



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

Stonewall Insurance Company

NAIC Group Code	1343	1343	NAIC Company Code	22276	Employer's ID Number	63-0202590
	(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	02/10/1866		Commenced Business	02/10/1866		
Statutory Home Office	c/o CT Corporate System 441 Vine Street			Cincinnati, OH 45202		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	2 Central Square					
	(Street and Number)					
	Cambridge, MA 02139-3311			617-234-3871		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number) (Extension)		
Mail Address	2 Central Square			Cambridge, MA 02139-3311		
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)		
Primary Location of Books and Records	2 Central Square					
	(Street and Number)					
	Cambridge, MA 02139-3311			617-234-3871		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Internet Website Address						
Statement Contact	Pamela S. Sellers-Hoelsken			617-234-3871		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	pam.hoelsken@randallamerica.com			617-234-3899		
	(E-mail Address)			(FAX Number)		
Policyowner Relations Contact	2 Central Square					
	(Street and Number)					
	Cambridge, MA 02139-3311			617-234-3871		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number) (Extension)		

OFFICERS

President	Robert Lynam Barclay	Secretary	Bryan Ross Klinck
Treasurer	Pamela Susan Sellers-Hoelsken		

VICE PRESIDENTS

Robert Bouvet Burns	Robert Alan Hamwee	David Ian Wallis
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DIRECTORS OR TRUSTEES

Robert Lynam Barclay	Robert Alan Hamwee	Mayur Piyush Patel #
Sanjay Hiralal Patel #	Kenneth Edward Randall	

