



QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2002

OF THE CONDITION AND AFFAIRS OF THE

AMERICAN FIRE AND CASUALTY COMPANY

NAIC Group Code 0148 0148 NAIC Company Code 24066 Employer's ID Number 59-0141790
 (Current Period) (Prior Period)

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

Country of Domicile US

Incorporated January 1, 1906 Commenced Business January 3, 1933

Statutory Home Office 9450 Seward Road, Fairfield, Ohio 45014
 (Street and Number. City or Town. State and Zip Code)

Main Administrative Office 9450 Seward Road, Fairfield, Ohio 45014 513-603-2400
 (Street and Number. City or Town. State and Zip Code) (Area Code) (Telephone Number)

Mail Address 9450 Seward Road, Fairfield, Ohio 45014
 (Street and Number. City or Town. State and Zip Code)

Primary Location of Books and Records 9450 Seward Road, Fairfield, Ohio 45014
 (Street and Number. City or Town. State and Zip Code)
513-603-2245
 (Area Code) (Telephone Number)

Internet Website Address http://www.ocas.com

Statement Contact Dennis E. McDaniel 513-603-2245
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 (E-Mail Address) (Fax Number)

Policyowner Relations Contact
 (Street and Number. City or Town. State and Zip Code)
 (Area Code) (Telephone Number) (Extension)

OFFICERS

Chairman President/CEO Exec. VP/COO	Jeffery Linn Haniewich John Edward Bade, Jr. Howard Leslie Sloneker III #Arthur Larry Sisk	Stanley Neal Pontius Dan Roy Carmichael John Stanley Busby
Sr. Vice President Sr. Vice President Sr. Vice President VP/Treasurer	Ralph Glass Goode Howard Leslie Sloneker III #Arthur Larry Sisk	Elizabeth M. Ryczko #Debra Kay Crane Richard Brendan Kelly Donald Floyd McKee Dennis Eugene McDaniel

VICE PRESIDENTS

Michael Len Akin Phillip Michael Boyd Michael Joseph Brennan Betsy Torrans Douglass Lloyd Edwin Geary Harold Michael Good David Jary Hasler	George Herbert Henehan 2 Daniel Fred Henke Harry Elvin Hunter Russell Francis Kelly George Richard Kesl Kurt Frederick Krueger Judith Mildred Kuschill	Philip Russell Lucca Jerry Wilson Phillips Bruce Arthur Rutherford Derrick Dewayne Shannon Michael Eugene Sullivan Jane Cochran White Stephen Thomas Williams
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DIRECTORS OR TRUSTEES

Terrence James Baehr Jack Elliott Brown Dan Roy Carmichael Catherine Elizabeth Dolan	#Philip George Heasley Stephen Sloneker Marcum #Ralph Seefred Michael III Stanley Neal Pontius	Edward Theodore Roeding Howard Leslie Sloneker III #Jan Henry Suwinski
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State of Ohio

SS

County of Butler

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.

Donald F. McKee
Chief Financial Officer

Dennis E. McDaniel
Vice President and Controller

Howard L. Sloneker III
Sr. Vice President

Subscribed and sworn to before me this
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	274,153,718	2,636,302	271,517,416	267,914,058
2. Stocks:				
2.1 Preferred stocks	3,215,820		3,215,820	
2.2 Common stocks	4,114,637		4,114,637	4,342,081
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ 1,805,819) and short-term investments (\$)	1,805,819		1,805,819	7,405,617
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)	283,289,994	2,636,302	280,653,692	279,661,756
10. Agents' balances or uncollected premiums :				
10.1 Premiums and agents' balances in course of collection	16,945,740	678,370	16,267,370	13,946,538
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	92,402		92,402	100,188
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	1,437,072		1,437,072	2,923,823
15. Federal and foreign income tax recoverable and interest thereon (including \$ 19,988,307 net deferred tax asset)	20,311,593	9,627,413	10,684,180	10,937,392
16. Guaranty funds receivable or on deposit	94,830		94,830	94,830
17. Electronic data processing equipment and software				
18. Interest, dividends and real estate income due and accrued	3,615,290		3,615,290	3,746,085
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	306,866	377,265	(70,399)	(2,485,444)
26. Total assets excluding protected cell assets (Lines 9 through 25)	326,093,787	13,319,350	312,774,437	308,925,168
27. Protected cell assets				
28. TOTALS (Lines 26 and 27)	326,093,787	13,319,350	312,774,437	308,925,168
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page				
0899. Totals (Lines 0801 through 0803 plus 0898) (Line 8 above)				
2501. Other Assets	306,866	377,265	(70,399)	(2,485,444)
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	306,866	377,265	(70,399)	(2,485,444)

