



QUARTERLY STATEMENT

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

AFFIRMATIVE INSURANCE COMPANY

NAIC Group Code 0958 (Current Period) 0958 (Prior Period) NAIC Company Code 42609 Employer's ID Number 34-1385465

Organized under the Laws of Illinois, State of Domicile or Port of Entry ILLINOIS

Country of Domicile United States of America

Incorporated 06/10/1983 Commenced Business 07/15/1983

Statutory Home Office 1 South Wacker Drive Suite 2710, Chicago, IL 60606
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 3760 RIVER RUN DRIVE
(Street and Number) BIRMINGHAM, AL 35243 205-970-7000
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

Mail Address P. O. BOX 43360, BIRMINGHAM, AL 35243
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 3760 RIVER RUN DRIVE
(Street and Number) BIRMINGHAM, AL 35243 205-970-7239
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address WWW.VESTA.COM

Statement Contact STEPHEN MARTIN PRIOR 205-970-7239
(Name) (Area Code) (Telephone Number) (Extension)
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Policyowner Relations Contact 3760 RIVER RUN DRIVE
(Street and Number) BIRMINGHAM, AL 35243 205-970-7051
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

PRESIDENT KENNETH GERALD BARRON SECRETARY ARTHUR JEFFREY GONZALES
TREASURER THOMAS JOHN CHANA

VICE PRESIDENTS

RUSSELL KEY CROUCH SAMUEL JACKSON HEWITT BOBBY LEO NOLEN
MICHAEL WAYNE PETERS STEPHEN PHILIP RUSSELL FRED HERBERT WRIGHT

DIRECTORS OR TRUSTEES

KENNETH GERALD BARRON LEONARD SYLVESTER CARONIA THOMAS JOHN CHANA
RUSSELL KEY CROUCH STEPHEN ALLEN KORDUCKI JAMES EDWIN TAIT

State of ALABAMA }
County of JEFFERSON } ss

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

K. GERALD BARRON SAMUEL J. HEWITT FRED H. WRIGHT
PRESIDENT VICE PRESIDENT VICE PRESIDENT

Subscribed and sworn to before me this
12TH day of AUGUST, 2002

AMY ENNIS HOWARD
ACCOUNTING STAFF
JUNE 12, 2005

STATEMENT AS OF JUNE 30, 2002 OF THE AFFIRMATIVE 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	2,546,951		2,546,951	2,548,307
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$1,481,584 and short-term investments \$)	1,481,584		1,481,584	170,281
6. Other invested assets	759,354		759,354	754,133
7. Receivable for securities				
8. Aggregate write-ins for invested assets				
9. Subtotals, cash and invested assets (Lines 1 to 8)	4,787,889		4,787,889	3,472,721
10. Agents' balances or uncollected premiums				
10.1 Premiums and agents' balances in course of collection	28,041,950	893,644	27,148,306	3,580,528
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)				
10.3 Accrued retrospective premiums				
11. Funds held by or deposited with reinsured companies				
12. Bills receivable, taken for premiums				
13. Amounts billed and receivable under high deductible policies				
14. Reinsurance recoverables on loss and loss adjustment expense payments	15,123		15,123	2,431,796
15. Federal and foreign income tax recoverable and interest thereon (including \$ net deferred tax asset)				
16. Guaranty funds receivable or on deposit				
17. Electronic data processing equipment and software				
18. Interest, dividends and real estate income due and accrued	48,812		48,812	49,084
19. Net adjustments in assets and liabilities due to foreign exchange rates				
20. Receivable from parent, subsidiaries and affiliates			0	653,623
21. Amounts due from /to protected cells				
22. Equities and deposits in pools and associations	2,947		2,947	3,770
23. Amounts receivable relating to uninsured accident and health plans				
24. Other assets nonadmitted				
25. Aggregate write-ins for other than invested assets	55,540		55,540	24,013
26. Total assets excluding protected cell assets (Lines 9 through 25)	32,952,261	893,644	32,058,617	10,215,535
27. Protected cell assets				
28. TOTALS (Lines 26 and 27)	32,952,261	893,644	32,058,617	10,215,535
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. PREMIUM TAX RECEIVABLE	55,540		55,540	24,013
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)	55,540		55,540	24,013

