



QUARTERLY STATEMENT

AS OF JUNE 30, 2002
OF THE CONDITION AND AFFAIRS OF THE

SONNENBERG MUTUAL INSURANCE COMPANY

NAIC Group Code 0207 0207 NAIC Company Code 10271 Employer's ID Number 34-0541185
(Current Period) (Prior Period)

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

Country of Domicile United States of America

Incorporated 01/01/1905 Commenced Business 01/01/1859

Statutory Home Office 1685 Cleveland Road, Wooster, OH 44691
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 1685 Cleveland Road
(Street and Number) 330-262-9060
Wooster, OH 44691-0036 (Area Code) (Telephone Number) (Extension)
(City or Town, State and Zip Code)

Mail Address 1685 Cleveland Road, Wooster, OH 44691-0036
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 1685 Cleveland Road
(Street and Number) 330-262-9060
Wooster, OH 44691-0036 (Area Code) (Telephone Number)
(City or Town, State and Zip Code)

Internet Website Address wrg-ins.com

Statement Contact Joseph E. Wilford 330-262-9060-2437
(Name) (Area Code) (Telephone Number) (Extension)
Joe_Wilford@wrg-ins.com 330-264-7822
(E-mail Address) (FAX Number)

Policyowner Relations Contact 1685 Cleveland Rd.
(Street and Number) 330-262-9060
Wooster, OH 44691 (Area Code) (Telephone Number) (Extension)
(City or Town, State and Zip Code)

OFFICERS

PRESIDENT W. CARLAN BRENNER SECRETARY JOHN P. MURPHY
TREASURER KENNETH B. STOCKMAN

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

W. CARLAN BRENNER JOHN P. MURPHY C. MICHAEL REARDON
KENNETH G. RHODE KENNETH B. STOCKMAN

State of OHIO } ss
County of WAYNE

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.

W. CARLAN BRENNER JOHN P. MURPHY KENNETH B. STOCKMAN
PRESIDENT SECRETARY TREASURER

Subscribed and sworn to before me this
_____ day of AUGUST, 2002

ADRIAN J. BESANCON
NOTARY PUBLIC
JAN. 21, 2003

STATEMENT AS OF JUNE 30, 2002 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

ASSETS

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	5,043,900		5,043,900	5,172,211
2. Stocks:				
2.1 Preferred stocks	0			
2.2 Common stocks	3,986,840	0	3,986,840	4,938,898
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 (\$127,802 and short-term investments \$4,481,725)	4,609,527		4,609,527	3,645,439
6. Other invested assets	0			
7. Receivable for securities	0			
8. Aggregate write-ins for invested assets				
9. Subtotals, cash and invested assets (Lines 1 to 8)	13,640,267	0	13,640,267	13,756,548
10. Agents' balances or uncollected premiums				
10.1 Premiums and agents' balances in course of collection	0		0	
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	1,339,933	11,999	1,327,934	1,166,092
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 billed and receivable under high deductible policies	0			
14. Reinsurance recoverables on loss and loss adjustment expense payments	33,828		33,828	23,061
15. Federal and foreign income tax recoverable and interest thereon (including \$11,916 net deferred tax asset)	91,566		91,566	
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	74,293		74,293	71,397
19. Net adjustments in assets and liabilities due to foreign exchange rates	0			
20. Receivable from parent, subsidiaries and affiliates	0		0	
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				
25. Aggregate write-ins for other than invested assets	536		536	476
26. Total assets excluding protected cell assets (Lines 9 through 25)	15,180,423	11,999	15,168,424	15,017,574
27. Protected cell assets	0	0		
28. TOTALS (Lines 26 and 27)	15,180,423	11,999	15,168,424	15,017,574
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page				
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)				
2501. ASSUMED REINSURANCE RECEIVABLE	536		536	476
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	536		536	476