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 18,677,609)	100,376,512	96,011,916
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	48,052,713	47,641,533
4. Commissions payable, contingent commissions and other similar charges	1,093,045	1,128,285
5. Other expenses (excluding taxes, licenses and fees)	2,607,024	2,384,231
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,000,531	1,226,967
7. Federal and foreign income taxes, including \$ (1,644,073) on realized capital gains (losses) (including \$ net deferred tax liability)		328,204
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 42,176,565 and including warranty reserves of \$)	31,763,061	28,827,454
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	384,385	638,055
12. Ceded reinsurance premiums payable (net of ceding commissions)	(363,668)	227,504
13. Funds held by company under reinsurance treaties	118,387	4,673,085
14. Amounts withheld or retained by company for account of others	307,516	546,676
15. Remittances and items not allocated		
16. Provision for reinsurance	236,387	3,641,928
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	1,215,640	2,312,082
19. Payable to parent, subsidiaries and affiliates	1,172,155	3,625,186
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	10,183,209	11,320,112
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	198,146,897	204,533,218
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	198,146,897	204,533,218
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	3,374,043	3,374,043
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	38,748,270	38,748,270
33. Unassigned funds (surplus)	72,505,226	62,269,637
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)	114,627,539	104,391,950
36. TOTALS	312,774,436	308,925,168
DETAILS OF WRITE-INS		
2301. 2002 Private Passenger Auto Escrow	66,200	
2302. Reserve for California Proposition 103	388,725	390,805
2303. Retroactive Loss Reserves	7,940,784	9,069,307
2398. Summary of remaining write-ins for Line 23 from overflow page	1,787,500	1,860,000
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	10,183,209	11,320,112
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 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 through 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 \$ 77,508,673)	84,784,671	90,884,475	123,272,465
1.2 Assumed (written \$ 53,853,306)	50,917,699	52,649,955	69,624,456
1.3 Ceded (written \$ 77,565,071)	84,841,068	91,010,991	123,460,443
1.4 Net (written \$ 53,796,908)	50,861,302	52,523,439	69,436,478
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 30,394,173):			
2.1 Direct	80,898,020	69,076,825	87,801,387
2.2 Assumed	31,135,877	35,506,047	47,499,258
2.3 Ceded	81,410,539	69,400,456	90,695,251
2.4 Net	30,623,358	35,182,416	44,605,394
3. Loss expenses incurred	8,022,851	6,352,846	8,789,501
4. Other underwriting expenses incurred	18,288,947	16,775,239	22,459,397
5. Aggregate write-ins for underwriting deductions	66,200		
6. Total underwriting deductions (Lines 2 through 5)	57,001,356	58,310,501	75,854,292
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(6,140,054)	(5,787,062)	(6,417,814)
INVESTMENT INCOME			
9. Net investment income earned	14,033,914	16,659,786	21,863,759
10. Net realized capital gains (losses)	(2,882,146)	1,447,566	767,833
11. Net investment gain (loss) (Lines 9 plus 10)	11,151,768	18,107,352	22,631,592
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 414,853)	5,358	(409,495)	(258,157)
13. Finance and service charges not included in premiums	1,383		1,995
14. Aggregate write-ins for miscellaneous income	(480,948)	(834,495)	(1,446,947)
15. Total other income (Lines 12 through 14)	(889,060)	(1,092,652)	(1,770,151)
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 plus 11 plus 15)	4,122,654	11,227,638	14,443,627
17. Dividends to policyholders	(42,949)	17,704	(35,814)
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	4,165,603	11,209,934	14,479,441
19. Federal and foreign income taxes incurred	(2,648,084)	4,501,251	6,973,585
20. Net income (Line 18 minus Line 19) (to Line 22)	6,813,687	6,708,683	7,505,856
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	104,391,953	95,089,940	95,089,940
GAINS AND (LOSSES) IN SURPLUS			
22. Net income (from Line 20)	6,813,687	6,708,683	7,505,856
23. Net unrealized capital gains or losses	(1,240,628)	455,550	(958,185)
24. Change in net unrealized foreign exchange capital gain (loss)			
25. Change in net deferred income tax	(3,481,585)	4,013,786	7,399,010
26. Change in nonadmitted assets	5,669,334	120,664	(2,275,540)
27. Change in provision for reinsurance	3,405,541		316,616
28. Change in surplus notes			
29. Surplus (contributed to) withdrawn from protected cells			
30. Cumulative effect of changes in accounting principles		6,944,711	6,944,711
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	(930,758)		(9,503,525)
35. Change in treasury stock			
36. Aggregate write-ins for gains and losses in surplus		(126,930)	(126,930)
37. Change in surplus as regards policyholders (Lines 22 through 36)	10,235,591	18,116,464	9,302,013
38. Surplus as regards policyholders, as of statement date (Lines 21 plus 37)	114,627,544	113,206,404	104,391,953
DETAILS OF WRITE-INS			
0501. 2002 Private Passenger Auto Escrow	66,200		
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page	66,200		
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)			
1401. Miscellaneous Income	474	(66)	(66)
1402. Retroactive Losses Incurred	(274,710)	(695,881)	(967,215)
1403. Retroactive LAE Incurred	(205,256)	(137,745)	(469,316)
1498. Summary of remaining write-ins for Line 14 from overflow page	(1,456)	(803)	(10,350)
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	(480,948)	(834,495)	(1,446,947)
3601. Acquisition Expenses for Block of Business Purchased			
3602.			
3603.			
3698. Summary of remaining write-ins for Line 36 from overflow page			
3699. TOTALS (Lines 3601 through 3603 plus 3698) (Line 36 above)		(126,930)	(126,930)