STATEMENT AS OF JUNE 30, 2002 OF THE AFFIRMATIVE INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$)	0	
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses		
4. Commissions payable, contingent commissions and other similar charges	77,848	34,873
5. Other expenses (excluding taxes, licenses and fees)	36	13,304
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	801,497	61,893
7. Federal and foreign income taxes [including \$ on realized capital gains (losses)] (including \$ 5,411 net deferred tax liability)	2,446,120	323,102
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 42,276,160 and including warranty reserves of \$)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	5,428,410	(242,231)
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	9,337,395	
20. Payable for securities		
21. Liability for amounts held under uninsured accident and health plans		
22. Capital notes \$ and interest thereon \$		
23. Aggregate write-ins for liabilities		
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	18,091,306	190,941
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	18,091,306	190,941
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	2,500,000	2,500,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	3,750,000	3,750,000
33. Unassigned funds (surplus)	7,717,311	3,774,594
34. Less treasury stock, at cost		
34.1 shares common (value included in Line 28 \$)		
34.2 shares preferred (value included in Line 29 \$)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34)	13,967,311	10,024,594
36. TOTALS	32,058,617	10,215,535
DETAILS OF WRITE-INS		
2301.		
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)		
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 AS OF JUNE 30, 2002 OF THE AFFIRMATIVE INSURANCE COMPANY

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 37,370,583)	1,318,154	8,698,824	14,430,937
1.2 Assumed (written \$ 66,076,609)	66,076,609		
1.3 Ceded (written \$ 103,447,192)	67,394,763	8,698,824	14,430,937
1.4 Net (written \$ 0)	0		0
DEDUCTIONS:			
2. Losses incurred (current accident year \$):			
2.1 Direct	33,643,108	4,730,701	11,010,948
2.2 Assumed	3,699,045		
2.3 Ceded	37,342,153	4,730,701	11,010,948
2.4 Net	0		0
3. Loss expenses incurred			
4. Other underwriting expenses incurred	(517,236)	(45,532)	(72,424)
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2.4 thru 5)	(517,236)	(45,532)	(72,424)
7. Net income of protected cells			
8. Net underwriting gain or (loss) (Line 1.4 minus Line 6 + Line 7)	517,236	45,532	72,424
INVESTMENT INCOME			
9. Net investment income earned	79,843	369,164	472,827
10. Net realized capital gains or (losses)		(5,632)	148,547
11. Net investment gain (loss) (Lines 9 + 10)	79,843	363,532	621,374
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$)		(134,179)	(268,581)
13. Finance and service charges not included in premiums	973,592	92,027	220,804
14. Aggregate write-ins for miscellaneous income	4,495,064		36,425
15. Total other income (Lines 12 through 14)	5,468,656	(42,152)	(11,352)
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	6,065,735	366,912	682,446
17. Dividends to policyholders			
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	6,065,735	366,912	682,446
19. Federal and foreign income taxes incurred	2,122,318	127,856	318,391
20. Net income (Line 18 minus Line 19)(to Line 22)	3,943,417	239,056	364,055
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	10,024,594	14,304,231	14,304,231
GAINS AND (LOSSES) IN SURPLUS			
22. Net income (from Line 20)	3,943,417	239,056	364,055
23. Net unrealized capital gains or losses			
24. Change in net unrealized foreign exchange capital gain (loss)			
25. Change in net deferred income tax	(700)	(26,811)	20,681
26. Change in nonadmitted assets			(838,980)
27. Change in provision for reinsurance			
28. Change in surplus notes			
29. Surplus (contributed to) withdrawn from protected cells			
30. Cumulative effect of changes in accounting principles			(25,393)
31. Capital changes:			
31.1 Paid in			
31.2 Transferred from surplus (Stock Dividend)			
31.3 Transferred to surplus			
32. Surplus adjustments:			
32.1 Paid in			
32.2 Transferred to capital (Stock Dividend)			
32.3 Transferred from capital			
33. Net remittances from or (to) Home Office			
34. Dividends to stockholders			(3,800,000)
35. Change in treasury stock			
36. Aggregate write-ins for gains and losses in surplus			
37. Change in surplus as regards policyholders (Lines 22 through 36)	3,942,717	212,245	(4,279,638)
38. Surplus as regards policyholders, as of statement date (Lines 21 plus 37)	13,967,311	14,516,476	10,024,594
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. MISCELLANEOUS INCOME	4,495,064	0	36,425
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	4,495,064		36,425
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 AFFIRMATIVE INSURANCE COMPANY