STATEMENT AS OF JUNE 30, 2002 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$)	2,987,404	2,941,482
2. Reinsurance payable on paid losses and loss adjustment expenses	0	
3. Loss adjustment expenses	354,400	354,399
4. Commissions payable, contingent commissions and other similar charges	137,412	138,753
5. Other expenses (excluding taxes, licenses and fees)	33,928	52,878
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	72,863	89,745
7. Federal and foreign income taxes [including \$0 on realized capital gains (losses)] (including \$74,413 net deferred tax liability)	0	45,844
8. Borrowed money \$ and interest thereon \$	0	
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$)	2,595,721	2,396,669
10. Advance premium	0	
11. Dividends declared and unpaid:		
11.1 Stockholders	0	
11.2 Policyholders	0	
12. Ceded reinsurance premiums payable (net of ceding commissions)	63,729	73,629
13. Funds held by company under reinsurance treaties	0	
14. Amounts withheld or retained by company for account of others	241,181	323,001
15. Remittances and items not allocated	0	
16. Provision for reinsurance	0	
17. Net adjustments in assets and liabilities due to foreign exchange rates	0	
18. Drafts outstanding	0	
19. Payable to parent, subsidiaries and affiliates	1,069,736	803,519
20. Payable for securities	0	
21. Liability for amounts held under uninsured accident and health plans	0	
22. Capital notes \$ and interest thereon \$	0	
23. Aggregate write-ins for liabilities	71,231	76,738
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	7,627,605	7,296,657
25. Protected cell liabilities	0	
26. Total liabilities (Lines 24 and 25)	7,627,605	7,296,657
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	0	
29. Preferred capital stock	0	
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes	0	
32. Gross paid in and contributed surplus	0	
33. Unassigned funds (surplus)	7,540,819	7,720,917
34. Less treasury stock, at cost		
34.1 shares common (value included in Line 28 \$)	0	
34.2 shares preferred (value included in Line 29 \$)	0	
35. Surplus as regards policyholders (Lines 27 to 33, less 34)	7,540,819	7,720,917
36. TOTALS	15,168,424	15,017,574
DETAILS OF WRITE-INS		
2301. EMPLOYEE DISTRIBUTION	71,231	76,738
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	71,231	76,738
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)		

STATEMENT 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 \$ 408,450)	483,380	552,781	1,074,755
1.2 Assumed (written \$ 3,403,706)	3,156,995	2,708,912	5,636,727
1.3 Ceded (written \$ 408,119)	435,262	501,823	976,333
1.4 Net (written \$ 3,404,037)	3,205,113	2,759,870	5,735,149
DEDUCTIONS:			
2. Losses incurred (current accident year \$):			
2.1 Direct	394,213	366,869	79,970
2.2 Assumed	2,131,522	2,092,492	4,233,703
2.3 Ceded	394,213	366,869	79,969
2.4 Net	2,131,522	2,092,492	4,233,704
3. Loss expenses incurred	230,261	210,443	341,101
4. Other underwriting expenses incurred	1,000,102	853,255	1,742,974
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2.4 thru 5)	3,361,885	3,156,190	6,317,779
7. Net income of protected cells			
8. Net underwriting gain or (loss) (Line 1.4 minus Line 6 + Line 7)	(156,772)	(396,320)	(582,630)
INVESTMENT INCOME			
9. Net investment income earned	217,138	285,745	532,539
10. Net realized capital gains or (losses)	(98,769)	116,610	252,767
11. Net investment gain (loss) (Lines 9 + 10)	118,369	402,355	785,306
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 2,051)	(2,051)	(2,158)	(3,575)
13. Finance and service charges not included in premiums	70,088	65,971	135,199
14. Aggregate write-ins for miscellaneous income	(44,549)	(73,117)	(66,923)
15. Total other income (Lines 12 through 14)	23,488	(9,304)	64,701
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	(14,915)	(3,269)	267,377
17. Dividends to policyholders	0		
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	(14,915)	(3,269)	267,377
19. Federal and foreign income taxes incurred	0		
20. Net income (Line 18 minus Line 19)(to Line 22)	(14,915)	(3,269)	267,377
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	7,720,917	8,574,600	8,574,600
GAINS AND (LOSSES) IN SURPLUS			
22. Net income (from Line 20)	(14,915)	(3,269)	267,377
23. Net unrealized capital gains or losses	(244,034)	(556,731)	(934,829)
24. Change in net unrealized foreign exchange capital gain (loss)	0		
25. Change in net deferred income tax	76,760	223,969	363,416
26. Change in nonadmitted assets	2,091	1,390	(5,052)
27. Change in provision for reinsurance	0		
28. Change in surplus notes	0		
29. Surplus (contributed to) withdrawn from protected cells	0		
30. Cumulative effect of changes in accounting principles	0	(440,359)	(544,595)
31. Capital changes:			
31.1 Paid in	0		
31.2 Transferred from surplus (Stock Dividend)	0		
31.3 Transferred to surplus	0		
32. Surplus adjustments:			
32.1 Paid in	0		
32.2 Transferred to capital (Stock Dividend)	0		
32.3 Transferred from capital	0		
33. Net remittances from or (to) Home Office	0		
34. Dividends to stockholders	0		
35. Change in treasury stock	0		
36. Aggregate write-ins for gains and losses in surplus			
37. Change in surplus as regards policyholders (Lines 22 through 36)	(180,098)	(775,000)	(853,683)
38. Surplus as regards policyholders, as of statement date (Lines 21 plus 37)	7,540,819	7,799,600	7,720,917
DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page			
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)			
1401. EMPLOYEE DISTRIBUTION	(45,000)	(72,724)	(65,617)
1402. OTHER INCOME	451	(393)	(1,306)
1403.		0	0
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	(44,549)	(73,117)	(66,923)
3601.			
3602.			
3603.			
3698. Summary of remaining write-ins for Line 36 from overflow page			
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above)			

