....	5,037,433	5,037,433	3,909,094
DETAILS OF WRITE-INS			
3301.			
3302.			
3303.			
3398. Sum. of remaining write-ins for Line 33 from overflow page.....	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33).....	0	0	0

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

19

	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 Reserves Developed (Savings)/Deficiency (c) (Cols. 11 + 12)
1. 1999 + Prior	58	61	119	27	(12)	15	39		45	84	8	(28)	(20)
2. 2000	87	(3)	84	5		5	86		(7)	79	4	(4)	0
3. Subtotals 2000 + Prior	145	58	203	32	(12)	20	125	0	38	163	12	(32)	(20)
4. 2001	1,614	490	2,104	775	157	932	975	99	185	1,259	136	(49)	87
5. Subtotals 2001 + Prior	1,759	548	2,307	807	145	952	1,100	99	223	1,422	148	(81)	67
6. 2002	XXX.....	XXX.....	XXX.....	XXX.....	1,698	1,698	XXX.....	724	346	1,070	XXX.....	XXX.....	XXX.....
7. Totals	1,759	548	2,307	807	1,843	2,650	1,100	823	569	2,492	148	(81)	67
8. Prior Year-End's Surplus As Regards Policyholders	15,320										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. ....8.4 %	2. ....(14.8)%	3. ....2.9 %
											Col. 13, Line 7 Line 8		
											4. ....0.4 %		

(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.

SPECIALTY RISK INSURANCE COMPANY

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.

	RESPONSE
1. Will the SVO Compliance Certification be filed with this statement?	YES
2. Will the Trusteed Surplus Statement be filed with the State of Domicile and the NAIC with this statement?	NO
3. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed with this statement?	NO

EXPLANATIONS:

BAR CODE:



Overflow Page

NONE

Sch. A-Part 2

NONE

Sch. A-Part 3

NONE

Sch. B-Part 1

NONE

Sch. B-Part 2

NONE

Sch. BA-Part 1

NONE

Sch. BA-Part 2

NONE

Sch. D-Part 3

NONE

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CUSIP Identification	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 Designation (a)
Bonds - Industrial and Miscellaneous																
United States																
31359M-LZ-4...	FANNIE MAE 5.000 01 2007.....	03/28/2002	TRANSFERRED.....		4,956,250	5,000,000	4,995,100	4,995,310	208			(39,060)	(39,060)	65,277		1PE.....
713411-AA-4....	PEPSI BOTTLING HOLDINGS 5.375 02 2004.	03/28/2002	LEHMAN BROTHERS.....		187,267	182,500	181,454	182,037	56			5,230	5,230	6,130		1PE.....
878154-AE-3....	TEAM FLEET FINANCIAL CL 7.350 05 2003...	03/28/2002	VARIOUS.....		833,333	833,333	832,755	833,318	29			16	16	15,329		2.....
895787-AC-3....	TRIAD 97-2 A 7.180 12 2002.....	03/01/2002	SCHEDULED REPAYMEN.....		13,889	13,889	13,885	13,889					0	138		1.....
	United States.....				5,990,739	6,029,722	6,023,194	6,024,554	293	0	0	(33,814)	(33,814)	86,874	0	XXX...
45999999.	Total - Bonds - Industrial & Miscellaneous.....				5,990,739	6,029,722	6,023,194	6,024,554	293	0	0	(33,814)	(33,814)	86,874	0	XXX...
60999997.	Total - Bonds - Part 4.....				5,990,739	6,029,722	6,023,194	6,024,554	293	0	0	(33,814)	(33,814)	86,874	0	XXX...
60999999.	Total - Bonds.....				5,990,739	6,029,722	6,023,194	6,024,554	293	0	0	(33,814)	(33,814)	86,874	0	XXX...
72999999.	Total - Bonds, Preferred and Common Stocks.....				5,990,739	XXX.....	6,023,194	6,024,554	293	0	0	(33,814)	(33,814)	86,874	0	XXX...

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues:.....0.

Sch. DB-Part A-Section 1
NONE

Sch. DB-Part B-Section 1
NONE

Sch. DB-Part C-Section 1
NONE

Sch. DB-Part D-Section 1
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Rate of Interest	3 Amount of Interest Received During Current Quarter	4 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			8 *
				5 First Month	6 Second Month	7 Third Month	
Open Depositories							
BANK OF CALIFORNIA..... SACRAMENTO, CA.....				200,000	200,000	200,000	.....
BANK ONE..... BATON ROUGE, LA.....				70,000	70,000	70,000	.....
.....							
CASH EQUIVALENT:.....							.....
BANQ NATIONAL PARIBAS .. NEW YORK, NY.....		403					.....
0199998. Deposits in.....1 depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories.....	XXX.....				84	(1,771)	.....
0199999. Total Open Depositories.....	XXX.....	403	0	270,000	270,084	268,229	XXX
0399999. Total Cash on Deposit.....	XXX.....	403	0	270,000	270,084	268,229	XXX
0599999. Total Cash.....	XXX.....	403	0	270,000	270,084	268,229	XXX

Supplement A to Sch. T
NONE

Supplement A to Sch. T
NONE

Supplement A to Sch. T
NONE

Supplement A to Sch. T
NONE

Supplement A to Sch. T
NONE

Overflow Page
NONE