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	51,302,648	71,938,868
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	33,480,124	62,650,433
3. Underwriting expenses paid	18,386,072	22,365,933
4. Other underwriting income (expenses)		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(563,548)	(13,077,498)
6. Net investment income	14,529,417	22,353,892
7. Other income (expenses):		
7.1 Agents' balances charged off	(409,495)	(325,199)
7.2 Net funds held under reinsurance treaties	(4,554,698)	(7,358,190)
7.3 Net amount withheld or retained for account of others	(239,160)	60,007
7.4 Aggregate write-ins for miscellaneous items	(1,682,311)	(3,409,065)
7.5 Total other income (Lines 7.1 to 7.4)	(6,885,664)	(11,032,447)
8. Dividends to policyholders on direct business, less \$ 1,049,754 dividends on reinsurance assumed or ceded (net)	210,721	439,631
9. Federal and foreign income taxes (paid) recovered	1,996,594	(6,739,341)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	8,866,078	(8,935,025)
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	43,134,226	172,805,589
11.2 Stocks		17
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)	43,134,226	172,805,606
12. Cost of investments acquired (long-term only):		
12.1 Bonds	50,997,622	156,197,823
12.2 Stocks	3,215,820	
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Miscellaneous applications		501,083
12.7 Total investments acquired (Lines 12.1 to 12.6)	54,213,442	156,698,906
13. Net cash from investments (Line 11.8 minus Line 12.7)	(11,079,216)	16,106,700
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 \$		6,197,976
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)		6,197,976
15. Cash applied:		
15.1 Dividends to stockholders paid	930,758	9,503,525
15.2 Net transfers to affiliates	2,453,031	
15.3 Borrowed funds repaid		2,870
15.4 Other applications		62,257
15.5 Total (Lines 15.1 to 15.4)	3,386,659	9,565,782
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	(3,386,659)	(3,367,806)
RECONCILIAZION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	(5,599,797)	3,803,869
18. Cash and short-term investments:		
18.1 Beginning of year	7,405,617	3,601,747
18.2 End of period (Line 17 plus Line 18.1)	1,805,820	7,405,616
DETAILS OF WRITE-INS		
7.401 Miscellaneous Income	474	(66)
7.402 Other Interest		(10,140)
7.403 Retorative Losses Paid	(1,403,233)	(2,265,181)
7.498 Summary of remaining write-ins for Line 7.4 from overflow page	(279,552)	(1,133,678)
7.499 Totals (Lines 7.401 through 7.403 plus 7.498) (Line 7.4 above)	(1,682,311)	(3,409,065)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of American Fire and Casualty Company (American Fire) have been prepared on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department.