STATEMENT AS OF JUNE 30, 2002 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

CASH FLOW

	1 Current Year to Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	3,242,195	5,930,885
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	2,327,094	4,286,740
3. Underwriting expenses paid	1,074,166	1,695,063
4. Other underwriting income (expenses)		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(159,065)	(50,918)
6. Net investment income	214,242	533,452
7. Other income (expenses):		
7.1 Agents' balances charged off	(2,051)	(3,575)
7.2 Net funds held under reinsurance treaties		
7.3 Net amount withheld or retained for account of others	(81,820)	213,835
7.4 Aggregate write-ins for miscellaneous items	19,129	(59,486)
7.5 Total other income (Lines 7.1 to 7.4)	(64,742)	150,774
8. Dividends to policyholders on direct business, less \$ dividends on reinsurance assumed or ceded (net)		
9. Federal and foreign income taxes (paid) recovered	(33,613)	(1)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	(43,178)	633,307
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	840,000	3,113,644
11.2 Stocks	5,774,571	8,658,907
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)	6,614,571	11,772,551
12. Cost of investments acquired (long-term only):		
12.1 Bonds	705,222	964,804
12.2 Stocks	5,168,300	9,254,561
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Miscellaneous applications		
12.7 Total investments acquired (Lines 12.1 to 12.6)	5,873,522	10,219,365
13. Net Cash from investments (Line 11.8 minus Line 12.7)	741,049	1,553,186
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	266,217	101,535
14.4 Borrowed funds received		
14.5 Other cash provided		703
14.6 Total (Lines 14.1 to 14.5)	266,217	102,238
15. Cash applied:		
15.1 Dividends to stockholders paid		
15.2 Net transfers to affiliates	0	
15.3 Borrowed funds repaid		
15.4 Other applications		
15.5 Total (Lines 15.1 to 15.4)	0	
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	266,217	102,238
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	964,088	2,288,731
18. Cash and short-term investments:		
18.1 Beginning of year	3,645,439	1,356,708
18.2 End of year (Line 17 plus Line 18.1)	4,609,527	3,645,439
DETAILS OF WRITE-INS		
07.401 FINANCE AND SERVICE CHARGES NOT INCLUDED IN PREMIUMS	70,088	135,199
07.402 EMPLOYEE DISTRIBUTION	(50,508)	(193,379)
07.403 OTHER INCOME	(451)	(1,306)
07.498 Summary of remaining write-ins for Line 7.4 from overflow page		
07.499 Totals (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above)	19,129	(59,486)

NOTES TO FINANCIAL STATEMENTS

01. Basis of Presentation.

The accompanying financial statement of the company has been prepared to conformity with accounting practices prescribed by the National Association of Insurance Commissioners' Codification Accounting Practices and Procedures and the state of Ohio.

02. Accounting Changes and Corrections of Errors.

Codification of statutory accounting principles resulted in adjustments to unassigned surplus on December 31, 2001 and June 30, 2002 as follows:

	December 31, 2001	June 30 2002
Deferred tax on unrealized gains	\$(376,449)	\$(333,182)
Deferred tax benefit unearned premium reserve	162,974	176,509
Deferred tax benefit loss reserve discount	93,640	93,640
Deferred tax salvage and subrogation anticipated	(84,638)	(84,638)
Deferred tax benefit on deferred compensation	43,236	58,774
Deferred tax benefit employee health care reserves	10,064	14,484
Postretirement health care benefits	(29,600)	(29,600)
Loss carryforwards	<u>105,329</u>	<u>105,329</u>
Total	\$(459,895)	\$ 1,316

03. Business Combinations and Goodwill

The company has no goodwill from business combinations.