CASH FLOW

	1 Current Year to Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	(17,897,137)	(1,010,734)
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	(2,416,673)	(1,339,904)
3. Underwriting expenses paid	(1,283,540)	(140,907)
4. Other underwriting income (expenses)		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(14,196,924)	470,077
6. Net investment income	76,508	667,116
7. Other income (expenses):		
7.1 Agents' balances charged off		(268,581)
7.2 Net funds held under reinsurance treaties		(8,269,716)
7.3 Net amount withheld or retained for account of others		
7.4 Aggregate write-ins for miscellaneous items	5,440,701	(703,387)
7.5 Total other income (Lines 7.1 to 7.4)	5,440,701	(9,241,684)
8. Dividends to policyholders on direct business, less \$ dividends on reinsurance assumed or ceded (net)		
9. Federal and foreign income taxes (paid) recovered	0	(318,391)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	(8,679,715)	(8,422,882)
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds		12,131,271
11.2 Stocks		
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)		12,131,271
12. Cost of investments acquired (long-term only):		
12.1 Bonds		3,287,651
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Miscellaneous applications		
12.7 Total investments acquired (Lines 12.1 to 12.6)		3,287,651
13. Net Cash from investments (Line 11.8 minus Line 12.7)		8,843,620
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	9,991,018	2,697,265
14.4 Borrowed funds received		
14.5 Other cash provided		24,982
14.6 Total (Lines 14.1 to 14.5)	9,991,018	2,722,247
15. Cash applied:		
15.1 Dividends to stockholders paid		3,800,000
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	3,800,000
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	9,991,018	(1,077,753)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	1,311,303	(657,015)
18. Cash and short-term investments:		
18.1 Beginning of year	170,281	827,296
18.2 End of year (Line 17 plus Line 18.1)	1,481,584	170,281
DETAILS OF WRITE-INS		
07.401 Finance/Service Charge	973,592	220,804
07.402 Change in Other Ledger Assets	(27,955)	(924,191)
07.403 Miscellaneous Income	4,495,064	0
07.498 Summary of remaining write-ins for Line 7.4 from overflow page		
07.499 Totals (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above)	5,440,701	(703,387)

STATEMENT AS OF JUNE 30, 2002 OF THE AFFIRMATIVE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

AFFIRMATIVE INSURANCE COMPANY
Notes as of June 30, 2002

1 Summary of Significant Accounting Policies

The accompanying financial statements of Affirmative Insurance Company ("the Company"), have been prepared in conformity with National Association of Insurance Commissioners Annual Statement Instructions and Accounting Practice and Procedure manuals and the State of Illinois.

- b. 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. 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. Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred.

In addition, the company uses the following accounting policies:

Short term investments are stated at amortized cost. Bonds are stated at amortized cost using the interest method. Non-investment bonds are stated at the lower of amortized value or fair value. Common stocks, other than investments in stocks of subsidiaries and affiliates, are stated at market. Loan backed securities are stated at amortized cost. The retrospective adjustment method is used to value all loan-backed securities. Non-investment grade loan-backed securities are stated at the lower of amortized cost or fair value.

- 2 Accounting Changes and Correction of Errors: NONE
- 3 Business Combinations and Goodwill: NONE
- 4 Discontinued Operations:
The Company did not discontinue any operations in 2001.
- 4 Discontinued Operations: NONE
- 5 Investments
 - A. Mortgage Loans
NONE
 - B. Troubled Debt Restructuring for Creditors NONE
 - C. Reverse Mortgages NONE
 - D. Loan-Backed Securities
NONE
 - E. Repurchase Agreement
NONE
- 6 Joint Ventures, Partnerships and Limited Liability Companies: None that exceed 10% of admitted assets
- 7 Investment Income
 - a. Due and accrued income was excluded from surplus on the following basis:
All investment income due and accrued with amounts that are over 90 days past due
 - b The total amount excluded was \$ 0.

