



QUARTERLY STATEMENT

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

VICTORIA SPECIALTY INSURANCE COMPANY

NAIC Group Code	0304	0304	NAIC Company Code	10777	Employer's ID Number	34-1842602
	(Current Period)	(Prior Period)				
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States of America					
Incorporated	February 9, 1996		Commenced Business			
Statutory Home Office	5915 Landerbrook Drive			Cleveland, OH 44124-4058		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	5915 Landerbrook Drive					
	Cleveland, OH 44124-4058			440-461-3461		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Mail Address	5915 Landerbrook Drive			Cleveland, OH 44124-4058		
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)		
Primary Location of Books and Records	5915 Landerbrook Drive					
	Cleveland, OH 44124-4058			440-461-3461-321		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number) (Extension)		
Internet Website Address	www.victoriainsurance.com					
Statement Contact	Raymond Karl Mueller			440-461-3461-321		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	ray.mueller@victoriainsurance.com			440-461-0492		
	(E-mail Address)			(FAX Number)		
Policyowner Relations Contact	5915 Landerbrook Drive					
	Cleveland, OH 44124-4058			440-461-3461-441		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number) (Extension)		

OFFICERS

President	Robert William Mueller	Secretary	Carl Arthur Peterson
Chief Financial Officer	Joseph William Metz	Treasurer	Nicholas Adam Hencoski
Vice President	Howard Veail Dempster	Assistant Secretary	Assunta Rossi
Vice President	David Alan Nachman	Assistant Treasurer	Raymond Karl Mueller

VICE PRESIDENTS

Howard Veail Dempster	Joseph William Metz	David Alan Nachman
Thomas Owen Ramsbacher		

DIRECTORS OR TRUSTEES

James Thomas Byron	Howard Veail Dempster	Roger Louis Desjaddon
Sharon Leslie Helldorfer	Brendan Patrick Houlihan	Robert William Mueller
Joseph John Pecoraro #	James Andrew Tignanelli #	

State of .....Ohio.....  
County of .....Cuyahoga.....  
} 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.

Robert William Mueller President	Assunta Rossi Assistant Secretary	Raymond Karl Mueller Assistant Treasurer
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Subscribed and sworn to before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 2002

\_\_\_\_\_

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 .....	2,896,970		2,896,970	2,687,005
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 (\$ .....390,752 and short-term investments \$ ..... ) .....	390,752		390,752	593,637
6. Other invested assets .....				
7. Receivable for securities .....				
8. Aggregate write-ins for invested assets .....				
9. Subtotals, cash and invested assets (Lines 1 to 8) .....	3,287,722		3,287,722	3,280,642
10. Agents' balances or uncollected premiums				
10.1 Premiums and agents' balances in course of collection .....				
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. 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 .....	19,558		19,558	40,008
19. Net adjustments in assets and liabilities due to foreign exchange rates .....				
20. Receivable from parent, subsidiaries and affiliates .....				
21. Amounts due from /to protected cells .....				
22. Equities and deposits in pools and associations .....				
23. Amounts receivable relating to uninsured accident and health plans .....				
24. Other assets nonadmitted .....				
25. Aggregate write-ins for other than invested assets .....				
26. Total assets excluding protected cell assets (Lines 9 through 25) .....	3,307,280		3,307,280	3,320,650
27. Protected cell assets .....				
28. TOTALS (Lines 26 and 27)	3,307,280		3,307,280	3,320,650
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. ....				
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)				