04. Discontinued Operations

The company has no discontinued operations.

05. Investments

The company has no mortgage loans, debt restructuring loans, reverse mortgages, loan-backed securities, or stock repurchase agreements.

06. Joint Ventures, Partnerships and Limited Liability Companies

The company has no joint ventures, partnerships, or limited liability companies.

07. Investment Income

The company has no uncollectible accrued investment income.

08. Derivative Instruments

The company has no derivatives.

09. Federal Income Tax Allocation.

The company files an individual federal income tax return.

Current year tax expense: \$0.

There would be available for recoupment, in the event of future loss, for income taxes incurred as follows:

Current year:	\$0
First preceding year:	\$0
Second preceding year:	\$0

<u>Deferred tax assets</u>				<u>Deferred tax liabilities</u>	
Unearned premium reserve	Dec 31,2002	June 30,2002	Salvage and subrogation anticipated		
Loss reserve discount	\$162,974	\$176,509	Total		\$84,638
Deferred compensation	93,640	93,640			\$84,638
Employee health care	43,236	58,774			
Total	<u>10,064</u>	<u>14,484</u>			
	\$309,914	\$343,407			

All deferred tax assets were admitted; all deferred liabilities were recognized.

10. Information Concerning Parent, Subsidiaries and Affiliates

The company participates in a pooling agreement with Western Reserve Mutual Casualty Company, ("Western") and Lightning Rod Mutual Insurance Company ("Lightning" whereby net premiums, losses, underwriting expenses and related balance sheet amounts are shared on a 5%/40%/55% basis, respectively. Lightning Rod assumes 100% of the business from Western and Sonnenberg and cedes 40% to Western and 5% to Sonnenberg.

11. Debt

The company has no loans outstanding or surplus notes.

12. Retirement Plans, Deferred Compensation, and Other Postretirement Plans.

Employee Retirement: The company has a 401(k) plan that is available to all employees on entry dates after the completion of one year of continuous service.

Deferred Compensation: The company has a non-qualified Voluntary Deferred Compensation plan for senior executive officers. The plan allows for deferral of annual base salaries, payouts under the annual incentive plan, and payouts under the "Performance Share Plan for Key Executives".

13. Capital and Surplus and Shareholders' and Policyholders' Dividend Restrictions.

The company is a mutual company, thus no stock or surplus dividends are applicable.

14. Contingencies

The company has no material contingent liabilities, has committed no reserves to cover any contingent liabilities, and has no pending legal proceedings beyond the ordinary course of business.

15. Leases.

The company has no leases that would have a material financial effect.

16. Information about Financial Instruments With Off-Balance-Sheet Risk and Financial Instruments With Concentrations of Credit Risk.

The company has no off-balance-sheet risk or credit risk exposure.

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

The company has no receivable transfer, financial asset servicing, or wash sale transactions.

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

The company has a fully insured accident and health plan.

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

The company has no managing general agents or third party administrators.

20. Other Items

The company has no extraordinary items or unusual items.

21. Events Subsequent

There were no events occurring subsequent to the close of the books as of December 31, 2001 that would have a material effect on the financial condition of the company.

22. Reinsurance

There were no uncollectible reinsurance balances written off and no commutations of ceded reinsurance. The company has no retroactive reinsurance agreements.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

The company has no retrospectively rated contracts or contracts subject to redetermination.

24. Change in Incurred Losses and Loss Adjustment Expense

There were no changes to incurred losses or loss adjustment expenses ascribed to insured events of prior years nor retrospective premiums.

25. Intercompany Pooling Agreements.

Lightning Rod, NAIC number 26123, 55%, Western Reserve, NAIC number 26131, 40%, and Sonnenberg, NAIC number 10271, 5%, participate in a pooling agreement for all lines of business. Lightning Rod is the lead company.

26. Structured Settlements.

The company has no structured settlements.

27. High Deductibles

The company has no reserve for high deductible credits.

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

The company does not discount any loss or adjustment expense reserves.

29. Asbestos/Environmental Reserves.

The company does not have asbestos or environmental reserves.

30. Subscriber Savings Accounts.

Not applicable.

