



QUARTERLY STATEMENT

AS OF JUNE 30, 2002

OF THE CONDITION AND AFFAIRS OF THE

ALL AMERICA INSURANCE COMPANY

NAIC Group Code 0036 (Current Period) 0036 (Prior Period) NAIC Company Code 20222 Employer's ID Number 34-0935740

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

Country of Domicile US

Incorporated April 12, 1961 Commenced Business August 1, 1961

Statutory Home Office 800 South Washington Street, Van Wert, Ohio 45891 (Street and Number, City or Town, State and Zip Code)

Main Administrative Office 800 South Washington Street, Van Wert, Ohio 45891 (Street and Number, City or Town, State and Zip Code) 419-238-5551 -2295 (Area Code) (Telephone Number)

Mail Address 800 South Washington Street, Van Wert, Ohio 45891 (Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 800 South Washington Street, Van Wert, Ohio 45891 (Street and Number, City or Town, State and Zip Code) 419-238-5551 -2295 (Area Code) (Telephone Number)

Internet Website Address www.central-insurance.com

Statement Contact Karl Alan Waite (Name) 419-238-5551 -2295 (Area Code) (Telephone Number) (Extension) kwaite@central-insurance.com (E-Mail Address) 419-238-7626 (Fax Number)

Policyowner Relations Contact 800 South Washington Street, Van Wert, Ohio 45891 (Street and Number, City or Town, State and Zip Code) 419-238-5551 -2295 (Area Code) (Telephone Number) (Extension)

OFFICERS

President Francis Walworth Purmort, III
Secretary Edward Ray Buhl
Treasurer Karl Alan Waite

VICE PRESIDENTS

Edward Ray Buhl, Jon Allen Rhoades, Karl Alan Waite, Michael Patrick Guth, John Ewing White, Paul Charles Woirel, Jeffrey Lee Hanson, Michael Edward Thompson

DIRECTORS OR TRUSTEES

Harry Allen Bancroft, Paul Walworth Purmort, Jr, Jeffrey Lee Hanson, Edward Ray Buhl, Charles Allan Runser, Drew Pennington Maconachy, Francis Walworth Purmort, III, Gerald Dean Thatcher, Ronald J Kutella

State of Ohio SS
County of Van Wert

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.

Francis Walworth Purmort, III President, Edward Ray Buhl Secretary, Karl Alan Waite Treasurer

Subscribed and sworn to before me this day of 2002

## ASSETS

	Current Statement Date			December 31, Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2 )	
1. Bonds .....	91,785,564	195,750	91,589,814	88,873,267
2. Stocks:				
2.1 Preferred stocks .....	0	0	0	0
2.2 Common stocks .....	248,102	0	248,102	348,616
3. Mortgage loans on real estate:				
3.1 First liens .....	0	0	0	0
3.2 Other than first liens .....	0	0	0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... 0 encumbrances) .....	0	0	0	0
4.2 Properties held for the production of income (less \$ ..... 0 encumbrances) .....	0	0	0	0
4.3 Properties held for sale (less \$ ..... 0 encumbrances) .....	0	0	0	0
5. Cash (\$ ..... 16,835 ) and short-term investments (\$ ..... 805,896 ) .....	822,732	0	822,732	1,506,998
6. Other invested assets .....	6,406,723	0	6,406,723	5,944,338
7. Receivable for securities .....	0	0	0	0
8. Aggregate write-ins for invested assets .....	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8) .....	99,263,121	195,750	99,067,371	96,673,219
10. Agents' balances or uncollected premiums :				
10.1 Premiums and agents' balances in course of collection .....	4,104,033	257,724	3,846,309	3,966,452
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... 392,911 earned but unbilled premiums) .....	12,843,805	39,291	12,804,514	10,304,414
10.3 Accrued retrospective premiums .....	0	0	0	0
11. Funds held by or deposited with reinsured companies .....	0	0	0	0
12. Bills receivable, taken for premiums .....	0	0	0	0
13. Amounts billed and receivable under high deductible policies .....	0	0	0	0
14. Reinsurance recoverables on loss and loss adjustment expense payments .....	1,020,339	0	1,020,339	(58,954)
15. Federal and foreign income tax recoverable and interest thereon (including \$ ..... 2,938,373 net deferred tax asset) .....	2,970,541	0	2,970,541	2,570,015
16. Guaranty funds receivable or on deposit .....	0	0	0	0
17. Electronic data processing equipment and software .....	0	0	0	0
18. Interest, dividends and real estate income due and accrued .....	1,482,775	0	1,482,775	1,465,606
19. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0	0	0
20. Receivable from parent, subsidiaries and affiliates .....	1,412,997	0	1,412,997	515,592
21. Amounts due from/to protected cells .....	0	0	0	0
22. Equities and deposits in pools and associations .....	247,282	0	247,282	221,460
23. Amounts receivable relating to uninsured accident and health plans .....	0	0	0	0
24. Other assets nonadmitted .....	0	0	0	0
25. Aggregate write-ins for other than invested assets .....	0	0	0	0
26. Total assets excluding protected cell assets (Lines 9 through 25) .....	123,344,893	492,765	122,852,128	115,657,804
27. Protected cell assets .....	0	0	0	0
28. TOTALS (Lines 26 and 27) .....	123,344,893	492,765	122,852,128	115,657,804
DETAILS OF WRITE-INS				
0801. ....	0	0	0	0
0802. ....	0	0	0	0
0803. ....	0	0	0	0
0898. Summary of remaining write-ins for Line 8 from overflow page .....	0	0	0	0
0899. Totals (Lines 0801 through 0803 plus 0898) (Line 8 above) .....	0	0	0	0
2501. ....	0	0	0	0
2502. ....	0	0	0	0
2503. ....	0	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	0	0	0	0