The Ohio Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under Ohio Insurance Law. The National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures manual, version effective January 1, 2001, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio.

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

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

C. Accounting Policies

Property and casualty insurance premiums are earned principally on a monthly pro rata basis over the term of the policy; the premiums applicable to the unexpired terms of the policies are included in the unearned premium reserve.

Acquisition costs incurred at policy issuance, such as commissions, are charged to operations in the year in which they are incurred.

In addition, American Fire uses the following accounting policies:

- (1) Not applicable
- (2) Bonds are generally carried at amortized cost or prescribed NAIC values. Bonds are amortized using the effective interest method.
- (3) Common stocks are stated at market value as prescribed by the NAIC.
- (4) Redeemable preferred stocks, having qualified sinking funds, are carried at cost or amortized cost; all other preferred stocks are carried at fair values as prescribed by the NAIC.
- (5) Mortgage loans on real estate are stated at the aggregate carrying value less accrued interest.
- (6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities.
- (7) Not applicable.
- (8) Not applicable.
- (9) Not applicable.
- (10) American Fire anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property - Casualty Contracts - Premiums.
- (11) Reserves for unpaid losses and loss adjustment expenses are based on estimates of ultimate claim costs without discounting, including claims incurred but not reported, salvage and subrogation and inflation. Such liabilities are based on assumptions and estimates which management believes are adequate, but the ultimate liability may differ from the amount provided. The methods of making such estimates are continually reviewed and updated, any resulting adjustments are reflected in current earnings.

2. Accounting Changes and Corrections of Errors

Certain prior year amounts have been reclassified to conform to the current year presentation.

9. Income Taxes

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

	9/30/2002	12/31/2001
(1) Total of all deferred tax assets (admitted and nonadmitted)	\$21,521,847	\$24,902,463
(2) Total of all deferred tax liabilities	(1,533,540)	(1,432,571)
(3) Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	9,627,413	12,532,500
(4) Increase (decrease) in deferred tax assets nonadmitted	(2,905,087)	

B. Deferred tax liabilities are not recognized for the following amounts:

- (1) As of September 30, American Fire had a balance of \$N/A in its Policyholder Surplus account under the provisions of the Internal Revenue Code. This amount could become taxable to the extent that future shareholder dividends are paid from this account.
- (2) As of September 30, American Fire had investments in certain foreign subsidiaries whose reporting basis exceeded tax basis by \$N/A. This amount could become taxable in the event of a sale or dissolution of one or more subsidiaries.