31. Financial Guaranty Insurance Exposures.

The company does not write financial guaranty insurance.

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? Yes [] No [X]
- 1.2 If yes, explain:
.....
- 2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]
- 2.2 If yes, has the report been filed with the domiciliary state? Yes [] No []
- 3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 3.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
4. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
If yes, attach an organizational chart.
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [] NA [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. 12/31/2001
- 7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1996
- 7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/28/1998
- 7.4 By what department or departments?
Ohio.....
- 8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No [X]
- 8.2 If yes, give full information:
.....

GENERAL INTERROGATORIES

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

INVESTMENT

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

9.2 If yes, explain:
.....

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

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

11. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$0

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

13.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [X] 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	\$32,495	\$32,495
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).....	\$32,495	\$32,495
13.28 Total Investment in Parent included in Lines 13.21 to 13.26 above	\$	\$
13.29 Receivable from Parent not included in Lines 13.21 to 13.26 above	\$	\$

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

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

If no, attach a description with this statement.

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

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

1 Name of Custodian(s)	2 Custodian Address
Merrill Lynch.....	Columbus, Ohio.....

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 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

GENERAL INTERROGATORIES

(continued)

PART 2 PROPERTY & CASUALTY INTERROGATORIES

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

If yes, attach an explanation.

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

If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled?..... Yes [] No [X]

3.2 If yes, give full and complete information thereto.

.....

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

4.2 If yes, complete the following schedule:

			TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
1	2	3	4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Discount Rate	Unpaid Losses	Unpaid LAE	IBNR	TOTAL	Unpaid Losses	Unpaid LAE	IBNR	TOTAL
.....
.....
.....
TOTAL		

SCHEDULE A - VERIFICATION

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period	NONE			
2. Increase (decrease) by adjustment				
3. Cost of acquired				
4. Cost of additions to and permanent improvements				
5. Total profit (loss) on sales				
6. Increase (decrease) by foreign exchange adjustment				
7. Amount received on sales				
8. Book/adjusted carrying value at end of current period				
9. Total valuation allowance				
10. Subtotal (Lines 8 plus 9)				
11. Total nonadmitted amounts				
12. Statement value, current period (Page 2, real estate lines, current period)				

SCHEDULE B - VERIFICATION

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/recorded investment excluding accrued interest on mortgages owned, beginning of period	NONE			
2. Amount loaned during period:				
2.1. Actual cost at time of acquisitions				
2.2. Additional investment made after acquisitions				
3. Accrual of discount and mortgage interest points and commitment fees				
4. Increase (decrease) by adjustment				
5. Total profit (loss) on sale				
6. Amounts paid on account or in full during the period				
7. Amortization of premium				
8. Increase (decrease) by foreign exchange adjustment				
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period				
10. Total valuation allowance				
11. Subtotal (Lines 9 plus 10)				
12. Total nonadmitted amounts				
13. Statement value of mortgages owned at end of current period				

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, beginning of period	NONE			
2. Cost of acquisitions during period:				
2.1. Actual cost at time of acquisitions				
2.2. Additional investment made after acquisitions				
3. Accrual of discount				
4. Increase (decrease) by adjustment				
5. Total profit (loss) on sale				
6. Amounts paid on account or in full during the period				
7. Amortization of premium				
8. Increase (decrease) by foreign exchange adjustment				
9. Book/adjusted carrying value of long-term invested assets at end of current period				
10. Total valuation allowance				
11. Subtotal (Lines 9 plus 10)				
12. Total nonadmitted amounts				
13. Statement value of long-term invested assets at end of current period				

STATEMENT AS OF JUNE 30, 2002 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

SCHEDULE D - PART 1B

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

	1 Statement Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Statement Value End of First Quarter	6 Statement Value End of Second Quarter	7 Statement Value End of Third Quarter	8 Statement Value December 31 Prior Year
BONDS								
1. Class 1	9,232,751	1,469,819	1,280,109	3,164	9,232,751	9,425,625		8,593,662
2. Class 2	100,000				100,000	100,000		100,000
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	9,332,751	1,469,819	1,280,109	3,164	9,332,751	9,525,625		8,693,662
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds and Preferred Stock	9,332,751	1,469,819	1,280,109	3,164	9,332,751	9,525,625		8,693,662