8 Derivative Investments: NONE

9 Income Taxes

A. Components of Deferred Tax Assets (DTAs) and Deferred Tax Liabilities (DTLs)

Description	Amount
Gross deferred tax assets	\$0
Gross deferred tax liabilities	\$5,411
Net deferred tax asset/(liability)	-\$5,411
Nonadmitted deferred tax asset	\$0
Admitted deferred tax asset/(liability)	-\$5,411
Increase(decrease) in deferred tax assets nonadmitted	\$0

B. Unrecognized DTLs

Not applicable

C. Current Tax and Change in Deferred Tax

Current income taxes incurred consist of the following major components:

Description	2002	2001
Current year expense	\$2,122,318	\$317,866
Prior year underaccrual (overaccrual)	0	525
Current income taxes incurred	\$2,124,320	\$320,392

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

DTAs	Statutory	Tax	Difference	Tax Effect
Loss Reserves			\$0	\$0
Goodwill			\$0	\$0
Unearned Premiums			\$0	\$0
Other			\$0	\$0
Gross DTAs				\$0
Nonadmitted DTAs				\$0

DTLs	Statutory	Tax	Difference	Tax Effect
Bonds	\$2,546,951	\$2,531,491	\$15,460	\$5,411
Depreciable assets			\$0	\$0
Other			\$0	\$0
Total DTLs				\$5,411

The changes in main components of DTAs and DTLs are as follows:

DTAs Resulting from book/tax differences in	December 31, 2001	June 30, 2002	Change
Loss reserves			\$0
Goodwill			\$0
Unearned Premiums			\$0
Other			\$0
Gross DTAs	\$0	\$0	\$0
Nonadmitted DTAs			\$0

NOTES TO FINANCIAL STATEMENTS

DTLs Resulting from book/tax differences in	December 31, 2001	June 30, 2002	Change
Bonds	\$4,711	\$5,411	\$700
Depreciable assets			\$0
Other			\$0
Total DTLs	\$4,711	\$5,411	\$700

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The significant book to tax adjustments were as follows:

Description	Amount	Tax Effect at 35%
Income before taxes	\$6,065,735	\$2,123,007
book over tax reserves	\$0	\$0
Unearned premiums	\$0	\$0
Depreciation	\$0	\$0
Accrued market discount	-\$1,999	-\$700
Tax exempt interest	\$0	\$0
Dividends received deduction	\$0	\$0
Accrued dividends	\$0	\$0
Goodwill	\$0	\$0
Accrued deferred compensation	\$0	\$0
Discounts on Bonds sold	\$0	\$0
Other	\$29	\$10
Taxable income	\$6,063,765	\$2,122,318

E. Operating Loss and Tax Credit Carryforwards

(1) At June 30, 2002, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.

(2) The following in income tax expense for 2002 and 2001 that is available for recoupment in the event of future net losses:

Year	Amount
2002	\$0
2001	\$0

F. Consolidated Federal Income Tax Return

(1) The Company's federal income tax return is consolidated with all of the companies shown in Schedule Y, except for Vesta Capital Trust, American Founders Financial Corporation, Laurel Life Insurance Company, American Founders Life Insurance Company, Bradford Investments, L.C., States General Life Insurance Company, and United International Life Insurance Company.

(2) The method of allocation between the companies is subject to written agreement. Each company pays a share of the total tax liability determined as if computed separately. Companies that would report a loss are reimbursed by the other companies up to the amount of their tax liabilities computed separately.

10 Information Concerning Parent, Subsidiaries & Affiliates

a. Ownership

Common stock ownership of the Company and affiliates is shown in the chart on Schedule Y along with transactions between any affiliates. All companies are 100% owned except where indicated otherwise.

b., c. Transactions by the Company and Affiliated Insurers With Affiliates.

In June 2002, Sheffield Insurance Corporation, a direct subsidiary of Vesta Capital Syndicate, Inc., who is a subsidiary of Vesta Fire Insurance Corporation, was sold to Combined Specialty Insurance Company. Vesta Fire Insurance Corporation is reinsuring the business existing at the time of sale.

d. The amounts due from and due to related parties are reflected on page 2, line 20 and page 3, line 18.

e. The company has not issued any guarantees for the benefit of an affiliate.

f. The business of the Company is conducted by employees of J. Gordon Gaines, Inc. The Company has an agreement with J. Gordon Gaines, Inc. which provides for reimbursement of direct expenses for services and materials which J. Gordon Gaines Inc. may provide.

g. All outstanding shares of the Company are owned by the Parent Company, Vesta Fire Insurance Corporation, which is domiciled in the State of Illinois.

h. The Company owns no shares of an upstream intermediate or ultimate parent.

i. The Company does not have any investments in Subsidiary, Controlled, or Affiliated Companies that exceed 10% of its admitted assets.

j. The Company does not have any investments in impaired Subsidiary, Controlled, or Affiliated Companies.