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

	9/30/2002	12/31/2001
1. Current year tax expense	\$ 861,162	\$4,001,404
2. Tax credits	00	0
3. Current year equity tax	00	0
4. Prior Year overaccrual of tax reserves	(3,509,246)	2,972,181
5. Current income taxes incurred	(2,648,084)	6,973,585

NOTES TO FINANCIAL STATEMENTS

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

	<u>9/30/2002</u>	<u>12/31/2001</u>	<u>Change</u>
DTAs resulting from book/tax differences in			
15. Reserves-Loss Res., UPR, S&S	\$16,260,502	\$15,949,052	\$ 311,449
16. Employee Benefits	300,268	223,952	76,317
17. VEBA	0	0	0
18. Tax Credits	3,068,531	3,068,531	0
20. Basis Difference on InvestedAssets	1,207,064	1,806,664	(599,599)
21. Other Non-deductible Accruals	275,212	258,060	17,152
22. State Assessments	0	0	0
23. Basis Difference on DepreciableAssets	21,294	7,945	13,349
24. Replacement Carrier Fee	0	0	0
25. Tax Benefit on NOLC/F	0	0	0
26. Other DTAs	388,975	155,197	233,778
27. Total DTAs	21,521,847	21,469,400	52,446
28. DTAs nonadmitted	9,627,413	12,532,500	(2,905,087)
DTLs resulting from book/tax differences in			
29. Bonds & Stocks-Unrealized Gain/Loss	0	227,701	(227,701)
30. Amortization	112,597	6,658	112,597
31. Basis Difference on InvestedAssets	170	819,175	(2,008)
34. Other Deductible Accruals	447,629	344,733	111,502
35. Other DTLs	973,144	34,304	28,045
36. Total DTLs	1,533,540	1,432,571	22,435

D. Among the more significant book to tax adjustments were the following:

	<u>Amount</u>	<u>Tax Effect</u>
1. Income before taxes	\$4,165,601	\$1,457,960
2. Tax exempt interest	(156,109)	(54,638)
3. Dividends received deduction	(95,790)	(33,527)
4. Proration	37,819	13,237
5. Goodwill Amortization	(828,142)	(289,850)
6. Capital Loss on Subsidiary Stock	0	0
7. Book over Tax Reserves	889,855	311,449
8. Tax over Book Capital Gain	(1,815,205)	(635,322)
9. Basis Difference in Invested Assets	(1,631,418)	(570,996)
10. Workers' Compensation Dividends	(256,897)	(89,914)
11. Employee Benefits	218,047	76,317
12. Depreciation/Amortization	(196,106)	(68,637)
13. Replacement Carrier Fee	0	0
14. Non-deductible Accruals	(25,795)	(9,028)
15. Other Deductions/Income	2,154,604	754,111
16. AMT Credit Generated	0	(96,163)
17. NOL Carryforward	0	0
18. Other	0	(3,413,083)
19. Taxable Income	2,460,464	(2,648,084)

E. (1) At September 30, 2001, American Fire has \$0 of operating loss carry forwards originating in 2001 which expire, if unused, in years 2001 through 2020.

(2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

2002	\$861,162
2001	\$492,157
2000	\$0
1999	\$3,068,531
1998	\$0
1997	\$5,473,869

F. (1) American Fire's Federal income tax return is consolidated with the following entities:

Ohio Casualty Corporation
 Hamilton Graphics
 Ocasco Budget, Inc.
 Ocasco Securities Corporation
 Ohio Life Brokerage Services, Inc.
 Ohio Casualty Insurance Company
 West American Insurance Company
 Ohio Security Insurance Company
 American Fire and Casualty Company
 Avomark Insurance Company
 Ohio Casualty of New Jersey, Inc.

(2) The method of allocation between the companies is subject to written agreement approved by the Board of Directors. Allocation is based upon separate return calculations with current credit for net losses providing those losses are utilized on consolidated basis. Intercompany tax balances are settled within 90 days after the payment of each estimated deposit of consolidated tax liability (or Alternative Minimum Tax).

14. Contingencies

D. All Other Contingencies

The potential interest payable to policyholders for the escrowed amount (See Note 20) will be calculated pursuant to N. C. Gen. Stat. §58-36-25. The estimated amount is not recorded in the financial statements.