State ofMassachusetts..... } ss
County ofMiddlesex..... }

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 Lynam Barclay President	Bryan Ross Klinck Secretary	Pamela Susan Sellers-Hoelsken Treasurer
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Subscribed and sworn to before me this
1 day of November, 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	59,517,929		59,517,929	54,905,122
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	450,300		450,300	280,450
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 (\$(21,707) and short-term investments \$ 6,198,935)	6,177,228		6,177,228	9,552,108
6. Other invested assets	16,605,647	12,686,715	3,918,932	
7. Receivable for securities				
8. Aggregate write-ins for invested assets				
9. Subtotals, cash and invested assets (Lines 1 to 8)	82,751,104	12,686,715	70,064,389	64,737,680
10. Agents' balances or uncollected premiums				
10.1 Premiums and agents' balances in course of collection	(947)		(947)	(947)
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			0	
14. Reinsurance recoverables on loss and loss adjustment expense payments	16,121,035		16,121,035	13,473,806
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	1,609,640		1,609,640	1,214,990
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)	100,480,832	12,686,715	87,794,117	79,425,529
27. Protected cell assets				
28. TOTALS (Lines 26 and 27)	100,480,832	12,686,715	87,794,117	79,425,529
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. Other Assets			0	0
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 \$)	96,147,206	83,492,874
2. Reinsurance payable on paid losses and loss adjustment expenses	631,103	794,861
3. Loss adjustment expenses	23,490,931	23,490,931
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 \$ 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 \$)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	669,349	669,347
13. Funds held by company under reinsurance treaties	1,116,558	1,116,558
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated	68,558	9,809
16. Provision for reinsurance	3,387,355	3,387,355
17. Net adjustments in assets and liabilities due to foreign exchange rates	(2,598)	(9,003)
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	(104,173,478)	(96,220,856)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	21,334,984	16,731,876
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	21,334,984	16,731,876
27. Aggregate write-ins for special surplus funds	(5,135,536)	(15,374,399)
28. Common capital stock	2,000,000	2,000,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	73,966,820	73,966,820
33. Unassigned funds (surplus)	(4,372,151)	2,101,228
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)	66,459,133	62,693,649
36. TOTALS	87,794,117	79,425,525
DETAILS OF WRITE-INS		
2301. Accounts Payable and Other Liabilities.....		0
2302. Retroactive Reinsurance.....	(104,173,478)	(96,220,856)
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	(104,173,478)	(96,220,856)
2701. Special Surplus from Retroactive Reinsurance.....	(5,135,536)	(15,374,399)
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)	(5,135,536)	(15,374,399)
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	22,272,941		
2.2 Assumed	1,099,088		
2.3 Ceded	21,976,270		
2.4 Net	1,395,759		
3. Loss expenses incurred	3,100,711	1,751,358	1,846,335
4. Other underwriting expenses incurred	0		385,317
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2.4 thru 5)	4,496,470	1,751,358	2,231,652
7. Net income of protected cells			
8. Net underwriting gain or (loss) (Line 1.4 minus Line 6 + Line 7)	(4,496,470)	(1,751,358)	(2,231,652)
INVESTMENT INCOME			
9. Net investment income earned	3,701,615	3,521,064	4,630,406
10. Net realized capital gains or (losses)	(1,425,809)	(1,824,752)	(1,731,443)
11. Net investment gain (loss) (Lines 9 + 10)	2,275,806	1,696,312	2,898,963
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	9,430,324	4,574,742	5,161,054
15. Total other income (Lines 12 through 14)	9,430,324	4,574,742	5,161,054
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	7,209,660	4,519,696	5,828,365
17. Dividends to policyholders			
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	7,209,660	4,519,696	5,828,365
19. Federal and foreign income taxes incurred			
20. Net income (Line 18 minus Line 19)(to Line 22)	7,209,660	4,519,696	5,828,365
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	62,693,649	61,194,050	61,194,050
GAINS AND (LOSSES) IN SURPLUS			
22. Net income (from Line 20)	7,209,660	4,519,696	5,828,365
23. Net unrealized capital gains or losses	(327,829)	(604,621)	(4,005,577)
24. Change in net unrealized foreign exchange capital gain (loss)	(6,405)	967	2,418
25. Change in net deferred income tax			
26. Change in nonadmitted assets	(3,109,942)	(211,039)	
27. Change in provision for reinsurance			(325,607)
28. Change in surplus notes			
29. Surplus (contributed to) withdrawn from protected cells			
30. Cumulative effect of changes in accounting principles			
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)	3,765,484	3,705,003	1,499,599
38. Surplus as regards policyholders, as of statement date (Lines 21 plus 37)	66,459,133	64,899,053	62,693,649
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 or Expense (-)	(290,872)	4,338,402	4,660,419
1402. Reinsurance Recoverables on Loss and Loss Adjustment Expense Payments Charged Off	(517,667)	(142,941)	(454,789)
1403. Retroactive Reinsurance	10,238,863	379,281	955,424
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	9,430,324	4,574,742	5,161,054
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
Cash from Operations		
1. Premiums collected net of reinsurance	0	(669,349)
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	573,406	11,071,605
3. Underwriting expenses paid		408,726
4. Other underwriting income (expenses)		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(573,406)	(12,149,680)
6. Net investment income	3,348,698	4,499,625
7. Other income (expenses):		
7.1 Agents' balances charged off		
7.2 Net funds held under reinsurance treaties	0	(15,904)
7.3 Net amount withheld or retained for account of others		
7.4 Aggregate write-ins for miscellaneous items	1,794,917	9,966,543
7.5 Total other income (Lines 7.1 to 7.4)	1,794,917	9,950,639
8. Dividends to policyholders on direct business , less \$ dividends on reinsurance assumed or ceded (net)		
9. Federal and foreign income taxes (paid) recovered		
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	4,570,209	2,300,584
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	9,275,742	34,355,062
11.2 Stocks		2,584,188
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)	9,275,742	36,939,250
12. Cost of investments acquired (long-term only):		
12.1 Bonds	15,758,331	39,718,643
12.2 Stocks	0	1,200,010
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		211,038
12.6 Miscellaneous applications		
12.7 Total investments acquired (Lines 12.1 to 12.6)	15,758,331	41,129,691
13. Net Cash from investments (Line 11.8 minus Line 12.7)	(6,482,589)	(4,190,441)
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		17,372
14.4 Borrowed funds received		
14.5 Other cash provided		4,742,897
14.6 Total (Lines 14.1 to 14.5)		4,760,269
15. Cash applied:		
15.1 Dividends to stockholders paid		
15.2 Net transfers to affiliates	1,462,500	
15.3 Borrowed funds repaid		
15.4 Other applications		
15.5 Total (Lines 15.1 to 15.4)	1,462,500	
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	(1,462,500)	4,760,269
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	(3,374,880)	2,870,412
18. Cash and short-term investments:		
18.1 Beginning of year	9,552,108	6,681,696
18.2 End of year (Line 17 plus Line 18.1)	6,177,228	9,552,108
DETAILS OF WRITE-INS		
07.401 Miscellaneous Income	(491,324)	457,670
07.402 Retroactive Reinsurance	2,286,241	9,508,873
07.403 Other		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)	1,794,917	9,966,543

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. The accompanying financial statements of the Company have been prepared in conformity with accounting practices prescribed or permitted by the NAIC *Accounting Practices and Procedures* manual and the State of Ohio.