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ ..... 7,058,468 ) .....	29,752,868	27,639,585
2. Reinsurance payable on paid losses and loss adjustment expenses .....	0	0
3. Loss adjustment expenses .....	9,141,447	8,321,194
4. Commissions payable, contingent commissions and other similar charges .....	506,171	815,252
5. Other expenses (excluding taxes, licenses and fees) .....	514,159	674,634
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	519,027	596,954
7. Federal and foreign income taxes, including \$ ..... 12,877 on realized capital gains (losses) (including \$ ..... 0 net deferred tax liability) .....	0	90,965
8. Borrowed money \$ ..... 0 and interest thereon \$ ..... 0 .....	0	0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ ..... 53,118,389 and including warranty reserves of \$ ..... 0 ) .....	27,968,070	24,044,340
10. Advance premium .....	472,692	0
11. Dividends declared and unpaid:		
11.1 Stockholders .....	0	0
11.2 Policyholders .....	65,466	48,474
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	1,660,682	2,281,592
13. Funds held by company under reinsurance treaties .....	0	0
14. Amounts withheld or retained by company for account of others .....	693,750	570,234
15. Remittances and items not allocated .....	0	0
16. Provision for reinsurance .....	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0
18. Drafts outstanding .....	0	0
19. Payable to parent, subsidiaries and affiliates .....	0	0
20. Payable for securities .....	0	0
21. Liability for amounts held under uninsured accident and health plans .....	0	0
22. Capital notes \$ ..... 0 and interest thereon \$ ..... 0 .....	0	0
23. Aggregate write-ins for liabilities .....	256,630	514,004
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23) .....	71,550,962	65,597,228
25. Protected cell liabilities .....	0	0
26. Total liabilities (Lines 24 and 25) .....	71,550,962	65,597,228
27. Aggregate write-ins for special surplus funds .....	0	0
28. Common capital stock .....	5,250,000	5,250,000
29. Preferred capital stock .....	0	0
30. Aggregate write-ins for other than special surplus funds .....	0	0
31. Surplus notes .....	0	0
32. Gross paid in and contributed surplus .....	1,302,000	1,302,000
33. Unassigned funds (surplus) .....	44,749,165	43,508,574
34. Less treasury stock, at cost:		
34.1 ..... 0 shares common (value included in Line 28 \$ ..... 0 ) .....	0	0
34.2 ..... 0 shares preferred (value included in Line 29 \$ ..... 0 ) .....	0	0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) .....	51,301,165	50,060,574
36. TOTALS .....	122,852,127	115,657,802
<b>DETAILS OF WRITE-INS</b>		
2301. ADVANCE PREMIUMS .....	0	264,342
2302. RESERVE FOR ESCHEATS .....	226,649	249,662
2303. 2002 PRIVATE PASSENGER AUTO ESCROW .....	29,981	0
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	256,630	514,004
2701. ....	0	0
2702. ....	0	0
2703. ....	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page .....	0	0
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above) .....	0	0
3001. ....	0	0
3002. ....	0	0
3003. ....	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page .....	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	0	0

## STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ 53,935,682 )	60,696,998	63,746,715	127,943,865
1.2 Assumed (written \$ 30,097,955 )	26,217,532	22,761,669	46,833,260
1.3 Ceded (written \$ 54,728,737 )	61,490,053	64,249,411	129,011,339
1.4 Net (written \$ 29,304,900 )	25,424,477	22,258,973	45,765,786
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 14,054,577 ):			
2.1 Direct	46,451,767	42,082,013	76,370,468
2.2 Assumed	15,479,003	14,288,826	27,241,284
2.3 Ceded	46,445,632	42,075,631	76,361,142
2.4 Net	15,485,138	14,295,208	27,250,610
3. Loss expenses incurred	2,872,043	2,458,793	5,158,427
4. Other underwriting expenses incurred	8,436,543	6,751,053	14,227,905
5. Aggregate write-ins for underwriting deductions	29,981	0	0
6. Total underwriting deductions (Lines 2 through 5)	26,823,705	23,505,054	46,636,942
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(1,399,228)	(1,246,081)	(871,156)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	2,548,659	2,342,126	4,688,221
10. Net realized capital gains (losses)	36,790	5,000	3,933
11. Net investment gain (loss) (Lines 9 plus 10)	2,585,449	2,347,126	4,692,154
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 236 amount charged off \$ 45,233 )	(44,997)	(30,095)	(57,432)
13. Finance and service charges not included in premiums	155,353	124,734	272,647
14. Aggregate write-ins for miscellaneous income	12,259	1,980	5,372
15. Total other income (Lines 12 through 14)	122,615	96,619	220,587
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 plus 11 plus 15)	1,308,836	1,197,664	4,041,585
17. Dividends to policyholders	163,632	124,992	226,911
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	1,145,204	1,072,672	3,814,674
19. Federal and foreign income taxes incurred	418,731	273,726	835,001
20. Net income (Line 18 minus Line 19) (to Line 22)	726,473	798,946	2,979,673
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	50,060,574	43,503,269	43,503,267
<b>GAINS AND (LOSSES) IN SURPLUS</b>			
22. Net income (from Line 20)	726,473	798,946	2,979,673
23. Net unrealized capital gains or losses	340,118	546,097	913,828
24. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
25. Change in net deferred income tax	368,358	189,581	269,148
26. Change in nonadmitted assets	(1,199)	6,304	(73,277)
27. Change in provision for reinsurance	0	0	0
28. Change in surplus notes	0	0	0
29. Surplus (contributed to) withdrawn from protected cells	0	0	0
30. Cumulative effect of changes in accounting principles	0	2,467,935	2,467,935
31. Capital changes:			
31.1 Paid in	0	0	0
31.2 Transferred from surplus (Stock Dividend)	0	0	0
31.3 Transferred to surplus	0	0	0
32. Surplus adjustments:			
32.1 Paid in	0	0	0
32.2 Transferred to capital (Stock Dividend)	0	0	0
32.3 Transferred from capital	0	0	0
33. Net remittances from or (to) Home Office	0	0	0
34. Dividends to stockholders	0	0	0
35. Change in treasury stock	0	0	0
36. Aggregate write-ins for gains and losses in surplus	(193,163)	0	0
37. Change in surplus as regards policyholders (Lines 22 through 36)	1,240,587	4,008,863	6,557,307
38. Surplus as regards policyholders, as of statement date (Lines 21 plus 37)	51,301,161	47,512,132	50,060,574
<b>DETAILS OF WRITE-INS</b>			
0501. 2002 PRIVATE PASSENGER AUTO ESCROW	29,981	0	0
0502.	0	0	0
0503.	0	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	29,981	0	0
<b>1401. MISCELLANEOUS INCOME</b>			
1402.	0	0	0
1403.	0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	12,259	1,980	5,372
<b>3601. CORRECTION OF LIABILITY FOR POST RETIREMENT BENEFITS</b>			
3602.	(193,163)	0	0
3603.	0	0	0
3698. Summary of remaining write-ins for Line 36 from overflow page	0	0	0
3699. TOTALS (Lines 3601 through 3603 plus 3698) (Line 36 above)	(193,163)	0	0

## CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance .....	26,547,129	45,831,277
2. Loss and loss adjustment expenses paid (net of salvage and subrogation) .....	16,567,687	27,985,200
3. Underwriting expenses paid .....	8,969,250	14,010,752
4. Other underwriting income (expenses) .....	0	6,868
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....	1,010,192	3,842,193
6. Net investment income .....	2,643,735	4,668,359
7. Other income (expenses):		
7.1 Agents' balances charged off .....	(44,997)	(57,432)
7.2 Net funds held under reinsurance treaties .....	0	0
7.3 Net amount withheld or retained for account of others .....	(27,561)	(207,857)
7.4 Aggregate write-ins for miscellaneous items .....	141,790	222,680
7.5 Total other income (Lines 7.1 to 7.4) .....	69,232	(42,609)
8. Dividends to policyholders on direct business, less \$ ..... 575,679 dividends on reinsurance assumed or ceded (net) .....	146,640	209,037
9. Federal and foreign income taxes (paid) recovered .....	(519,203)	(835,099)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9) .....	3,057,316	7,423,807
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds .....	6,511,180	8,672,144
11.2 Stocks .....	0	0
11.3 Mortgage loans .....	0	0
11.4 Real estate .....	0	0
11.5 Other invested assets .....	0	0
11.6 Net gains or (losses) on cash and short-term investments .....	0	0
11.7 Miscellaneous proceeds .....	0	0
11.8 Total investment proceeds (Lines 11.1 to 11.7) .....	6,511,180	8,672,144
12. Cost of investments acquired (long-term only):		
12.1 Bonds .....	9,324,931	16,175,335
12.2 Stocks .....	0	0
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	0	0
12.6 Miscellaneous applications .....	0	0
12.7 Total investments acquired (Lines 12.1 to 12.6) .....	9,324,931	16,175,335
13. Net cash from investments (Line 11.8 minus Line 12.7) .....	(2,813,751)	(7,503,191)
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in .....	0	0
14.2 Capital notes \$ ..... 0 less amounts repaid \$ ..... 0 .....	0	0
14.3 Net transfers from affiliates .....	0	228,864
14.4 Borrowed funds received .....	0	0
14.5 Other cash provided .....	0	249,662
14.6 Total (Lines 14.1 to 14.5) .....	0	478,526
15. Cash applied:		
15.1 Dividends to stockholders paid .....	0	0
15.2 Net transfers to affiliates .....	897,405	0
15.3 Borrowed funds repaid .....	0	0
15.4 Other applications .....	30,427	0
15.5 Total (Lines 15.1 to 15.4) .....	927,832	0
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5) .....	(927,832)	478,526
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16) .....	(684,267)	399,142
18. Cash and short-term investments:		
18.1 Beginning of year .....	1,506,998	1,107,856
18.2 End of period (Line 17 plus Line 18.1) .....	822,731	1,506,998
DETAILS OF WRITE-INS		
7.401 FINANCE & SERVICE CHARGES/SCH T, COL 8 TOTAL .....	155,353	272,647
7.402 AGGREGATE WRITE INS - PAGE 4, LINE 12 .....	12,259	5,372
7.403 CHANGE IN EQUITIES & DEPOSITS .....	(25,822)	(55,339)
7.498 Summary of remaining write-ins for Line 7.4 from overflow page .....	0	0
7.499 Totals (Lines 7.401 through 7.403 plus 7.498) (Line 7.4 above) .....	141,790	222,680

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

The financial statements of All America Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department.

The Ohio Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio. The Commissioner of Insurance has the right to permit specific practices that deviate from prescribed practices.

#### B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

#### C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, All America Insurance Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (3) Common stocks are stated at market value except investments in stocks of uncombined subsidiaries and affiliates in which All America Insurance Company has an interest of 20% or more are carried on the equity basis.
- (4) All America Insurance Company owns no preferred stocks.
- (5) All America Insurance Company holds no mortgage loans on real estate.
- (6) Loan-backed securities are stated at amortized cost. Prepayment assumptions for loan-backed bonds and structured securities are obtained from dealer surveys. These assumptions are consistent with the current interest rate and economic environment. The prospective adjustment method is used to value these securities.
- (7) All America Insurance Company owns 100% of the common stock of Central Insurex Agency, Inc., a surplus and excess lines insurance agency. All America Insurance Company owns 100% of the common stock of CAFCO, Inc., a premium finance company. Stocks held in all subsidiaries are carried at their Admitted Asset Equivalent.
- (8) All America Insurance Company has no investments in joint ventures, partnerships or limited liability companies.
- (9) All America Insurance Company owns no derivatives.
- (10) All America Insurance Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

### 2. Accounting Changes and Correction of Errors

A. During the second quarter of 2002, the company recognized that the claim history being used for the calculation of the company's liability for post retirement health care benefits has not included the Part B Medicare premium reimbursement paid to retirees. These payments have been missing from the claim history for this calculation since these reserves were first established in 1992. For 2001, it is estimated that Net Income was overstated by \$36,687, Liabilities were understated by \$215,824, and Surplus was overstated by \$193,162. In the second quarter of 2002, the company increased its liability for these postretirement benefits by \$215,829 (divided between Liabilities, Line 3 and Line 14) and decreased Surplus by \$193,163 (Gains and Losses in Surplus, Line 36) to adjust for the impact of this missed data over the past ten

**NOTES TO FINANCIAL STATEMENTS**

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years.