SCHEDULE DA - PART 1**Short-Term Investments Owned End of Current Quarter**

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Amount of Interest Received Current Quarter	Paid for Accrued Interest
8099999 Totals	4,481,725	XXX	4,481,725	18,916	0

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	3,521,452	4,161,381		1,229,442
2. Cost of short-term investments acquired	4,466,884	1,011,556		6,808,705
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	3,826,955	691,211		4,516,695
7. Book/adjusted carrying value, current period	4,161,381	4,481,726		3,521,452
8. Total valuation allowance				
9. Subtotal (Lines 7 plus 8)	4,161,381	4,481,726		3,521,452
10. Total nonadmitted amounts				
11. Statement value (Lines 9 minus 10)	4,161,381	4,481,726		3,521,452
12. Income collected during period	15,895	18,916		57,117
13. Income earned during period	15,895	18,916		57,117

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

STATEMENT AS OF JUNE 30, 2002 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama	AL	No					
2. Alaska	AK	No					
3. Arizona	AZ	No					
4. Arkansas	AR	No					
5. California	CA	No					
6. Colorado	CO	No					
7. Connecticut	CT	No					
8. Delaware	DE	No					
9. District of Columbia	DC	No					
10. Florida	FL	No					
11. Georgia	GA	No					
12. Hawaii	HI	No					
13. Idaho	ID	No					
14. Illinois	IL	No					
15. Indiana	IN	No					
16. Iowa	IA	No					
17. Kansas	KS	No					
18. Kentucky	KY	No					
19. Louisiana	LA	No					
20. Maine	ME	No					
21. Maryland	MD	No					
22. Massachusetts	MA	No					
23. Michigan	MI	No					
24. Minnesota	MN	No					
25. Mississippi	MS	No					
26. Missouri	MO	No					
27. Montana	MT	No					
28. Nebraska	NE	No					
29. Nevada	NV	No					
30. New Hampshire	NH	No					
31. New Jersey	NJ	No					
32. New Mexico	NM	No					
33. New York	NY	No					
34. North Carolina	NC	No					
35. North Dakota	ND	No					
36. Ohio	OH	Yes	408,450	474,820	394,200	425,348	68,153
37. Oklahoma	OK	No					
38. Oregon	OR	No					
39. Pennsylvania	PA	No					
40. Rhode Island	RI	No					
41. South Carolina	SC	No					
42. South Dakota	SD	No					
43. Tennessee	TN	No					
44. Texas	TX	No					
45. Utah	UT	No					
46. Vermont	VT	No					
47. Virginia	VA	No					
48. Washington	WA	No					
49. West Virginia	WV	No					
50. Wisconsin	WI	No					
51. Wyoming	WY	No					
52. American Samoa	AS	No					
53. Guam	GU	No					
54. Puerto Rico	PR	No					
55. U.S. Virgin Islands	VI	No					
56. Canada	CN	No					
57. Aggregate Other Aliens	OT	XXX					
58. Totals	(a) 1		408,450	474,820	394,200	425,348	68,153
DETAILS OF WRITE-INS							
5701.	XXX						
5702.	XXX						
5703.	XXX						
5798.	Summary of remaining write-ins for Line 57 from overflow page	XXX					
5799.	Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)	XXX					

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

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART**

NONE

STATEMENT AS OF JUNE 30, 2002 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire	47,516	33,583	70.7	0.0
2. Allied Lines	23,247	15,380	66.2	60.2
3. Farmowners multiple peril	346,023	265,913	76.8	75.0
4. Homeowners multiple peril	62,917	78,337	124.5	86.4
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	3,677	1,000	27.2	3.2
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		0		
19.3,19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
31. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
33. Aggregate write-ins for other lines of business				
34. Totals	483,380	394,213	81.6	66.4
DETAILS OF WRITE-INS				
3301.				
3302.				
3303.				
3398. Summary of remaining write-ins for Line 33 from overflow page				
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)				

PART 2 - DIRECT PREMIUMS WRITTEN

Lines of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire	18,943	31,181	38,223
2. Allied Lines	9,679	15,161	19,451
3. Farmowners multiple peril	168,255	310,127	340,237
4. Homeowners multiple peril	29,452	49,388	73,262
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			(6)
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability - occurrence	1,689	2,593	3,653
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			
19.3,19.4 Commercial auto liability			
21. Auto physical damage			
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			
34. Totals	228,018	408,450	474,820
DETAILS OF WRITE-INS			
3301.			
3302.			
3303.			
3398. Summary of remaining write-ins for Line 33 from overflow page			
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)			