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ ..... ) .....		
2. Reinsurance payable on paid losses and loss adjustment expenses .....		
3. Loss adjustment expenses .....		
4. Commissions payable, contingent commissions and other similar charges .....		
5. Other expenses (excluding taxes, licenses and fees) .....		
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....		
7. Federal and foreign income taxes [including \$ .....5 on realized capital gains (losses)] (including \$ .....1,840 net deferred tax liability) .....	47,598	14,308
8. Borrowed money \$ ..... and interest thereon \$ .....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ ..... 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) .....		
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 .....		131,640
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) .....	47,598	145,948
25. Protected cell liabilities .....		
26. Total liabilities (Lines 24 and 25) .....	47,598	145,948
27. Aggregate write-ins for special surplus funds .....		
28. Common capital stock .....	1,000,000	1,000,000
29. Preferred capital stock .....		
30. Aggregate write-ins for other than special surplus funds .....		
31. Surplus notes .....		
32. Gross paid in and contributed surplus .....	1,500,000	1,500,000
33. Unassigned funds (surplus) .....	759,682	674,702
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) .....	3,259,682	3,174,702
36. TOTALS	3,307,280	3,320,650
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 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 \$ ..... )			
1.2 Assumed (written \$ ..... )			
1.3 Ceded (written \$ ..... )			
1.4 Net (written \$ ..... )			
DEDUCTIONS:			
2. Losses incurred (current accident year \$ .....):			
2.1 Direct .....			
2.2 Assumed .....			
2.3 Ceded .....			
2.4 Net .....			
3. Loss expenses incurred .....			
4. Other underwriting expenses incurred .....			
5. Aggregate write-ins for underwriting deductions .....			
6. Total underwriting deductions (Lines 2.4 thru 5) .....			
7. Net income of protected cells .....			
8. Net underwriting gain or (loss) (Line 1.4 minus Line 6 + Line 7) .....			
INVESTMENT INCOME			
9. Net investment income earned .....	130,750	160,226	181,374
10. Net realized capital gains or (losses) .....	(13)	(710)	(710)
11. Net investment gain (loss) (Lines 9 + 10) .....	130,737	159,516	180,664
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ ..... amount charged off \$ .....)			
13. Finance and service charges not included in premiums .....			
14. Aggregate write-ins for miscellaneous income .....			
15. Total other income (Lines 12 through 14) .....			
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15) .....	130,737	159,516	180,664
17. Dividends to policyholders .....			
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17) .....	130,737	159,516	180,664
19. Federal and foreign income taxes incurred .....	45,758	48,630	61,098
20. Net income (Line 18 minus Line 19)(to Line 22) .....	84,979	110,886	119,566
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year .....	3,174,703	3,056,977	3,056,977
GAINS AND (LOSSES) IN SURPLUS			
22. Net income (from Line 20) .....	84,979	110,886	119,566
23. Net unrealized capital gains or losses .....			
24. Change in net unrealized foreign exchange capital gain (loss) .....			
25. Change in net deferred income tax .....			7,798
26. Change in nonadmitted assets .....			
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 .....		(9,638)	(9,638)
31. Capital changes:			
31.1 Paid in .....			
31.2 Transferred from surplus (Stock Dividend) .....			
31.3 Transferred to surplus .....			
32. Surplus adjustments:			
32.1 Paid in .....			
32.2 Transferred to capital (Stock Dividend) .....			
32.3 Transferred from capital .....			
33. Net remittances from or (to) Home Office .....			
34. Dividends to stockholders .....			
35. Change in treasury stock .....			
36. Aggregate write-ins for gains and losses in surplus .....			
37. Change in surplus as regards policyholders (Lines 22 through 36) .....	84,979	101,248	117,726
38. Surplus as regards policyholders, as of statement date (Lines 21 plus 37) .....	3,259,682	3,158,225	3,174,703
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. ....			
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) .....			
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) .....			

CASH FLOW

	1 Current Year to Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....		
2. Loss and loss adjustment expenses paid (net of salvage and subrogation) .....		
3. Underwriting expenses paid .....		
4. Other underwriting income (expenses) .....		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....		
6. Net investment income .....	153,471	164,377
7. Other income (expenses):		
7.1 Agents' balances charged off .....		
7.2 Net funds held under reinsurance treaties .....		
7.3 Net amount withheld or retained for account of others .....		
7.4 Aggregate write-ins for miscellaneous items .....		
7.5 Total other income (Lines 7.1 to 7.4) .....		
8. Dividends to policyholders on direct business , less \$ ..... dividends on reinsurance assumed or ceded (net) .....		
9. Federal and foreign income taxes (paid) recovered .....	(12,468)	(129,138)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9) .....	141,003	35,239
<b>Cash from Investments</b>		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds .....	201,078	2,097,404
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 .....	(13)	(710)
11.7 Miscellaneous proceeds .....		
11.8 Total investment proceeds (Lines 11.1 to 11.7) .....	201,065	2,096,694
12. Cost of investments acquired (long-term only):		
12.1 Bonds .....	413,313	2,069,089
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) .....	413,313	2,069,089
13. Net Cash from investments (Line 11.8 minus Line 12.7) .....	(212,248)	27,605
<b>Cash from Financing and Miscellaneous Sources</b>		
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 .....		
14.4 Borrowed funds received .....		
14.5 Other cash provided .....		
14.6 Total (Lines 14.1 to 14.5) .....		
15. Cash applied:		
15.1 Dividends to stockholders paid .....		
15.2 Net transfers to affiliates .....	131,640	16,602
15.3 Borrowed funds repaid .....		
15.4 Other applications .....		1,840
15.5 Total (Lines 15.1 to 15.4) .....	131,640	18,442
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5) .....	(131,640)	(18,442)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16) .....	(202,885)	44,402
18. Cash and short-term investments:		
18.1 Beginning of year .....	593,637	549,235
18.2 End of year (Line 17 plus Line 18.1) .....	390,752	593,637
<b>DETAILS OF WRITE-INS</b>		
07.401 .....		
07.402 .....		
07.403 .....		
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)		