**20. Other Items**

J. Segregated Funds - A private passenger automobile rate filing in the state of North Carolina effective on April 1, 2002 is being disputed. The amount of additional premium charged insureds as a result of this rate increase is charged against Underwriting Income (Aggregate Write-In for Underwriting Deductions, Line 5) and correspondingly increased Liabilities (Aggregate Write-in for Liabilities, Line 23). An escrow account has been established with Bank One, NA to be used for refunding premium to insureds if required after this rate dispute is settled.

**GENERAL INTERROGATORIES**

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

**PART 1 - COMMON INTERROGATORIES**

**GENERAL**

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

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

- 6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes ( ) No (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). 05/18/2000
- 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 (continued)**

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

INVESTMENT

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

9.2 If yes, explain

.....  
 .....

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

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

.....  
 .....

11. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ ..... 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 .....	\$ ..... 348,616	\$ ..... 248,102
13.24 Short-Term Investments .....	\$ ..... 0	\$ ..... 0
13.25 Mortgages, Loans or Real Estate .....	\$ ..... 0	\$ ..... 0
13.26 All Other .....	\$ ..... 6,224,252	\$ ..... 6,406,723
13.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 13.21 to 13.26) .....	\$ ..... 6,572,868	\$ ..... 6,654,825
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 .....	\$ ..... 515,596	\$ ..... 1,412,997

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
BANK ONE TRUST CO NA .....	1111 POLARIS PARKWAY, COLUMBUS OH 43240 .....
.....	.....
.....	.....

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 brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
.....	.....	.....
.....	.....	.....
.....	.....	.....

**GENERAL INTERROGATORIES**  
(continued)

**PART 2**  
**PROPERTY AND CASUALTY INTERROGATORIES**

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes ( ) No (X) N/A ( )  
If yes, attach an explanation.
2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes ( ) No (X)  
If yes, attach an explanation.
- 3.1 Have any of the reporting entity's primary reinsurance contracts been cancelled? Yes ( ) No (X)
- 3.2 If yes, give full and complete information thereto  
.....  
.....  
.....
- 4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation liabilities tabular reserves (see annual statement instructions pertaining to disclosure of discounting for definition of "tabular reserves") discounted at a rate of interest greater than zero? Yes ( ) No (X)
- 4.2 If yes, complete the Discount Schedule.

**SCHEDULE A - VERIFICATION**

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period		0	0	0
2. Increase (decrease) by adjustment		0	0	0
3. Cost of acquired		0	0	0
4. Cost of additions to and permanent improvement		0	0	0
5. Total profit (loss) on sales		0	0	0
6. Increase (decrease) by foreign exchange adjustment		0	0	0
7. Amount received on sales		0	0	0
8. Book/adjusted carrying value at end of current period		0	0	0
9. Total valuation allowance		0	0	0
10. Subtotal (Line 8 plus Line 9)	0	0	0	0
11. Total nonadmitted amounts	0	0	0	0
12. Statement value, current period (Page 2, real estate lines, current period)	0	0	0	0

**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		0	0	0
2. Amount loaned during period:				
2.1 Actual cost at time of acquisitions		0	0	0
2.2 Additional investment made after acquisition		0	0	0
3. Accrual of discount and mortgage interest paid		0	0	0
4. Increase (decrease) by adjustment		0	0	0
5. Total profit (loss) on sale		0	0	0
6. Amounts paid on account or in full during the period		0	0	0
7. Amortization of premium		0	0	0
8. Increase (decrease) by foreign exchange adjustment		0	0	0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0	0	0
10. Total valuation allowance	0	0	0	0
11. Subtotal (Line 9 plus Line 10)	0	0	0	0
12. Total nonadmitted amounts	0	0	0	0
13. Statement value of mortgages owned at end of current period	0	0	0	0

**SCHEDULE BA - VERIFICATION**

Other Invested Assets Included in Schedule BA

Description	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, beginning of period	5,944,340	6,160,330	0	5,944,340
2. Cost of acquisitions during period:				
2.1 Actual cost at time of acquisitions	0	0	0	0
2.2 Additional investment made after acquisitions	0	0	0	0
3. Accrual of discount	0	0	0	0
4. Increase (decrease) by adjustment	215,990	246,392	0	0
5. Total profit (loss) on sale	0	0	0	0
6. Amounts paid on account or in full during the period	0	0	0	0
7. Amortization of premium	0	0	0	0
8. Increase (decrease) by foreign exchange adjustment	0	0	0	0
9. Book/adjusted carrying value of long-term invested assets at end of current period	6,160,330	6,406,722	0	5,944,340
10. Total valuation allowance	0	0	0	0
11. Subtotal (Line 9 plus Line 10)	6,160,330	6,406,722	0	5,944,340
12. Total nonadmitted amounts	0	0	0	0
13. Statement value of long term invested assets at end of current period	6,160,330	6,406,722	0	5,944,340

**SCHEDULE D - PART 1B**

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

	1	2	3	4	5	6	7	8
	Statement Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Statement Value End of First Quarter	Statement Value End of Second Quarter	Statement Value End of Third Quarter	Statement Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 .....	79,701,075	4,602,881	2,101,586	(52,052)	79,701,075	82,150,318	0	78,886,107
2. Class 2 .....	9,345,989	0	0	(100,742)	9,345,989	9,335,247	0	9,861,159
3. Class 3 .....	0	0	0	0	0	0	0	0
4. Class 4 .....	126,000	0	0	(126,000)	126,000	0	0	126,000
5. Class 5 .....	0	0	0	104,250	0	104,250	0	0
6. Class 6 .....	0	0	0	0	0	0	0	0
7. Total Bonds .....	89,173,064	4,602,881	2,101,586	(174,544)	89,173,064	91,589,815	0	88,873,266
<b>PREFERRED STOCK</b>								
8. Class 1 .....	0	0	0	0	0	0	0	0
9. Class 2 .....	0	0	0	0	0	0	0	0
10. Class 3 .....	0	0	0	0	0	0	0	0
11. Class 4 .....	0	0	0	0	0	0	0	0
12. Class 5 .....	0	0	0	0	0	0	0	0
13. Class 6 .....	0	0	0	0	0	0	0	0
14. Total Preferred Stock .....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock .....	89,173,064	4,602,881	2,101,586	(174,544)	89,173,064	91,589,815	0	88,873,266

