



# QUARTERLY STATEMENT

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

## GERMAN MUTUAL INSURANCE COMPANY

NAIC Group Code	0000 (Current Period)	0000 (Prior Period)	NAIC Company Code	17884	Employer's ID Number	34-4469685
Organized under the Laws of		Ohio	State of Domicile or Port of Entry		Ohio	
Country of Domicile			United States of America			
Incorporated		12/28/1984	Commenced Business		06/01/1867	
Statutory Home Office		1000 WESTMORELAND AVENUE (Street and Number)		NAPOLEON, OH 43545 (City or Town, State and Zip Code)		
Main Administrative Office		1000 WESTMORELAND AVENUE (Street and Number)		NAPOLEON, OH 43545 (City or Town, State and Zip Code)		
				416-599-3993 (Area Code) (Telephone Number) (Extension)		
Mail Address		P.O. BOX 230 (Street and Number or P.O. Box)		NAPOLEON, OH 43545 (City or Town, State and Zip Code)		
Primary Location of Books and Records		1000 WESTMORELAND AVENUE (Street and Number)		NAPOLEON, OH 43545 (City or Town, State and Zip Code)		
				419-599-3993-208 (Area Code) (Telephone Number)		
Internet Website Address						
Statement Contact		RHONDA K BOCKELMAN (Name)		419-599-3993-208 (Area Code) (Telephone Number) (Extension)		
		rhonda.bockelman@heartland-ins.com (E-mail Address)		419-592-6938 (FAX Number)		
Policyowner Relations Contact		1000 WESTMORELAND AVE (Street and Number)		NAPOLEON, OH 43545 (City or Town, State and Zip Code)		
				419-599-3993-203 (Area Code) (Telephone Number) (Extension)		
<b>OFFICERS</b>						
PRESIDENT	PHILIP W. MENZEL		SECRETARY		RONALD D. SANDS	
TREASURER	RHONDA K. BOCKELMAN					
<b>VICE PRESIDENTS</b>						
PHYLLIS A. KNAPE	RUPERT R. KNAPE		JOHN MALKOSKI			
<b>DIRECTORS OR TRUSTEES</b>						
PHILIP W. MENZEL	RONALD D. SANDS		RUPERT R. KNAPE			
J. SCOTT MILLER	HARVEY J. THATCHER		MERLYN K. WIEMKEN			
MARVIN L. BOEHM	LESTER L. GERICKE		RONALD H. GERKEN			
A. PAUL MCINTOSH	IRVIN H. ROEHR		GENE A. ROTH			

State of ..... OHIO ..... }  
County of ..... HENRY ..... } 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.

PHILIP W. MENZEL  
PRESIDENT

RONALD D. SANDS  
SECRETARY

RHONDA K. BOCKELMAN  
TREASURER

Subscribed and sworn to before me this  
13TH day of NOVEMBER, 2002

LOIS M. KNAPE  
NOTARY PUBLIC  
JUNE 18, 2002

**STATEMENT AS OF SEPTEMBER 30, 2002 OF THE GERMAN MUTUAL INSURANCE COMPANY**

**ASSETS**

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	6,857,101		6,857,101	6,536,461
2. Stocks:				
2.1 Preferred stocks .....	1,164,796		1,164,796	1,156,545
2.2 Common stocks .....	4,353,220		4,353,220	5,206,854
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) .....	1,817,009		1,817,009	1,859,522
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ encumbrances) .....	107,916		107,916	107,916
5. Cash (\$ 2,965,236 and short-term investments \$ 600,000 ) .....	3,565,236		3,565,236	3,076,223
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) .....	17,865,278		17,865,278	17,943,521
10. Agents' balances or uncollected premiums				
10.1 Premiums and agents' balances in course of collection .....	2,043,160		2,043,160	1,386,361
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 .....	502,879		502,879	444,609
15. Federal and foreign income tax recoverable and interest thereon (including \$ 835,800 net deferred tax asset) .....	908,286	.352,200	.556,086	434,186
16. Guaranty funds receivable or on deposit .....				
17. Electronic data processing equipment and software .....	206,463	206,463	0	
18. Interest, dividends and real estate income due and accrued .....	167,071		167,071	.96,309
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) .....	21,693,137	.558,663	.21,134,474	20,304,986
27. Protected cell assets .....				
28. TOTALS (Lines 26 and 27) .....	21,693,137	.558,663	.21,134,474	20,304,986
<b>DETAILS OF WRITE-INS</b>				
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) .....				