11 Debt

NONE

12 Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

a. The Company does not have a Defined Benefit Plan

b. The Company does not have a Defined Contribution Plan

c. The Company does not have Multiemployer Plans

d. The Company does not have consolidated/Holding company plans.

e. The Company does not have Postemployment Benefits and Compensated Absences

13 Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

a. The maximum amount of dividends which can be paid by State of Illinois insurance companies to shareholders without prior approval of the Insurance Commissioner is subject to restrictions relating to statutory surplus. The maximum dividend payout which may be made without prior approval in 2002 is \$970,359.

b. No restrictions have been placed on unassigned surplus funds.

c. None of the stock of the Company is being held for special purposes.

d. The Company does not have any preferred stock outstanding.

e. The Company does not have any surplus debentures outstanding.

f. The Company did not participate in any quasi-reorganizations.

NOTES TO FINANCIAL STATEMENTS

14	Contingencies	NONE	
15	Leases	NONE	
16	Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk		NONE
17	Sale Transfer and Servicing of Financial Assets and Extinguishments of Liabilities	NONE	
18	Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans		NONE
19	Direct Premium Written/Produced by Managing General Agents/Third Party Administrators	NONE	
20	Other Items		
	The Company elected to use rounding in reporting amounts in this Statement.		
21	Events Subsequent	NONE	
22	Reinsurance	-	No change
23	Retrospectively Rated Contracts & Contracts Subject to Redetermination	NONE	
24	Change in Incurred Losses and Loss Adjustment Expenses		
	The Company was 100% reinsured by it's Parent, Vesta Fire Insurance Corporation, for the years 2000, 2001, and 2002.		
25	Intercompany Pooling Arrangements	NONE	
26	Structured Settlements	NONE	
27	High Deductibles	NONE	
28	Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses		NONE
29	Asbestos/Environmental Reserves	NONE	
30	Subscriber Savings Accounts	NONE	
31	Financial Guaranty Exposures	NONE	

GENERAL INTERROGATORIES

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

**PART 1 - COMMON INTERROGATORIES
GENERAL**

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

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

- 6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [X] NA []
If yes, attach an explanation.
- 7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2000
- 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. 12/31/2000
- 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). 01/12/2002
- 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: \$

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

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

13.2 If yes, please complete the following:

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

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

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

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
NORTHERN TRUST.....	50 SOUTH LaSALLE STREET, CHICAGO, ILLINOIS.....

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				
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				
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	754,133	759,354		700,000
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	5,221			54,133
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	759,354	759,354		754,133
10. Total valuation allowance				
11. Subtotal (Lines 9 plus 10)	759,354	759,354		754,133
12. Total nonadmitted amounts				
13. Statement value of long-term invested assets at end of current period	759,354	759,354		754,133

STATEMENT AS OF JUNE 30, 2002 OF THE AFFIRMATIVE 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	2,547,672			(721)	2,547,672	2,546,951		2,548,307
2. Class 2								
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	2,547,672			(721)	2,547,672	2,546,951		2,548,307
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	2,547,672			(721)	2,547,672	2,546,951		2,548,307

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		XXX			

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				101,000
2. Cost of short-term investments acquired				
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				101,000
7. Book/adjusted carrying value, current period				
8. Total valuation allowance				
9. Subtotal (Lines 7 plus 8)				
10. Total nonadmitted amounts				
11. Statement value (Lines 9 minus 10)				
12. Income collected during period				38,344
13. Income earned during period				38,344