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. The Company uses the following accounting policies:

1. Short-term investments are stated at cost,
2. Bonds, including issuer obligations, mortgage-backed securities and asset-backed securities rated 1 and 2 are stated at amortized cost using the interest method; all others are stated at the lower of amortized cost or market.
3. Common Stocks are stated at market.
4. Preferred Stocks – Not applicable
5. Mortgage Loans – Not applicable
6. Loan- Backed Securities – Not applicable
7. Investments in subsidiaries, controlled and affiliated companies – Not applicable
8. Investments in joint ventures, partnerships and limited liability companies – Not applicable
9. Derivatives – Not applicable
10. Premium Deficiency – Not applicable
11. Loss/Claim Adjustment Expenses – Asbestos, Environmental and Other Latent Injury Type Claims
Direct Losses – An exposure analysis on an account by account basis is performed and the appropriate reserves are established whether it be case reserves or a bulk IBNR reserve. IBNR reserves are established for the unknown or unreported cases, adverse development on known cases and allocated adjustment expenses.

2. Accounting Changes and Corrections of Errors

A. There are no material changes in accounting principles and/or correction of errors.

B. Disclosure for Insurers Upon Initial Implementation of Codification

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Ohio. Effective January 1, 2001, the State of Ohio required that insurance companies domiciled in the State of Ohio prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual, Version effective January 1, 2001, subject to any deviations prescribed or permitted by the State of Ohio insurance commissioner.

Accounting changes adopted to conform to the provisions of the NAIC *Accounting Practices and Procedures* manual – Version effective January 1, 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company has a zero adjustment as of January 1, 2001 and subsequent.

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable

5. Investments

Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

Not applicable

7. Investment Income

Not applicable

8. Derivative Instruments

Not applicable

9. Income Taxes

Not applicable

10. Information Concerning Parent, Subsidiaries and Affiliates

No Material Changes Since Year-End 2001.

11. Debt

Not applicable

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

Not applicable

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations.

No Material Changes Since Year-End 2001.

14. Contingencies

No Material Changes Since Year-End 2001.

NOTES TO FINANCIAL STATEMENTS

15.

Leases

Not applicable
16.

Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Not applicable
17.

Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not applicable

(C) There are no wash sales.
18.

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

Not applicable
19.

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

Not applicable
20.

Other Items

Not applicable
21.

Events Subsequent

Not applicable
22.

Reinsurance

No Material Changes Since Year-End 2001.
23.

Retrospectively Rated Contracts

Not applicable
24.

Change in Incurred Losses and Loss Adjustment Expenses

No Material Changes Since Year-End 2001. Due to the run-off status of the Company, all incurred changes are attributable to insured events or prior years. There are no accruals for additional or return premiums as a result of the prior-year effects.
25.

Intercompany Pooling Arrangements

Not applicable
26.

Structured Settlements

No Material Changes Since Year-End 2001.
27.

High Deductibles

Not applicable
28.

Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

Not applicable
29.

Asbestos/Environmental Reserves

No Material Changes Since Year-End 2001.
30.

Subscriber Savings Accounts

Not applicable
31.

Financial Guaranty Insurance Exposures

Not applicable

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. 12/21/1998

7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1998

7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 01/07/2000

7.4 By what department or departments?
Al abama.....

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

8.2 If yes, give full information:
.....

GENERAL INTERROGATORIES

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

INVESTMENT

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

9.2 If yes, explain:
.....

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

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

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

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

13.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [] 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 []

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
Wachovia Bank, N.A.....	100 North Main Street P.O. Box 3099 Winston-Salem , North Carolina 27150.....

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
114949.....	Madison Scottsdale, L.C.....	8777 N. Gainey Center Drive. , Suite 220 Scottsdale, Arizona 85258.....

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:

			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	9 576,772	9 576,772	9 576,772	9 365,734
2. Cost of acquisitions during period:				
2.1. Actual cost at time of acquisitions			0	211,038
2.2. Additional investment made after acquisitions				
3. Accrual of discount				
4. Increase (decrease) by adjustment			7 028,875	
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	9 576,772	9 576,772	16 605,647	9 576,772
10. Total valuation allowance				
11. Subtotal (Lines 9 plus 10)	9 576,772	9 576,772	16 605,647	9 576,772
12. Total nonadmitted amounts	9 576,772	9 576,772	12 686,715	9 576,772
13. Statement value of long-term invested assets at end of current period	0	0	3 918,932	