**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 .....	805,896	X X X	805,896	9,444	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 .....	1,488,558	2,540,837	0	1,089,542
2. Cost of short-term investments acquired .....	4,900,457	4,054,693	0	16,397,216
3. Increase (decrease) by adjustment .....	0	0	0	0
4. Increase (decrease) by foreign exchange adjustment .....	0	0	0	0
5. Total profit (loss) on disposal of short-term investments .....	0	0	0	0
6. Consideration received on disposal of short-term investments .....	3,848,178	5,789,634	0	15,998,200
7. Book / adjusted carrying value, current period .....	2,540,837	805,896	0	1,488,558
8. Total valuation allowance .....	0	0	0	0
9. Subtotal (Line 7 plus Line 8) .....	2,540,837	805,896	0	1,488,558
10. Total nonadmitted amounts .....	0	0	0	0
11. Statement value (Line 9 minus Line 10) .....	2,540,837	805,896	0	1,488,558
12. Income collected during period .....	11,919	9,444	0	81,056
13. Income earned during period .....	14,123	6,794	0	73,504

**Page 13**

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

**Page 14**

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

**Page 15**

Schedule F - Ceded Reinsurance  
**NONE**

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date - Allocated by States and Territories

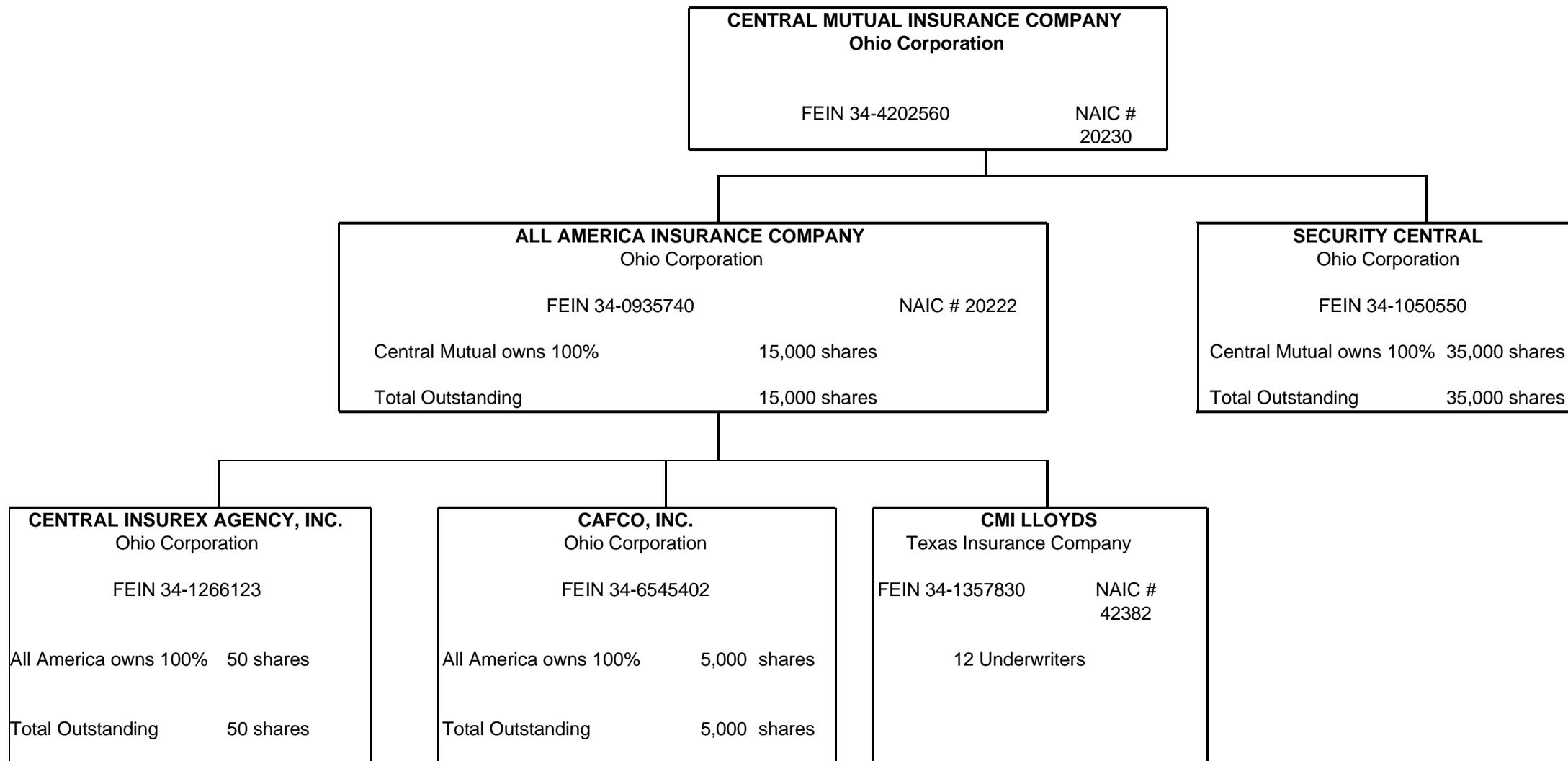
States, etc.	1 Is Insurer Licensed? (Yes or No)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama	AL	No	0	0	0	0	0
2. Alaska	AK	No	0	0	0	0	0
3. Arizona	AZ	Yes	1,450,257	4,061,585	3,182,673	2,335,752	6,396,001
4. Arkansas	AR	No	0	0	0	0	0
5. California	CA	Yes	0	0	588	588	214,648
6. Colorado	CO	No	0	0	0	0	0
7. Connecticut	CT	Yes	1,329,564	2,070,614	1,096,660	1,202,669	10,425,900
8. Delaware	DE	No	0	0	0	0	0
9. District of Columbia	DC	No	0	0	0	0	0
10. Florida	FL	No	0	0	(1,175)	(1,224)	28,976
11. Georgia	GA	Yes	9,274,469	11,438,358	5,133,319	6,023,021	7,570,223
12. Hawaii	HI	No	0	0	0	0	0
13. Idaho	ID	No	0	0	0	0	0
14. Illinois	IL	Yes	4,037,292	3,401,945	1,976,469	1,736,171	6,240,618
15. Indiana	IN	Yes	2,760,786	3,504,551	2,499,262	2,204,180	3,315,119