STATEMENT AS OF SEPTEMBER 30, 2002 OF THE GERMAN MUTUAL INSURANCE COMPANY

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ ..... )	3,583,916	3,599,600
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	1,220,313	1,220,313
4. Commissions payable, contingent commissions and other similar charges	271,198	200,047
5. Other expenses (excluding taxes, licenses and fees)	43,984	132,420
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	83,986	96,299
7. Federal and foreign income taxes [including \$ ..... on realized capital gains (losses)] (including \$ ..... net deferred tax liability)		
8. Borrowed money \$ ..... and interest thereon \$ .....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ ..... and including warranty reserves of \$ ..... ).	6,806,082	5,412,722
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	453,980	(84,855)
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others	6,513	(223)
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		
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)	12,469,972	10,576,323
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	12,469,972	10,576,323
27. Aggregate write-ins for special surplus funds		
28. Common capital stock		
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus		
33. Unassigned funds (surplus)	8,664,502	9,728,663
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)	8,664,502	9,728,663
36. TOTALS	21,134,474	20,304,986
<b>DETAILS OF WRITE-INS</b>		
2301. EXCESS OF STATUTORY RESERVES.....		0
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 SEPTEMBER 30, 2002 OF THE GERMAN MUTUAL INSURANCE COMPANY**

**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 \$ 13,869,016 )	12,475,656	11,113,402	15,023,601
1.2 Assumed (written \$ 1,789,897 )	1,789,897	1,252,593	1,939,770
1.3 Ceded (written \$ 12,079,119 )	10,685,759	9,860,809	13,083,831
<b>DEDUCTIONS:</b>			
2. Losses incurred (current accident year \$ ):			
2.1 Direct	7,706,739	6,897,867	9,205,507
2.2 Assumed			
2.3 Ceded	1,034,020	1,272,100	1,576,398
2.4 Net	6,672,719	5,625,767	7,629,109
3. Loss expenses incurred	924,725	1,008,292	1,122,762
4. Other underwriting expenses incurred	3,979,750	3,492,632	4,427,174
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2.4 thru 5)	11,577,194	10,126,691	13,179,045
7. Net income of protected cells			
8. Net underwriting gain or (loss) (Line 1.4 minus Line 6 + Line 7)	(891,435)	(265,882)	(95,214)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	557,241	562,087	737,679
10. Net realized capital gains or (losses)	49,749	(239,573)	(109,562)
11. Net investment gain (loss) (Lines 9 + 10)	606,990	322,514	628,117
<b>OTHER INCOME</b>			
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	48,957	49,560	66,420
14. Aggregate write-ins for miscellaneous income	4,800	97	1,097
15. Total other income (Lines 12 through 14)	53,757	49,657	67,517
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	(230,688)	106,289	600,420
17. Dividends to policyholders			
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	(230,688)	106,289	600,420
19. Federal and foreign income taxes incurred			
20. Net income (Line 18 minus Line 19)(to Line 22)	(230,688)	1,655	531,272
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	9,728,663	9,117,334	9,117,334
<b>GAINS AND (LOSSES) IN SURPLUS</b>			
22. Net income (from Line 20)	(230,688)	1,655	531,272
23. Net unrealized capital gains or losses	(928,469)	(449,660)	(219,965)
24. Change in net unrealized foreign exchange capital gain (loss)			
25. Change in net deferred income tax	67,600	149,477	5,777
26. Change in nonadmitted assets	27,396	(120,293)	(305,753)
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		599,998	599,998
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)	(1,064,161)	181,177	611,329
38. Surplus as regards policyholders, as of statement date (Lines 21 plus 37)	8,664,502	9,298,511	9,728,663
<b>DETAILS OF WRITE-INS</b>			
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. OTHER INCOME	4,800	97	1,097
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)	4,800	97	1,097
3601. CHANGE IN EXCESS OF STATUTORY RESERVES		0	0
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 SEPTEMBER 30, 2002 OF THE GERMAN MUTUAL INSURANCE COMPANY**