NOTES TO FINANCIAL STATEMENTS

9. INCOME TAXES

A. The components of the net deferred tax asset/(liability) at September 30 are as follows:

	<u>September 30, 2002</u> <u>(in \$ thousands)</u>
(1) Total of all deferred tax assets (DTAs) (admitted and nonadmitted)	\$0
(2) Total of all deferred tax liabilities (DTLs)	(2)
(3) Total deferred tax assets nonadmitted in accordance with SSAP No. 10 Income Taxes	0
(4) Net DTA (L)	<u>(\$2)</u>

B. The Company has recognized all Deferred Tax Liabilities as required in SSAP 10, paragraph 6D.

C. Current income taxes incurred consists of the following major components:

	<u>September 30, 2002</u> <u>(in \$ thousands)</u>
Current Year Expense (Benefit)	\$46
Tax Credits	-
Current Federal Income Taxes Incurred	<u>\$46</u>

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

(in \$thousands)

DTAs RESULTING FROM BOOK/TAX DIFFERENCES	A/o September 30, 2002	A/o YTD December 31, 2001	Change
Insurance Reserves	\$0	\$0	\$0
Non-Admitted Assets	0	0	0
Other Deferred Tax Assets	0	0	0
Total DTAs	\$0	\$0	\$0
DTAs RESULTING FROM BOOK/TAX DIFFERENCES	A/o September 30, 2002	A/o YTD December 31, 2001	Change
Invested Assets	(\$2)	(\$2)	\$0
Depreciation	0	0	0
Total DTLs	(\$2)	(\$2)	\$0
Total Change in DTL	(\$2)	(\$2)	\$0

D. Analysis of Actual Income Tax Expense

	<u>September 30, 2002</u> <u>(in \$ thousands)</u>
Total Book Earnings	\$131
Net Tax Exempt Investments	0
Change in Reserves	0
Other Adjustments	0
Total Adjustments	<u>0</u>
Total Taxable Current Income	\$131
Total Current Tax	<u>\$46</u>

10. D. At September 30, 2002, the Company reported no amounts due to or from affiliated companies.

17. C. The Company has not participated in wash sales during 2002.

21. EVENTS SUBSEQUENT

Type II

On October 3, 2002, the Company’s ultimate parent, Prudential Financial, Inc. (Prudential) announced that it is circulating information about its personal lines property and casualty business to other companies to assess interest in its potential sale. Prudential had previously said it was exploring options concerning the future of this business. Prudential stressed that it is exploring several alternatives and that it has not made a final decision.

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. 12/31/2001

7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1996

7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 08/08/1997

7.4 By what department or departments? Ohio Department of Insurance

8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes No [X]

8.2 If yes, give full information:

GENERAL INTERROGATORIES

(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	2
	Prior Year-End	Current Quarter
	Statement Value	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 [ ]

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	2
Name of Custodian(s)	Custodian Address
Prudential Savings Bank	Atlanta, Georgia

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	2	3
Name(s)	Location(s)	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	2	3	4
Old Custodian	New Custodian	Date of Change	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	2	3
Central Registration Depository	Name(s)	Address
Company directs its own investments		



GENERAL INTERROGATORIES  
(continued)

PART 2  
PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

4.2 If yes, complete the following schedule:

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

SCHEDULE A - VERIFICATION

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

SCHEDULE B - VERIFICATION

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

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

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

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
<b>BONDS</b>								
1. Class 1 .....	7,096,987		83,731	(962)	7,364,001	7,096,987	7,012,294	2,687,005
2. Class 2 .....								
3. Class 3 .....								
4. Class 4 .....								
5. Class 5 .....								
6. Class 6 .....								
7. Total Bonds	7,096,987		83,731	(962)	7,364,001	7,096,987	7,012,294	2,687,005
<b>PREFERRED STOCK</b>								
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	7,096,987		83,731	(962)	7,364,001	7,096,987	7,012,294	2,687,005

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1 Book/Adjusted Carrying Value	2 Statement Value	3 Actual Cost	4 Amount of Interest Received Current Quarter	5 Paid for Accrued Interest
8099999 Totals		XXX			

SCHEDULE DA - PART 2- Verification

Short-Term Investments Owned				
	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period .....		618,539	0	479,883
2. Cost of short-term investments acquired .....	618,539			
3. Increase (decrease) by adjustment .....				
4. Increase (decrease) by foreign exchange adjustment .....				
5. Total profit (loss) on disposal of short-term investments .....		(39)		
6. Consideration received on disposal of short-term investments .....		618,500		479,883
7. Book/adjusted carrying value, current period .....	618,539	0	0	
8. Total valuation allowance .....				
9. Subtotal (Lines 7 plus 8) .....	618,539	0	0	
10. Total nonadmitted amounts .....				
11. Statement value (Lines 9 minus 10) .....	618,539	0	0	
12. Income collected during period .....		2,777		5,117
13. Income earned during period	2,033	744		4,032

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule F

NONE

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

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

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

Schedule Y - Part 1

NONE

Part 1

NONE

Part 2

NONE

Part 3

NONE

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

[illegible]

E05

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