STATEMENT AS OF JUNE 30, 2002 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (a) (Cols. 1 + 2)	2002 Loss and LAE Payments on Claims Reported as of Prior Year-End	2002 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2002 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (b) (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (c) (Cols. 11 + 12)
1. 1999 + Prior	462	232	694	106	1	107	326	2	135	463	(30)	(94)	(124)
2. 2000	469	250	719	115	2	117	294	9	151	454	(60)	(88)	(148)
3. Subtotals 2000 + Prior	931	482	1,413	221	3	224	620	11	286	917	(90)	(182)	(272)
4. 2001	1,247	636	1,883	514	80	594	664	41	678	1,383	(69)	163	94
5. Subtotals 2001 + Prior	2,178	1,118	3,296	735	83	818	1,284	52	964	2,300	(159)	(19)	(178)
6. 2002	XXX	XXX	XXX	XXX	1,388	1,388	XXX	699	342	1,041	XXX	XXX	XXX
7. Totals	2,178	1,118	3,296	735	1,471	2,206	1,284	751	1,306	3,341	(159)	(19)	(178)
8. Prior Year-End's Surplus As Regards Policyholders	7,721										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. (7.3)	2. (1.7)	3. (5.4)
													Col. 13, Line 7 As a % of Col. 1 Line 8
													4. (2.3)

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

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

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

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

RESPONSES

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

Explanations:

Bar Codes:

Trusteed Surplus Statement (Document Identifier 490) here:



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



OVERFLOW PAGE FOR WRITE-INS

STATEMENT AS OF JUNE 30, 2002 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Date Acquired	4 Name of Vendor	5 Number of Shares of Stock	6 Actual Cost	7 Par Value	8 Paid for Accrued Interest and Dividends	9 NAIC Designation (a)
STATES, TERRITORIES, POSSESSIONS - U.S.								
MINNESOTA								
604128-M7-0	Minnesota St Var Purp	04/04/2002	Merrill Lynch		232,438	230,000	5,047	1PE
STATE TOTAL					232,438	230,000	5,047	XXX
PENNSYLVANIA								
709141-KQ-7	Pennsylvania St MBIA	04/16/2002	Merrill Lynch		225,826	220,000	4,217	1PE
STATE TOTAL					225,826	220,000	4,217	XXX
COUNTRY TOTAL					458,264	450,000	9,264	XXX
1799999 - Total - Bonds - States, Territories and Possessions					458,264	450,000	9,264	XXX
6099997 - Total - Bonds - Part 3					458,264	450,000	9,264	XXX
6099999 - Total - Bonds					458,264	450,000	9,264	XXX
6599999 - Total - Preferred Stocks						XXX		XXX
INDUSTRIAL & MISCELLANEOUS - U.S.								
097023-10-5	Boeing Company	05/31/2002	Merrill Lynch	575,000	25,001		0	L
125670-10-9	CMA Money Fund	06/30/2002	Merrill Lynch	150,798,000	150,798		0	L
252430-20-5	Diageo Plc	05/28/2002	Merrill Lynch	1,000,000	50,490		0	L
438516-10-6	Honeywell Int'l Inc.	05/31/2002	Merrill Lynch	650,000	25,148		0	L
580135-10-1	McDonalds Corp.	05/10/2002	Merrill Lynch	1,700,000	50,558		0	L
666807-10-2	Northrop Grumman Corp.	05/31/2002	Merrill Lynch	200,000	24,406		0	L
717081-10-3	Pfizer, Inc.	04/18/2002	Merrill Lynch	250,000	9,595		0	L
71713U-10-2	Pharmacia Corp.	04/18/2002	Merrill Lynch	675,000	30,186		0	L
COUNTRY TOTAL					366,182	XXX	0	XXX
6899999 - Total - Common Stocks - Industrial, Misc.					366,182	XXX	0	XXX
7099997 - Total - Common Stocks - Part 3					366,182	XXX	0	XXX
7099998 - Total - Common Stock - Part 5					640,220	XXX	0	XXX
7099999 - Total - Common Stocks					1,006,402	XXX	0	XXX
7199999 - Total - Preferred and Common Stocks					1,006,402	XXX	0	XXX
7299999 - Totals					1,464,666	XXX	9,264	XXX

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues0 .

E04

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