16. Iowa	IA	Yes	0	0	0	0	0
17. Kansas	KS	No	0	0	0	0	0
18. Kentucky	KY	Yes	2,203	0	0	0	0
19. Louisiana	LA	No	0	0	0	0	207,628
20. Maine	ME	No	0	0	0	0	0
21. Maryland	MD	No	0	0	0	0	0
22. Massachusetts	MA	Yes	2,442,045	3,434,376	1,472,888	1,297,921	7,159,111
23. Michigan	MI	Yes	9,366	7,585	8,509	4,731	116,875
24. Minnesota	MN	No	0	0	0	0	0
25. Mississippi	MS	No	0	0	0	0	0
26. Missouri	MO	No	0	0	0	0	0
27. Montana	MT	No	0	0	0	0	0
28. Nebraska	NE	No	0	0	0	0	0
29. Nevada	NV	Yes	0	0	0	0	0
30. New Hampshire	NH	No	0	190	0	0	0
31. New Jersey	NJ	Yes	1,732,337	2,392,802	1,374,121	1,906,312	14,341,034
32. New Mexico	NM	No	0	0	0	0	0
33. New York	NY	Yes	1,159,211	1,398,753	715,419	376,686	1,919,636
34. North Carolina	NC	Yes	2,311,142	3,953,279	1,484,403	1,570,569	2,825,897
35. North Dakota	ND	No	0	0	0	0	0
36. Ohio	OH	Yes	17,296,417	15,250,141	9,686,347	9,124,021	16,695,595
37. Oklahoma	OK	Yes	1,462,172	1,241,519	995,726	1,119,809	1,781,340
38. Oregon	OR	No	0	0	0	0	0
39. Pennsylvania	PA	No	0	0	0	0	0
40. Rhode Island	RI	No	0	0	0	0	0
41. South Carolina	SC	Yes	65,907	51,272	3,308	6,644	5,748
42. South Dakota	SD	No	0	0	0	0	0
43. Tennessee	TN	Yes	1,041,813	3,807,141	2,926,562	1,634,002	2,378,630
44. Texas	TX	Yes	3,206,759	3,511,684	1,482,900	1,582,878	6,495,800
45. Utah	UT	No	0	0	0	0	0
46. Vermont	VT	No	0	0	0	0	0
47. Virginia	VA	Yes	4,353,943	3,307,335	3,519,157	1,006,955	7,307,963
48. Washington	WA	No	0	0	0	0	0
49. West Virginia	WV	No	0	0	0	0	0
50. Wisconsin	WI	Yes	0	0	0	0	0
51. Wyoming	WY	No	0	0	0	0	0
52. American Samoa	AS	No	0	0	0	0	0
53. Guam	GU	No	0	0	0	0	0
54. Puerto Rico	PR	No	0	0	0	0	0
55. U.S. Virgin Islands	VI	No	0	0	0	0	0
56. Canada	CN	No	0	0	0	0	0
57. Aggregate Other Alien	OT	X X X	0	0	0	0	0
58. Totals	(a)	21	53,935,683	62,833,130	37,557,136	33,131,685	95,426,742
DETAILS OF WRITE-INS							
5701.	X X X		0	0	0	0	0
5702.	X X X		0	0	0	0	0
5703.	X X X		0	0	0	0	0
5798. Summary of remaining write-ins for Line 57 from overflow page	X X X		0	0	0	0	0
5799. TOTALS (Lines 5701 through 5703 plus Line 5798)(Line 57 above)	X X X		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**