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule F

NONE

STATEMENT AS OF JUNE 30, 2002 OF THE AFFIRMATIVE INSURANCE COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

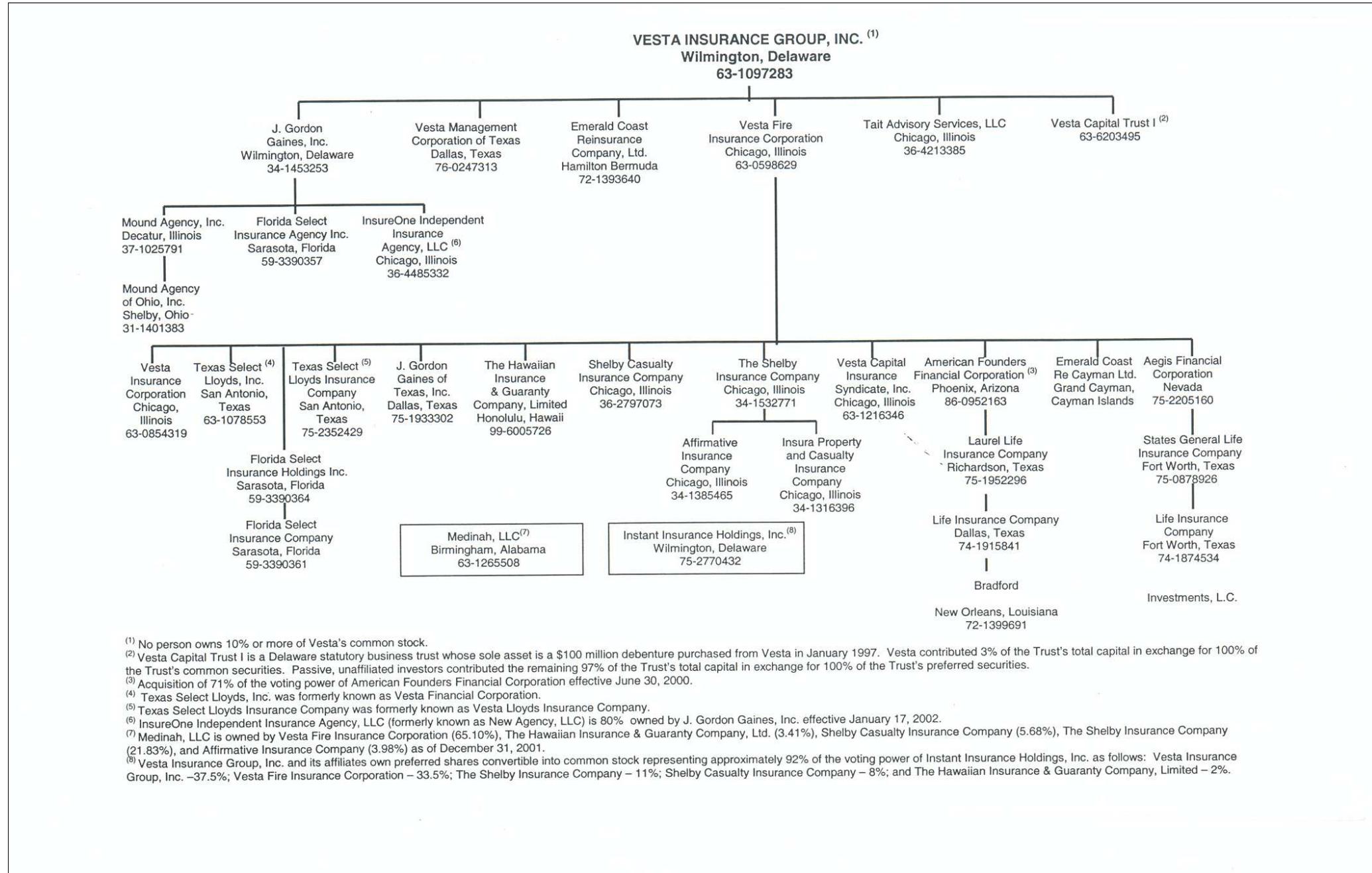
Current Year to Date - Allocated by States and Territories

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	Yes					
4. Arkansas	AR	Yes					
5. California	CA	No					
6. Colorado	CO	No					
7. Connecticut	CT	Yes		124,424	121,164	279,473	544,802
8. Delaware	DE	No					
9. District of Columbia	DC	No					
10. Florida	FL	Yes		(2,047)	1,495	94	2,348
11. Georgia	GA	Yes					(81)
12. Hawaii	HI	No					
13. Idaho	ID	Yes					
14. Illinois	IL	Yes	25,433,156	690,838	6,288,205	858,661	18,123,874
15. Indiana	IN	Yes	7,129,738	206,063	1,708,396	219,737	4,504,831
16. Iowa	IA	Yes					
17. Kansas	KS	Yes					
18. Kentucky	KY	Yes					
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	Yes		7,621	(435)		10,801
26. Missouri	MO	No					
27. Montana	MT	No					
28. Nebraska	NE	Yes					
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	Yes	2,629,634	3,044,448	1,468,054	1,276,822	1,743,305
35. North Dakota	ND	Yes					739,314
36. Ohio	OH	Yes	312,734	747,579	546,469	770,053	475,506
37. Oklahoma	OK	Yes					735,766
38. Oregon	OR	No					
39. Pennsylvania	PA	Yes	339,285	1,027,146	588,540	646,922	906,349
40. Rhode Island	RI	Yes					717,224
41. South Carolina	SC	No					
42. South Dakota	SD	Yes					
43. Tennessee	TN	Yes	208,730	410,997	170,581	310,339	363,886
44. Texas	TX	No					269,927
45. Utah	UT	No					
46. Vermont	VT	No					
47. Virginia	VA	Yes	1,193,566	1,569,973	993,631	916,413	1,304,995
48. Washington	WA	No					1,069,235
49. West Virginia	WV	Yes					
50. Wisconsin	WI	Yes	123,740	1,409,310	636,055	885,850	402,992
51. Wyoming	WY	No					1,358,532
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) 24		37,370,583	9,106,354	12,529,929	6,007,021	28,105,305
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.