STATEMENT AS OF SEPTEMBER 30, 2002 OF THE STONEWALL 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	35,171,881	1,054,200	269,461	(76,078)	32,339,421	35,171,881	35,880,542	40,030,388
2. Class 2	14,976,651	0	49,787	(19,898)	11,889,679	14,976,651	14,906,966	11,991,694
3. Class 3	4,666,120	0	0	(256,951)	4,618,053	4,666,120	4,409,169	5,264,954
4. Class 4	3,299,653	0	0	(1,164,901)	3,514,929	3,299,653	2,134,752	3,361,622
5. Class 5	2,316,406	0	0	(340,906)	2,472,725	2,316,406	1,975,500	2,705,250
6. Class 6		0	0	211,000	42,188		211,000	5,000
7. Total Bonds	60,430,711	1,054,200	319,248	(1,647,734)	54,876,995	60,430,711	59,517,929	63,358,908
PREFERRED STOCK								
8. Class 1		0	0	0				
9. Class 2		0	0	0				
10. Class 3		0	0	0				
11. Class 4		0	0	0				
12. Class 5		0	0	0				
13. Class 6		0	0	0				
14. Total Preferred Stock								
15. Total Bonds and Preferred Stock	60,430,711	1,054,200	319,248	(1,647,734)	54,876,995	60,430,711	59,517,929	63,358,908

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
8099999 Totals	6,198,935	XXX	0	12,420	0

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	8,453,786	10,886,074	5,587,270	446,957
2. Cost of short-term investments acquired	11,000,670	8,729,318	5,438,053	83,521,510
3. Increase (decrease) by adjustment			0	
4. Increase (decrease) by foreign exchange adjustment			0	
5. Total profit (loss) on disposal of short-term investments			0	
6. Consideration received on disposal of short-term investments	8,568,382	14,028,122	4,826,388	75,514,681
7. Book/adjusted carrying value, current period	10,886,074	5,587,270	6,198,935	8,453,786
8. Total valuation allowance			0	
9. Subtotal (Lines 7 plus 8)	10,886,074	5,587,270	6,198,935	8,453,786
10. Total nonadmitted amounts			0	
11. Statement value (Lines 9 minus 10)	10,886,074	5,587,270	6,198,935	8,453,786
12. Income collected during period	27,207	36,807	12,420	322,373
13. Income earned during period	27,207	36,807	12,420	317,817

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	Yes				578,478	867,342
2. Alaska	AK	Yes				0	
3. Arizona	AZ	Yes		(41,727)		2,530,118	2,494,387
4. Arkansas	AR	Yes		50,000		3,508,917	3,552,962
5. California	CA	Yes		53,139	900,000	11,170,473	11,925,849
6. Colorado	CO	Yes				116,964	118,432
7. Connecticut	CT	No				9,876,033	10,000,000
8. Delaware	DE	Yes				701,783	710,592
9. District of Columbia	DC	No					
10. Florida	FL	Yes			225,000	1,651,089	1,576,378
11. Georgia	GA	Yes				824,475	804,163
12. Hawaii	HI	No					
13. Idaho	ID	Yes				102,913	104,205
14. Illinois	IL	Yes		1,022	200,000	37,825,440	37,480,951
15. Indiana	IN	Yes			50,000	61,748	61,910
16. Iowa	IA	Yes				1,193,032	1,208,007
17. Kansas	KS	Yes				5,991,803	6,056,180
18. Kentucky	KY	Yes					
19. Louisiana	LA	Yes		1,000,000		5,576,979	6,597,005
20. Maine	ME	No				41,165	34,323
21. Maryland	MD	Yes				23,392	23,686
22. Massachusetts	MA	Yes					
23. Michigan	MI	Yes		63,841	75,000	5,364,546	5,560,660
24. Minnesota	MN	Yes				308,739	312,614
25. Mississippi	MS	Yes		3,081,002	273,643	34,264	314,954
26. Missouri	MO	Yes				559,476	546,569
27. Montana	MT	Yes					
28. Nebraska	NE	Yes				4,144,852	4,196,879
29. Nevada	NV	Yes				51,456	45,970
30. New Hampshire	NH	No					
31. New Jersey	NJ	No				575,982	552,551
32. New Mexico	NM	Yes					
33. New York	NY	No			525,000	15,328,670	15,155,658
34. North Carolina	NC	Yes					
35. North Dakota	ND	Yes					
36. Ohio	OH	Yes		988,556	2,538,867	7,447,360	13,997,960
37. Oklahoma	OK	Yes			1,121	3,418,881	3,326,130
38. Oregon	OR	Yes				2,301,872	2,286,756
39. Pennsylvania	PA	No		472,118	34,802	15,660,821	15,649,781
40. Rhode Island	RI	No					
41. South Carolina	SC	Yes					
42. South Dakota	SD	Yes					
43. Tennessee	TN	Yes		18,500		1,520,046	1,131,989
44. Texas	TX	Yes				69,985,922	45,404,149
45. Utah	UT	Yes					
46. Vermont	VT	No					
47. Virginia	VA	Yes			206,024	2,247,317	2,376,841
48. Washington	WA	Yes		450,000		6,710,359	7,103,758
49. West Virginia	WV	No					
50. Wisconsin	WI	Yes				5,524,047	5,564,336
51. Wyoming	WY	Yes				0	
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) 40			6,136,451	5,029,457	222,959,412	207,143,927
DETAILS OF WRITE-INS							
5701.	XXX						
5702.	XXX						
5703.	XXX						
5798. Summary of remaining write-ins for Line 57 from overflow page.	XXX						
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)	XXX						