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

C. Wash Sales

None

NOTES TO FINANCIAL STATEMENTS

20. Other Items

C. Other Disclosures

Escrowed assets are on deposit for the payment of potential refunds relating to rate discrepancies on North Carolina private passenger auto policies effective April 1, 2002 until the effective date of the next rate change.

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? Yes () No (X)

1.2 If yes, explain:

.....

2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes () No (X)

2.2 If yes, has the report been filed with the domiciliary state? Yes () No ()

3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes () No (X)

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

4. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes () No (X)

If yes, attach an organizational chart.

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

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

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

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes () No () N/A (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. 12/31/2000

7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2000

7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 03/15/2002

7.4 By what department or departments?

Indiana and Ohio

.....

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

8.2 If yes, give full information

.....

GENERAL INTERROGATORIES (continued)

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

INVESTMENT

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

9.2 If yes, explain

.....

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

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

.....

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

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

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

13.2 If yes, please complete the following:

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

14.1 Does the reporting entity have any hedging transactions reported on schedule DB? Yes () No (X)

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

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
J. P. Morgan Chase	4 New York Plaza New York, NY 10004
Wachovia	21 South Street Morristown, NJ 07960
U.S. Bank	425 Walnut Street Cincinnati, OH 45202

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 (X) No ()

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
First Union	Wachovia	06/30/2002	Name change
Firstar	U.S. Bank	02/28/2002	Name change
.....

15.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

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

GENERAL INTERROGATORIES

(continued)

PART 2 PROPERTY AND CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes () No (X) N/A ()
If yes, attach an explanation.

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

3.1 Have any of the reporting entity's primary reinsurance contracts been cancelled? Yes () No (X)

3.2 If yes, give full and complete information thereto
.....
.....

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

4.2 If yes, complete the Discount Schedule.

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Schedule A, Verification
NONE

Schedule B, Verification
NONE

Schedule BA, Verification
NONE

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	196,130,609	10,124,539	4,804,680	(4,026,809)	192,941,740	196,130,609	197,423,659	188,936,771
2. Class 2	60,175,265	171,748	1,088,742	(1,077,946)	58,584,981	60,175,265	58,180,325	57,778,371
3. Class 3	10,848,266		126,000	2,039,689	16,788,464	10,848,266	12,761,955	18,366,050
4. Class 4	2,507,183			(353,327)	2,533,915	2,507,183	2,153,856	720,022
5. Class 5					997,621			
6. Class 6					997,621			2,112,830
7. Total Bonds	269,661,323	10,296,287	6,019,422	(2,420,772)	270,849,100	269,661,323	271,517,416	267,914,044
PREFERRED STOCK								
8. Class 1								
9. Class 2								3,215,820
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								3,215,820
15. Total Bonds and Preferred Stock	269,661,323	13,512,107	6,019,422	(2,420,772)	270,849,100	269,661,323	274,733,236	267,914,044

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Schedule DA, Part 1

NONE

Schedule DA, Part 2

NONE

Page 13

Sch. DB, Pt. F, Sn. 1, Summary Replicated (Syn.) Assets Open

NONE

Page 14

Sch. DB, Pt. F, Sn. 2, Reconciliation Replicated (Syn.) Assets

NONE

SCHEDULE F - CEDED REINSURANCE

Showing all new reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Location	5 Is Insurer Authorized? (Yes or No)
------------------------------	------------------------------	------------------------	---------------	---

All Other Insurers				
00000	AA-3190002	Ace Tempest Re	Bermuda	No
0499999	All Other Insurers			