**CASH FLOW**

	1 Current Year to Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	11,961,155	13,442,741
2. Loss and loss adjustment expenses paid (net of salvage and subrogation) .....	7,671,398	8,589,746
3. Underwriting expenses paid .....	4,009,348	4,305,794
4. Other underwriting income (expenses) .....		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....	280,409	547,201
6. Net investment income .....	479,021	687,249
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 .....	6,736	(1,223)
7.4 Aggregate write-ins for miscellaneous items .....	53,757	67,517
7.5 Total other income (Lines 7.1 to 7.4) .....	60,493	66,294
8. Dividends to policyholders on direct business, less \$ dividends on reinsurance assumed or ceded (net) .....		
9. Federal and foreign income taxes (paid) recovered .....	(50,000)	88,860
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9) .....	769,923	1,389,604
<b>Cash from Investments</b>		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds .....	249,859	1,849,949
11.2 Stocks .....	177,518	1,588,873
11.3 Mortgage loans .....		
11.4 Real estate .....		79,105
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) .....	427,377	3,517,927
12. Cost of investments acquired (long-term only):		
12.1 Bonds .....	525,336	1,808,702
12.2 Stocks .....	206,047	1,422,534
12.3 Mortgage loans .....		
12.4 Real estate .....	0	2,614
12.5 Other invested assets .....		
12.6 Miscellaneous applications .....		
12.7 Total investments acquired (Lines 12.1 to 12.6) .....	731,383	3,233,850
13. Net Cash from investments (Line 11.8 minus Line 12.7) .....	(304,006)	284,077
<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 .....		(229,560)
14.6 Total (Lines 14.1 to 14.5) .....		(229,560)
15. Cash applied:		
15.1 Dividends to stockholders paid .....		
15.2 Net transfers to affiliates .....		
15.3 Borrowed funds repaid .....		
15.4 Other applications .....	(23,096)	
15.5 Total (Lines 15.1 to 15.4) .....	(23,096)	
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5) .....	23,096	(229,560)
<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) .....	489,013	1,444,121
18. Cash and short-term investments:		
18.1 Beginning of year .....	3,076,223	1,632,102
18.2 End of year (Line 17 plus Line 18.1) .....	3,565,236	3,076,223
<b>DETAILS OF WRITE-INS</b>		
07.401 OTHER INCOME .....	53,757	67,517
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) .....	53,757	67,517

## NOTES TO FINANCIAL STATEMENTS

### **NOTE 1 - BASIS OF PRESENTATION**

A. The accompanying statements of German Mutual Insurance Company have been prepared in conformity with the National Association of Insurance Commissioners Accounting Practices and Procedures Manual effective January 1, 2002 and the laws and regulations of the state of Ohio.

### **NOTE 9 - INCOME TAXES**

The components of the net deferred tax assets as December 31 are as follows:

A. 1. Total of all deferred tax assets (admitted and nonadmitted)	\$835,800
A. 2. Total of all deferred tax liabilities	0
A. 3. Total deferred tax assets nonadmitted	352,200
A. 4. Increase (decrease) in deferred tax assets nonadmitted	67,600

Current income taxes incurred consist of the following major components:

E. 1. Current year expense	\$ 0
E. 2. Tax credit	0
E. 3. Current year equity tax	0
E. 4. Prior year overaccrual of tax reserves	0
E. 5. Current income taxes incurred	0

**STATEMENT AS OF SEPTEMBER 30, 2002 OF THE GERMAN MUTUAL INSURANCE COMPANY****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 [X]  No [ ]

3.2 If yes, date of change: ..... 04/05/2002  
If not previously filed, furnish herewith a certified copy of the instrument as amended.

4. Have there been any substantial changes in the organizational chart since the prior quarter end? .....  Yes  No [X]  
If yes, attach an organizational chart.

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? .....  Yes  No [X]

5.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? .....  Yes  No [ ] NA [X]  
If yes, attach an explanation.

7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ..... 12/31/1997

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. ..... 12/31/1997

7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ..... 06/01/1998

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:  
.....

**STATEMENT AS OF SEPTEMBER 30, 2002 OF THE GERMAN MUTUAL INSURANCE COMPANY**

**GENERAL INTERROGATORIES**

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

**INVESTMENT**

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

9.2 If yes, explain:

.....

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

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

.....