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

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

NONE

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				
2.	Allied Lines				
3.	Farmowners multiple peril				
4.	Homeowners multiple peril				
5.	Commercial multiple peril				
6.	Mortgage guaranty				
8.	Ocean marine				
9.	Inland marine				
10.	Financial guaranty				
11.1	Medical malpractice - occurrence				
11.2	Medical malpractice - claims-made				
12.	Earthquake				
13.	Group accident and health				
14.	Credit accident and health				
15.	Other accident and health				
16.	Workers' compensation				
17.1	Other liability - occurrence		(681,728)		
17.2	Other liability - claims-made				
18.1	Products liability - occurrence		22,954,669		
18.2	Products liability - claims-made				
19.1,19.2	Private passenger auto liability				
19.3,19.4	Commercial auto liability				
21.	Auto physical damage				
22.	Aircraft (all perils)				
23.	Fidelity				
24.	Surety				
26.	Burglary and theft				
27.	Boiler and machinery				
28.	Credit				
29.	International				
30.	Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	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		22,272,941		
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

		1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1.	Fire			
2.	Allied Lines			
3.	Farmowners multiple peril			
4.	Homeowners multiple peril			
5.	Commercial multiple peril			
6.	Mortgage guaranty			
8.	Ocean marine			
9.	Inland marine			
10.	Financial guaranty			
11.1	Medical malpractice - occurrence			
11.2	Medical malpractice - claims-made			
12.	Earthquake			
13.	Group accident and health			
14.	Credit accident and health			
15.	Other accident and health			
16.	Workers' compensation			
17.1	Other liability - occurrence			
17.2	Other liability - claims-made			
18.1	Products liability - occurrence			
18.2	Products liability - claims-made			
19.1,19.2	Private passenger auto liability			
19.3,19.4	Commercial auto liability			
21.	Auto physical damage			
22.	Aircraft (all perils)			
23.	Fidelity			
24.	Surety			
26.	Burglary and theft			
27.	Boiler and machinery			
28.	Credit			
29.	International			
30.	Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
31.	Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
32.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
33.	Aggregate write-ins for other lines of business			
34.	Totals			
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 SEPTEMBER 30, 2002 OF THE STONEWALL 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	36,254	70,730	106,984	(9,620)		(9,620)	43,257		76,381	119,638	(2,617)	5,651	3,034											
2. 2000																								
3. Subtotals 2000 + Prior	36,254	70,730	106,984	(9,620)		(9,620)	43,257		76,381	119,638	(2,617)	5,651	3,034											
4. 2001																								
5. Subtotals 2001 + Prior	36,254	70,730	106,984	(9,620)		(9,620)	43,257		76,381	119,638	(2,617)	5,651	3,034											
6. 2002	XXX	XXX	XXX	XXX			XXX				XXX	XXX	XXX											
7. Totals	36,254	70,730	106,984	(9,620)		(9,620)	43,257		76,381	119,638	(2,617)	5,651	3,034											
8. Prior Year-End's Surplus As Regards Policyholders	62,694											Col. 11, Line 7 As % of Col. 1 Line 7	Col. 12, Line 7 As % of Col. 2 Line 7	Col. 13, Line 7 As % of Col. 3 Line 7										
												1. (7.2)	2. 8.0	3. 2.8										
													Col. 13, Line 7 As a % of Col. 1 Line 8											
													4. 4.8											

(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

E04

E04

E04

E04

E04

E04 - Attachment

E04 - Attachment

E04 - Attachment

E04 - Attachment

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

STATEMENT AS OF SEPTEMBER 30, 2002 OF THE STONEWALL INSURANCE COMPANY

SCHEDULE E - PART 1 - CASH

[illegible]