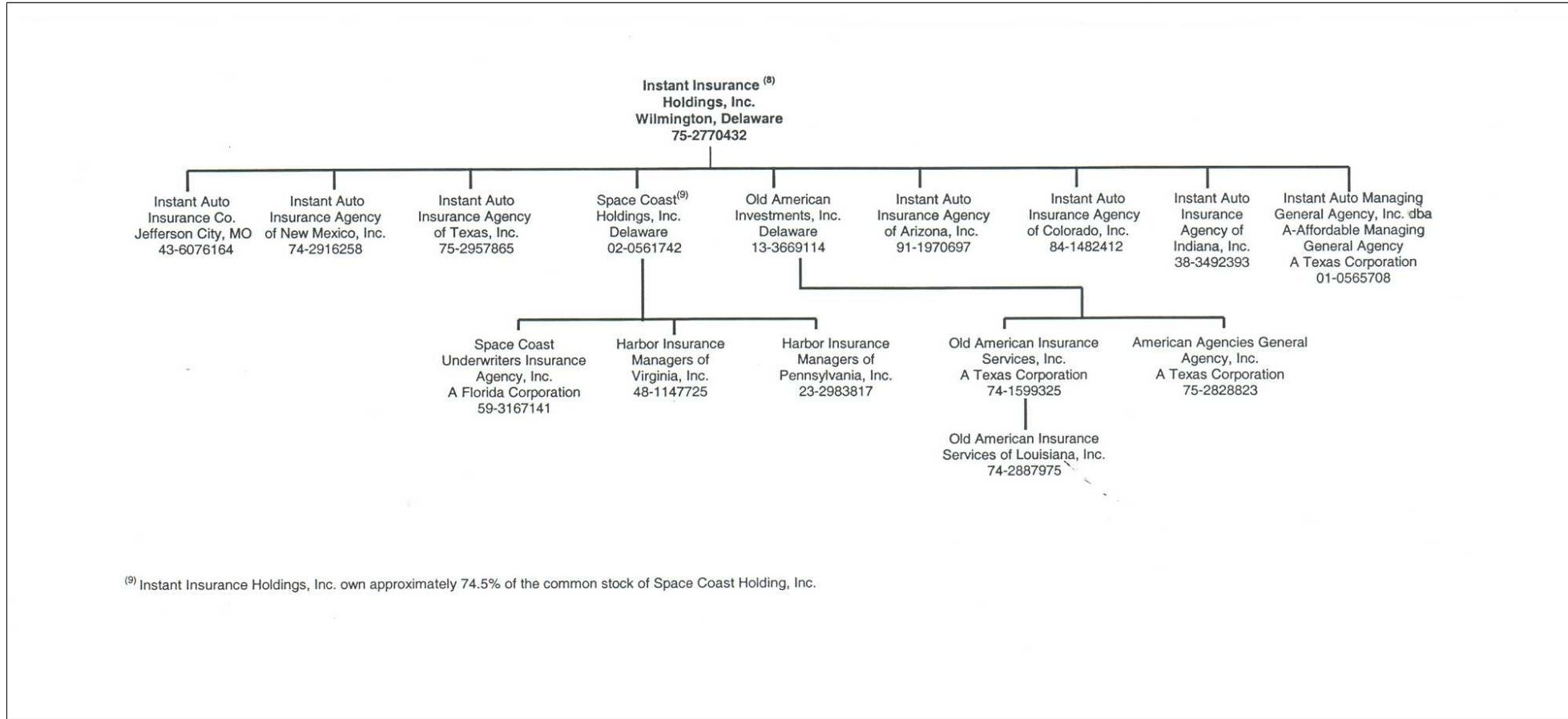
STATEMENT AS OF JUNE 30, 2002 OF THE AFFIRMATIVE INSURANCE COMPANY

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



⁽¹⁾ No person owns 10% or more of Vesta's common stock.
⁽²⁾ Vesta Capital Trust I is a Delaware statutory business trust whose sole asset is a \$100 million debenture purchased from Vesta in January 1997. Vesta contributed 3% of the Trust's total capital in exchange for 100% of the Trust's common securities. Passive, unaffiliated investors contributed the remaining 97% of the Trust's total capital in exchange for 100% of the Trust's preferred securities.
⁽³⁾ Acquisition of 71% of the voting power of American Founders Financial Corporation effective June 30, 2000.
⁽⁴⁾ Texas Select Lloyds, Inc. was formerly known as Vesta Financial Corporation.
⁽⁵⁾ Texas Select Lloyds Insurance Company was formerly known as Vesta Lloyds Insurance Company.
⁽⁶⁾ InsureOne Independent Insurance Agency, LLC (formerly known as New Agency, LLC) is 80% owned by J. Gordon Gaines, Inc. effective January 17, 2002.
⁽⁷⁾ Medinah, LLC is owned by Vesta Fire Insurance Corporation (65.10%), The Hawaiian Insurance & Guaranty Company, Ltd. (3.41%), Shelby Casualty Insurance Company (5.68%), The Shelby Insurance Company (21.83%), and Affirmative Insurance Company (3.98%) as of December 31, 2001.
⁽⁸⁾ Vesta Insurance Group, Inc. and its affiliates own preferred shares convertible into common stock representing approximately 92% of the voting power of Instant Insurance Holdings, Inc. as follows: Vesta Insurance Group, Inc. -37.5%; Vesta Fire Insurance Corporation - 33.5%; The Shelby Insurance Company - 11%; Shelby Casualty Insurance Company - 8%; and The Hawaiian Insurance & Guaranty Company, Limited - 2%.

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



STATEMENT AS OF JUNE 30, 2002 OF THE AFFIRMATIVE 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	86,382	249,715	289.1	49.7
2. Allied Lines	64,495	800	1.2	2.0
3. Farmowners multiple peril				
4. Homeowners multiple peril	3,172,631	2,552,011	80.4	82.7
5. Commercial multiple peril		(39)		
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	55,833			(0.1)