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

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

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

13.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
13.21 Bonds .....	\$ .....	\$ .....
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) .....	\$ ..... 152,000	\$ ..... 152,000
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 .....	\$ .....	\$ ..... 0

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

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

**STATEMENT AS OF SEPTEMBER 30, 2002 OF THE GERMAN MUTUAL INSURANCE COMPANY****GENERAL INTERROGATORIES**

(continued)

**PART 2  
PROPERTY & CASUALTY INTERROGATORIES**

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

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

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

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

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	TOTAL DISCOUNT			DISCOUNT TAKEN DURING PERIOD			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
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 .....	1,967,436	1,953,266	1,939,096	2,078,799
2. Increase (decrease) by adjustment .....	(14,170)	(14,170)	(14,171)	(58,216)
3. Cost of acquired .....				
4. Cost of additions to and permanent improvements .....				2,614
5. Total profit (loss) on sales .....				23,344
6. Increase (decrease) by foreign exchange adjustment .....				
7. Amount received on sales .....				.79,105
8. Book/adjusted carrying value at end of current period .....	1,953,266	1,939,096	1,924,925	1,967,436
9. Total valuation allowance .....				
10. Subtotal (Lines 8 plus 9) .....	1,953,266	1,939,096	1,924,925	1,967,436
11. Total nonadmitted amounts .....				
12. Statement value, current period (Page 2, real estate lines, current period)	1,953,266	1,939,096	1,924,925	1,967,436

**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				

**NONE****SCHEDULE BA - VERIFICATION**

Other Invested Assets Included in Schedule BA

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

STATEMENT AS OF SEPTEMBER 30, 2002 OF THE GERMAN MUTUAL INSURANCE COMPANY

**SCHEDULE D - PART 1B**

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

	1 Statement Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Statement Value End of First Quarter	6 Statement Value End of Second Quarter	7 Statement Value End of Third Quarter	8 Statement Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1	6,043,129		69,098	15,788	6,092,392	6,043,129	5,989,819	5,968,709
2. Class 2	867,442			(160)	867,598	867,442	867,282	867,752
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	6,910,571		69,098	15,628	6,959,990	6,910,571	6,857,101	6,836,461
<b>PREFERRED STOCK</b>								
8. Class 1	1,044,520			10,116	1,027,464	1,044,520	1,054,636	1,055,545
9. Class 2	101,920			8,240	99,400	101,920	110,160	101,000
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	1,146,440			18,356	1,126,864	1,146,440	1,164,796	1,156,545
15. Total Bonds and Preferred Stock	8,057,011		69,098	33,984	8,086,854	8,057,011	8,021,897	7,993,006

**SCHEDULE DA - PART 1**

Short-Term Investments Owned End of Current Quarter					
	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Amount of Interest Received Current Quarter	5 Paid for Accrued Interest
80999999 Totals	600,000	XXX	600,000	1,568	

**SCHEDULE DA - PART 2- 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 .....	300,000	100,000	100,000	100,000
2. Cost of short-term investments acquired .....	600,000		4,000,000	11,300,000
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 .....	800,000		3,500,000	11,100,000
7. Book/adjusted carrying value, current period .....	100,000	100,000	600,000	300,000
8. Total valuation allowance .....				
9. Subtotal (Lines 7 plus 8) .....	100,000	100,000	600,000	300,000
10. Total nonadmitted amounts .....				
11. Statement value (Lines 9 minus 10) .....	100,000	100,000	600,000	300,000
12. Income collected during period .....	1,429		1,568	16,429
13. Income earned during period	1,429		1,568	16,416