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	475,501	716,748	2,237,109	1,031,475	3,621,844	4,314,928
2. Alaska	AK Yes	244,215	406,012	6,633	53,130	90,078	43,164
3. Arizona	AZ Yes	834,484	1,112,815	535,796	950,258	2,614,416	1,655,408
4. Arkansas	AR Yes	650,579	850,702	518,065	892,081	459,007	709,883
5. California	CA Yes	885	1,480	2,581,058	5,824,373	40,375,977	39,433,620
6. Colorado	CO Yes	300,106	636,298	359,455	163,835	1,345,183	1,963,472
7. Connecticut	CT Yes	3,949,797	4,191,863	1,072,687	1,026,130	3,210,882	2,058,078
8. Delaware	DE Yes	192,289	125,210	107,131	93,620	455,944	314,146
9. District of Columbia	DC Yes	231,296	284,551	112,539	63,211	198,769	430,557
10. Florida	FL Yes	1,171,191	1,495,675	1,246,077	703,507	4,375,073	3,985,066
11. Georgia	GA Yes	780,891	1,359,532	674,146	775,260	2,171,347	1,361,105
12. Hawaii	HI No						
13. Idaho	ID Yes	203,864	237,135	87,089	157,023	106,543	172,180
14. Illinois	IL Yes	2,478,132	2,959,268	2,101,019	3,077,798	3,717,270	4,087,357
15. Indiana	IN Yes	3,116,915	4,011,979	1,699,339	2,634,656	3,241,688	2,881,115
16. Iowa	IA Yes	392,179	430,411	395,249	538,881	1,369,566	1,453,649
17. Kansas	KS Yes	559,336	649,917	404,405	478,564	625,088	442,823
18. Kentucky	KY Yes	5,825,792	6,622,380	4,528,768	5,618,669	5,837,089	6,862,680
19. Louisiana	LA Yes	111,090	1,582,137	197,572	403,985	584,355	384,527
20. Maine	ME No						
21. Maryland	MD Yes	4,996,176	7,770,433	2,803,929	1,387,926	8,787,198	5,249,723
22. Massachusetts	MA Yes	1,086,577	3,018,666	1,101,738	149,253	4,000,699	1,740,371
23. Michigan	MI Yes	2,956,337	3,564,131	3,411,600	5,132,288	12,496,226	10,265,517
24. Minnesota	MN Yes	927,828	1,132,815	628,603	602,829	1,476,799	909,237
25. Mississippi	MS Yes	11,125	276,294	53,131	83,108	330,643	177,117
26. Missouri	MO Yes	1,266,780	1,268,409	926,527	1,756,957	1,628,653	1,554,815
27. Montana	MT Yes					27	
28. Nebraska	NE Yes	128,577	398,558	446,431	412,212	799,193	624,184
29. Nevada	NV Yes	3,856	9,852			87	
30. New Hampshire	NH No						
31. New Jersey	NJ Yes	9,572,095	12,957,733	6,010,648	4,579,814	19,056,652	15,042,150
32. New Mexico	NM Yes	132,981	60,112	(654)	7,080	178,034	93,980
33. New York	NY Yes	2,378,428	2,892,827	565,372	208,519	1,964,283	722,199
34. North Carolina	NC Yes	4,123,286	5,908,450	1,809,752	1,344,774	4,446,035	2,957,622
35. North Dakota	ND Yes	164,679	213,438	28,321	122,457	124,371	149,262
36. Ohio	OH Yes	5,190,779	4,646,277	2,668,147	2,990,132	3,388,282	3,442,035
37. Oklahoma	OK Yes	1,469,266	1,118,746	766,058	787,352	558,740	420,424
38. Oregon	OR Yes	290,323	548,713	215,852	229,181	470,755	460,720
39. Pennsylvania	PA Yes	13,453,803	13,647,827	9,043,519	9,510,537	47,056,796	42,760,942
40. Rhode Island	RI Yes	(93)	4,117			1,609	1,318
41. South Carolina	SC Yes	745,159	1,523,600	530,388	791,469	3,255,172	2,664,957
42. South Dakota	SD Yes	3,637	1,026			6,358	2,371
43. Tennessee	TN Yes	547,839	838,259	169,027	745,970	468,198	794,456
44. Texas	TX Yes	1,006,996	2,112,999	1,038,496	942,296	1,765,210	1,397,427
45. Utah	UT Yes	473,734	679,937	149,434	173,050	579,950	472,649
46. Vermont	VT No						
47. Virginia	VA Yes	1,171,556	1,602,939	968,527	942,678	2,335,620	1,716,897
48. Washington	WA Yes	1,042,786	2,031,989	576,312	922,940	3,763,050	2,199,741
49. West Virginia	WV Yes	92,696	79,863	170	18,640	22,239	20,259
50. Wisconsin	WI Yes	2,722,145	3,165,517	1,395,220	1,660,445	3,072,653	3,199,328
51. Wyoming	WY Yes	30,779	56,584	149,201	6,811	67,976	143,415
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 Alien	OT X X X	(a) 47	77,508,672	99,204,224	54,319,886	59,995,174	196,501,627
58. Totals							171,736,874