6/30/2002



**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	682,998	532,889	78.0	37.7
2. Allied lines	538,291	187,346	34.8	24.1
3. Farmowners multiple peril	0	0	0.0	0.0
4. Homeowners multiple peril	11,365,877	9,017,038	79.3	75.8
5. Commercial multiple peril	11,096,115	9,642,714	86.9	56.4
6. Mortgage guaranty	0	0	0.0	0.0
8. Ocean marine	0	0	0.0	0.0
9. Inland marine	685,127	260,371	38.0	31.3
10. Financial guaranty	0	0	0.0	0.0
11.1 Medical malpractice-occurrence	0	0	0.0	0.0
11.2 Medical malpractice-claims made	0	0	0.0	0.0
12. Earthquake	202,705	503	0.2	0.0
13. Group accident and health	0	0	0.0	0.0
14. Credit accident and health	0	0	0.0	0.0
15. Other accident and health	0	0	0.0	0.0
16. Workers' compensation	4,669,921	6,099,492	130.6	71.8
17.1 Other liability-occurrence	177,953	(170,082)	(95.6)	70.1
17.2 Other liability-claims made	0	0	0.0	0.0
18.1 Products liability-occurrence	1,183,012	1,185,252	100.2	57.5
18.2 Products liability-claims made	0	0	0.0	0.0
19.1, 19.2 Private passenger auto liability	13,672,259	7,152,957	52.3	60.0
19.3, 19.4 Commercial auto liability	4,518,347	5,537,378	122.6	86.6
21. Auto physical damage	11,828,943	7,063,294	59.7	65.8
22. Aircraft (all perils)	0	0	0.0	0.0
23. Fidelity	3,452	0	0.0	0.0
24. Surety	0	0	0.0	0.0
26. Burglary and theft	1,113	(58)	(5.2)	0.0
27. Boiler and machinery	70,885	(57,327)	(80.9)	40.1
28. Credit	0	0	0.0	0.0
29. International	0	0	0.0	0.0
30. Reinsurance-Nonproportional Assumed Property	X X X	X X X	X X X	X X X
31. Reinsurance-Nonproportional Assumed Liability	X X X	X X X	X X X	X X X
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	X X X	X X X	X X X
33. Aggregate write-ins for other lines of business	0	0	0.0	0.0
34. TOTALS	60,696,998	46,451,767	76.5	66.0
DETAILS OF WRITE-INS				
3301.	0	0	0.0	0.0
3302.	0	0	0.0	0.0
3303.	0	0	0.0	0.0
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0.0	0.0
3399. Totals (Lines 3301 through 3303 plus Line 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	260,347	596,218	667,387
2. Allied lines	240,085	592,117	416,924
3. Farmowners multiple peril	0	0	0
4. Homeowners multiple peril	3,585,117	6,450,023	13,451,458
5. Commercial multiple peril	5,279,421	11,333,894	10,741,037
6. Mortgage guaranty	0	0	0
8. Ocean marine	0	0	0
9. Inland marine	249,459	446,701	804,186
10. Financial guaranty	0	0	0
11.1 Medical malpractice-occurrence	0	0	0
11.2 Medical malpractice-claims made	0	0	0
12. Earthquake	95,448	171,766	204,957
13. Group accident and health	0	0	0
14. Credit accident and health	0	0	0
15. Other accident and health	0	0	0
16. Workers' compensation	2,309,574	4,295,795	5,480,698
17.1 Other liability-occurrence	104,224	169,081	205,628
17.2 Other liability-claims made	0	0	0
18.1 Products liability-occurrence	702,110	1,271,470	1,247,500
18.2 Products liability-claims made	0	0	0
19.1, 19.2 Private passenger auto liability	6,883,656	12,998,613	13,172,579
19.3, 19.4 Commercial auto liability	1,989,953	4,062,969	5,003,743
21. Auto physical damage	5,990,380	11,481,712	11,353,580
22. Aircraft (all perils)	0	0	0
23. Fidelity	1,222	5,453	4,766
24. Surety	0	0	0
26. Burglary and theft	936	1,336	1,323
27. Boiler and machinery	29,994	58,535	77,366
28. Credit	0	0	0
29. International	0	0	0
30. Reinsurance-Nonproportional Assumed Property	X X X	X X X	X X X
31. Reinsurance-Nonproportional Assumed Liability	X X X	X X X	X X X
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	X X X	X X X
33. Aggregate write-ins for other lines of business	0	0	0
34. TOTALS	27,721,926	53,935,683	62,833,132
DETAILS OF WRITE-INS			
3301.	0	0	0
3302.	0	0	0
3303.	0	0	0
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0
3399. Totals (Lines 3301 through 3303 plus Line 3398) (Line 33)	0	0	0

**PART 3 (000 Omitted)**  
**LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE**

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves(a) (Cols. 1 plus 2)	2002 Loss and LAE Payments on Claims Reported as of Prior Year-End	2002 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2002 Loss and LAE Payments (Cols. 4 plus 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and open as of Prior Year End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or reopened Subsequent to Prior Year End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves(b) (Cols. 7 plus 8 plus 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 plus 7 minus Col. 1)	Prior-Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 plus 8 plus 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency(c) (Cols. 11 plus 12)
1. 1999 + Prior	8,504	4,436	12,940	420	43	463	8,291	1,319	3,331	12,941	207	257	464
2. 2000	5,571	2,852	8,423	1,598	109	1,707	4,398	934	1,516	6,848	425	(293)	132
3. Subtotals 2000 + prior	14,075	7,288	21,363	2,018	152	2,170	12,689	2,253	4,847	19,789	632	(36)	596
4. 2001	9,341	5,262	14,603	3,948	1,446	5,394	5,903	2,219	2,137	10,259	510	540	1,050
5. Subtotals 2001 + prior	23,416	12,550	35,966	5,966	1,598	7,564	18,592	4,472	6,984	30,048	1,142	504	1,646
6. 2002	X X X	X X X	X X X	X X X	7,924	7,924	X X X	5,587	3,260	8,847	X X X	X X X	X X X
7. Totals	23,416	12,550	35,966	5,966	9,522	15,488	18,592	10,059	10,244	38,895	1,142	504	1,646
8. Prior Year-End's Surplus As Regards Policy-holders	50,060,574										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. 4.9 %	2. 4.0 %	3. 4.6 %
													Col. 13, Line 7
													Line 8
													4. 0.0 %

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

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

RESPONSES

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

Yes

EXPLANATION:

.....

BARCODE:

Document Identifier 470:

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

No

EXPLANATION:

.....

BARCODE:

2. Document Identifier 490:



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

No

EXPLANATION:

.....

BARCODE:

3. Document Identifier 450:



**Page E01**

Sch. A, Pt. 2, Real Estate Acquired  
**NONE**

Sch. A, Pt. 3, Real Estate Sold  
**NONE**

**Page E02**

Schedule B, Part 1, Mortgage Loans Acquired  
**NONE**

Schedule B, Part 2, Mortgage Loans Sold  
**NONE**

**Page E03**

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

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

**SCHEDULE D - PART 3**

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

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation (a)
Bonds - U.S. Governments								
	US GOVERNMENT OBLIGATIONS - U.S.							
912827-4F-6	U.S. TREASURY NOTES	05/08/2002	McDonald & Company		418,250	400,000	10,877	1PE
	COUNTRY TOTAL - U.S.				418,250	400,000	10,877	
0399999	Subtotal - Bonds - U.S. Governments				418,250	400,000	10,877	
Bonds - Special Revenue and Special Assessment Obligations and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions								
	SPECIAL REVENUE AND ASSESSMENTS - U.S.							
	U.S.GOV'T.-AGENCIES							
31359M-LY-7	FNMA MTN	05/07/2002	Prudential Securities		502,500	500,000	11,417	1PE
	STATE TOTAL				502,500	500,000	11,417	
	COUNTRY TOTAL - U.S.				0	0	0	
3199999	Subtotal - Bonds - Special Revenue and Special Assessment Obligations and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions				502,500	500,000	11,417	
Bonds - Public Utilities								
	PUBLIC UTILITIES - U.S.							
455434-BD-1	INDIANAPOLIS POWER & LIGHT	04/04/2002	Dain Rauscher		590,343	550,000	7,662	1PE
976826-BA-4	WISCONSIN POWER & LIGHT NOTES	05/22/2002	First Union		526,000	500,000	15,847	1PE
	COUNTRY TOTAL - U.S.				1,116,343	1,050,000	23,509	
3899999	Subtotal - Bonds - Public Utilities				1,116,343	1,050,000	23,509	
Bonds - Industrial and Miscellaneous								
	INDUSTRIAL & MISCELLANEOUS - U.S.							
004408-AB-6	ACE LIMITED NOTES	05/07/2002	VAR		1,023,080	1,000,000	7,417	1PE
337358-BL-8	FIRST UNION CORP SUB NOTES	05/07/2002	BB&T Capital		1,022,258	1,000,000	3,763	1PE
741933-AB-1	PRIME PROPERTY II NOTES	04/09/2002	Kiley, Bloemers		520,450	500,000	5,542	1PE
	COUNTRY TOTAL - U.S.				2,565,788	2,500,000	16,722	
4599999	Subtotal - Bonds - Industrial and Miscellaneous				2,565,788	2,500,000	16,722	
6099997	Subtotal - Bonds - Part 3				4,602,881	4,450,000	62,525	
6099999	Subtotal - Bonds				4,602,881	4,450,000	62,525	
7299999	TOTALS				4,602,881		62,525	

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

**SCHEDULE D - PART 4**

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CUSIP 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 - U.S. Governments																
US GOVERNMENT OBLIGATIONS - U.S.																
362031-CV-6	GNMA POOL 5484	06/15/2002	PRINCIPAL RECEIPT	1,586	1,586.00	1,586.00	1,582	1,586	5	0	0	0	0	100		1PE
	COUNTRY TOTAL - U.S.			1,586	1,586.00	1,586.00	1,582	1,586	5	0	0	0	0	100		
0399999	Subtotal - Bonds - U.S. Governments			1,586	1,586.00	1,586.00	1,582	1,586	5	0	0	0	0	100		
Bonds - Special Revenue and Special Assessment Obligations and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																
SPECIAL REVENUE AND ASSESSMENTS - U.S.																
INDIANA																
455398-HQ-3	INDIANAPOLIS IN GAS UTIL SYS SER	06/01/2002	MATURITY	250,000	250,000.00	250,000.00	247,243	250,000	155	0	0	0	0	6,125		1PE
	STATE TOTAL			250,000	250,000.00	250,000.00	247,243	250,000	155	0	0	0	0	6,125		
NEBRASKA																
625914-DA-1	MUNI ENERGY AGCY OF NEBRASKA 1993A	04/01/2002	MATURITY	500,000	500,000.00	500,000.00	500,000	500,000	0	0	0	0	0	13,250		1PE
	STATE TOTAL			500,000	500,000.00	500,000.00	500,000	500,000	0	0	0	0	0	13,250		
TEXAS																
088563-JZ-5	BEXAR TX MET WTR DIST WTRKWS SYS	05/01/2002	MATURITY	250,000	250,000.00	250,000.00	248,295	250,000	83	0	0	0	0	5,625		1PE
	STATE TOTAL			250,000	250,000.00	250,000.00	248,295	250,000	83	0	0	0	0	5,625		
	COUNTRY TOTAL - U.S.			0	0.00	0.00	0	0	0	0	0	0	0	0		
3199999	Subtotal - Bonds - Special Revenue and Special Assessment Obligations and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions			1,000,000	1,000,000.00	1,000,000.00	995,538	1,000,000	238	0	0	0	0	25,000		
Bonds - Industrial and Miscellaneous																
INDUSTRIAL & MISCELLANEOUS - U.S.																
08172M-GM-2	BENEFICIAL CORP MTN	04/10/2002	MATURITY	500,000	500,000.00	500,000.00	506,510	500,000	(585)	0	0	0	0	10,270		1PE
911596-AF-1	U.S. BANCORP SUB NOTES	05/15/2002	MATURITY	600,000	600,000.00	600,000.00	612,084	600,000	(3,339)	0	0	0	0	24,375		1PE
	COUNTRY TOTAL - U.S.			1,100,000	1,100,000.00	1,100,000.00	1,118,594	1,100,000	(3,924)	0	0	0	0	34,645		
4599999	Subtotal - Bonds - Industrial and Miscellaneous			1,100,000	1,100,000.00	1,100,000.00	1,118,594	1,100,000	(3,924)	0	0	0	0	34,645		
6099997	Subtotal - Bonds - Part 4			2,101,586	2,101,586.00	2,101,586.00	2,115,714	2,101,586	(3,681)	0	0	0	0	59,745		
6099999	Subtotal - Bonds			2,101,586	2,101,586.00	2,101,586.00	2,115,714	2,101,586	(3,681)	0	0	0	0	59,745		
7299999	TOTALS			2,101,586	2,101,586.00	2,101,586.00	2,115,714	2,101,586	(3,681)	0	0	0	0	59,745	0	

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

**Page E06**

Schedule DB, Part A, Section 1

**NONE**

Schedule DB, Part B, Section 1

**NONE**

**Page E07**

Schedule DB, Part C, Section 1

**NONE**

Schedule DB, Part D, Section 1

**NONE**

**SCHEDULE E - PART 1 - CASH**

Month End Depository Balances

1 Depository		2	3	4	Book Balance at End of Each Month During Current Quarter			8 *
					5	6	7	
Name	Location and Supplemental Information	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	
Open Depositories								
0199998	Deposits in ..... 1 depositories which do not exceed the allowable limit in any one		130	60	334,857	28,297	16,835	..
	depository (See Instructions) - Open Depositories							
0199999	TOTAL - Open Depositories		130	60	334,857	28,297	16,835	..
0399999	TOTAL Cash on Deposit		130	60	334,857	28,297	16,835	..
0599999	TOTALS		130	60	334,857	28,297	16,835	..