Schedule DB - Part F - Section 1  
**NONE**

Schedule DB - Part F - Section 2  
**NONE**

Schedule F  
**NONE**

STATEMENT AS OF SEPTEMBER 30, 2002 OF THE GERMAN MUTUAL INSURANCE COMPANY

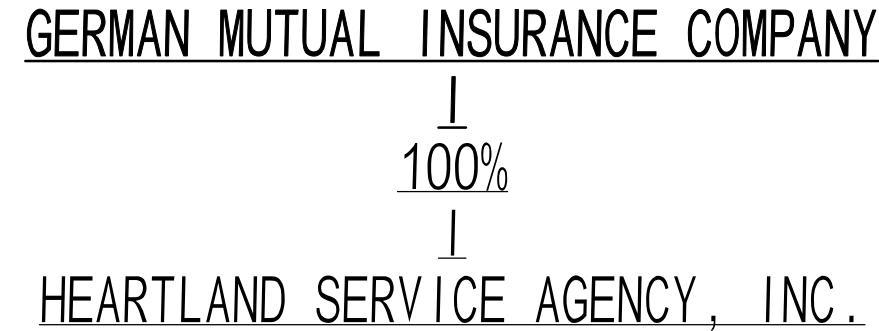
**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date - Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama	AL						
2. Alaska	AK						
3. Arizona	AZ						
4. Arkansas	AR						
5. California	CA						
6. Colorado	CO						
7. Connecticut	CT						
8. Delaware	DE						
9. District of Columbia	DC						
10. Florida	FL						
11. Georgia	GA						
12. Hawaii	HI						
13. Idaho	ID						
14. Illinois	IL						
15. Indiana	IN						
16. Iowa	IA						
17. Kansas	KS						
18. Kentucky	KY						
19. Louisiana	LA						
20. Maine	ME						
21. Maryland	MD						
22. Massachusetts	MA						
23. Michigan	MI						
24. Minnesota	MN						
25. Mississippi	MS						
26. Missouri	MO						
27. Montana	MT						
28. Nebraska	NE						
29. Nevada	NV						
30. New Hampshire	NH						
31. New Jersey	NJ						
32. New Mexico	NM						
33. New York	NY						
34. North Carolina	NC						
35. North Dakota	ND						
36. Ohio	OH	Yes	13,869,016	12,229,311	9,119,267	7,385,025	5,405,918
37. Oklahoma	OK						
38. Oregon	OR						
39. Pennsylvania	PA						
40. Rhode Island	RI						
41. South Carolina	SC						
42. South Dakota	SD						
43. Tennessee	TN						
44. Texas	TX						
45. Utah	UT						
46. Vermont	VT						
47. Virginia	VA						
48. Washington	WA						
49. West Virginia	WV						
50. Wisconsin	WI						
51. Wyoming	WY						
52. American Samoa	AS						
53. Guam	GU						
54. Puerto Rico	PR						
55. U.S. Virgin Islands	VI						
56. Canada	CN						
57. Aggregate Other Aliens	OT	XXX					
58. Totals	(a)	1	13,869,016	12,229,311	9,119,267	7,385,025	5,405,918
<b>DETAILS OF WRITE-INS</b>		XXX					
5701.		XXX					
5702.		XXX					
5703.		XXX					
5798.	Summary of remaining write-ins for Line 57 from overflow page	XXX					
5799.	Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)	XXX					

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

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



STATEMENT AS OF SEPTEMBER 30, 2002 OF THE GERMAN MUTUAL INSURANCE COMPANY

**PART 1 - LOSS EXPERIENCE**

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire	196,647	183,602	93.4	69.3
2. Allied Lines				
3. Farmowners multiple peril	1,872,029	1,567,668	83.7	56.9
4. Homeowners multiple peril	2,443,508	2,149,298	88.0	62.3
5. Commercial multiple peril	1,030,174	686,110	66.6	53.5
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	198,389	77,589	39.1	24.8
10. Financial guaranty				
11.1 Medical malpractice - occurrence				
11.2 Medical malpractice - claims-made				
12. Earthquake	6,612			
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability - occurrence	177,649	(93,557)	(52.7)	208.4
17.2 Other liability - claims-made				
18.1 Products liability - occurrence	34,167			
18.2 Products liability - claims-made				
19.1,19.2 Private passenger auto liability	3,420,752	1,563,172	45.7	62.7
19.3,19.4 Commercial auto liability	258,128	50,383	19.5	75.1
21. Auto physical damage	2,830,725	1,520,767	53.7	61.6
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft	6,876	1,707	24.8	
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	12,475,656	7,706,739	61.8	62.1
<b>DETAILS OF WRITE-INS</b>				
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**

	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire	43,610	231,478	230,220
2. Allied Lines			
3. Farmowners multiple peril	388,341	2,283,666	2,213,479
4. Homeowners multiple peril	907,452	2,778,829	2,350,516
5. Commercial multiple peril	478,994	1,231,176	934,898
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine	64,941	231,697	202,342
10. Financial guaranty			
11.1 Medical malpractice - occurrence			
11.2 Medical malpractice - claims-made			
12. Earthquake	6,076	19,513	0
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability - occurrence	52,628	212,930	131,544
17.2 Other liability - claims-made			
18.1 Products liability - occurrence	12,101	40,452	26,329
18.2 Products liability - claims-made			
19.1,19.2 Private passenger auto liability	1,206,187	3,533,434	3,234,288
19.3,19.4 Commercial auto liability	104,380	309,264	262,668
21. Auto physical damage	1,043,197	2,988,705	2,634,739
22. Aircraft (all perils)			
23. Fidelity			
24. Surety			
26. Burglary and theft	1,121	7,872	8,288
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	4,309,028	13,869,016	12,229,311
<b>DETAILS OF WRITE-INS</b>			
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 SEPTEMBER 30, 2002 OF THE GERMAN MUTUAL INSURANCE COMPANY