10. Financial guaranty				
11.1 Medical malpractice - occurrence				
11.2 Medical malpractice - claims-made				
12. Earthquake	2,529			
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation		170,200		
17.1 Other liability - occurrence	13,127	1,700	13.0	(20.0)
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	(886,619)	19,345,822	(2,182.0)	23.6
19.3,19.4 Commercial auto liability		10,000		
21. Auto physical damage	(1,190,224)	11,312,899	(950.5)	67.6
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
31. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
33. Aggregate write-ins for other lines of business				
34. Totals	1,318,154	33,643,108	2,552.3	54.4
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	37,913	73,707	222,246
2. Allied Lines	34,516	69,979	4,722
3. Farmowners multiple peril			
4. Homeowners multiple peril	1,671,080	3,068,183	3,925,483
5. Commercial multiple peril			
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine	50,931	77,195	70,847
10. Financial guaranty			
11.1 Medical malpractice - occurrence			
11.2 Medical malpractice - claims-made			
12. Earthquake	1,032	2,773	3,646
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability - occurrence	27,497	33,909	62,820
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	17,231,834	20,701,644	3,649,737
19.3,19.4 Commercial auto liability			
21. Auto physical damage	11,745,593	13,343,193	1,166,853
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	30,800,396	37,370,583	9,106,354
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 AFFIRMATIVE 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													
2. 2000													
3. Subtotals 2000 + Prior													
4. 2001													
5. Subtotals 2001 + Prior													
6. 2002	XXX	XXX	XXX	XXX			XXX				XXX	XXX	XXX
7. Totals													
8. Prior Year-End's Surplus As Regards Policyholders	10,025										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.	2.	3.
													Col. 13, Line 7 As a % of Col. 1 Line 8
													4.

19

(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

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

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