**PART 3 (000 omitted)**

**LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE**

Years in Which Losses Occurred	1 Prior Year-End Known Case Loss and LAE Reserves	2 Prior Year-End IBNR Loss and LAE Reserves	3 Total Prior Year-End Loss and LAE Reserves (a) (Cols. 1 + 2)	4 2002 Loss and LAE Payments on Claims Reported as of Prior Year-End	5 2002 Loss and LAE Payments on Claims Unreported as of Prior Year-End	6 Total 2002 Loss and LAE Payments (Cols. 4 + 5)	7 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or reopened and open as of Prior Year-End	8 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or reopened Subsequent to Prior Year-End	9 Q.S. Date IBNR Loss and LAE Reserves	10 Total Q.S. Loss and LAE Reserves (b) (Cols. 7 + 8 + 9)	11 Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	12 Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	13 Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (c) (Cols. 11 + 12)		
1. 1999 + Prior	925	147	1,072	279		279	903		51	954	257	(96)	161		
2. 2000	705	183	888	468		468	536		54	590	299	(129)	170		
3. Subtotals 2000 + Prior	1,630	330	1,960	747		747	1,439		105	1,544	556	(225)	331		
4. 2001	2,349	510	2,859	1,340		1,340	1,538		144	1,682	529	(366)	163		
5. Subtotals 2001 + Prior	3,979	840	4,819	2,087		2,087	2,977		249	3,226	1,085	(591)	494		
6. 2002	XXX	XXX	XXX	XXX	5,592	5,592	XXX	1,370	208	1,578	XXX	XXX	XXX		
7. Totals	3,979	840	4,819	2,087	5,592	7,679	2,977	1,370	457	4,804	1,085	(591)	494		
8. Prior Year-End's Surplus As Regards Policyholders	9,729										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.	27.3	2.	(70.4)	
														Col. 13, Line 7 As a % of Col. 1 Line 8	
														4.	5.1

(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

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### 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:**

Trusted Surplus Statement (Document Identifier 490) here:



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



**OVERFLOW PAGE FOR WRITE-INS**

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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**

## STATEMENT AS OF SEPTEMBER 30, 2002 OF THE GERMAN MUTUAL INSURANCE COMPANY

## SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Date Acquired	4 Name of Vendor	5 Number of Shares of Stock	6 Actual Cost	7 Par Value	8 Paid for Accrued Interest and Dividends	9 NAIC Designation (a)
6099999 - Total - Bonds								XXX
6599999 - Total - Preferred Stocks						XXX		XXX
INDUSTRIAL & MISCELLANEOUS - U.S.								
294700-42-2	M L S&P 500 TRUST 2	09/25/2002	VARIOUS	953,730	1,505			U
461308-10-8	INVESTMENT CO AMER ROA	09/10/2002	PAINE WEBBER	18,420	445			U
471023-20-Q	JANUS INV'T FD	07/02/2002	MESKROW FINANCIAL INC	0,360	10			U
68380E-60-1	OPPENHEIMER QUEST BAL VAL FD CL C	09/10/2002	PAINE WEBBER	37,600	462			U
COUNTRY TOTAL						2,422	XXX	0 XXX
6899999 - Total - Common Stocks - Industrial, Misc.						2,422	XXX	0 XXX
7099997 - Total - Common Stocks - Part 3						2,422	XXX	0 XXX
7099998 - Total - Common Stock - Part 5						239	XXX	XXX
7099999 - Total - Common Stocks						2,661	XXX	XXX
7199999 - Total - Preferred and Common Stocks						2,661	XXX	XXX
7299999 - Totals						2,661	XXX	XXX

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

**STATEMENT AS OF SEPTEMBER 30, 2002 OF THE GERMAN MUTUAL INSURANCE COMPANY**

## SCHEDULE D - PART 4

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

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

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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**

**STATEMENT AS OF SEPTEMBER 30, 2002 OF THE GERMAN MUTUAL INSURANCE COMPANY**

## **SCHEDULE E - PART 1 - CASH**