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

DETAILS OF WRITE-INS

5701.	X X X						
5702.	X X X						
5703.	X X X						
5798. Summary of remaining write-ins for Line 57 from overflow page							
5799. TOTALS (Lines 5701 through 5703 plus Line 5798)(Line 57 above)	X X X						

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	11,163	(1,330)	(11.9)	4.3
2. Allied lines	192,041	128,681	67.0	(4.7)
3. Farmowners multiple peril				
4. Homeowners multiple peril	15,038,149	9,881,888	65.7	96.5
5. Commercial multiple peril	15,030,995	10,370,704	69.0	59.8
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	825,462	283,648	34.4	36.0
10. Financial guaranty				
11.1 Medical malpractice-occurrence				
11.2 Medical malpractice-claims made				
12. Earthquake	266,767	(9,208)	(3.5)	3.8
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation	17,430,058	30,361,421	174.2	106.0
17.1 Other liability-occurrence	3,178,221	8,464,864	266.3	19.3
17.2 Other liability-claims made	7,666	1,930	25.2	18.7
18.1 Products liability-occurrence	693,397	2,055,242	296.4	80.8
18.2 Products liability-claims made	268	43	16.0	
19.1, 19.2 Private passenger auto liability	13,981,896	7,733,707	55.3	69.8
19.3, 19.4 Commercial auto liability	5,941,558	5,093,187	85.7	43.5
21. Auto physical damage	12,177,699	6,527,235	53.6	64.0
22. Aircraft (all perils)				
23. Fidelity		(765)		
24. Surety	9,161	6,777	74.0	(10.1)
26. Burglary and theft				
27. Boiler and machinery	170			
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property	X X X	X X X	X X X	X X X
31. Reinsurance-Nonproportional Assumed Liability	X X X	X X X	X X X	X X X
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	X X X	X X X	X X X
33. Aggregate write-ins for other lines of business				
34. TOTALS	84,784,671	80,898,023	95.4	76.0
DETAILS OF WRITE-INS				
3301.				
3302.				
3303.				
3398. Summary of remaining write-ins for Line 33 from overflow page				
3399. Totals (Lines 3301 through 3303 plus Line 3398) (Line 33)				

PART 2 - DIRECT PREMIUMS WRITTEN

	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire	42,281	22,316	74,161
2. Allied lines	23,812	22,770	98,036
3. Farmowners multiple peril			
4. Homeowners multiple peril	5,568,064	14,767,757	15,943,637
5. Commercial multiple peril	3,981,045	13,865,730	15,705,133
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine	277,189	774,690	889,390
10. Financial guaranty			
11.1 Medical malpractice-occurrence			
11.2 Medical malpractice-claims made			
12. Earthquake	101,788	250,512	286,235
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation	3,674,082	13,764,490	24,956,351
17.1 Other liability-occurrence	704,461	2,862,194	2,496,534
17.2 Other liability-claims made	885	5,543	11,390
18.1 Products liability-occurrence	119,604	649,527	2,947,026
18.2 Products liability-claims made	585	585	
19.1, 19.2 Private passenger auto liability	4,435,183	13,642,125	15,206,332
19.3, 19.4 Commercial auto liability	1,676,552	4,977,372	7,099,403
21. Auto physical damage	3,840,381	11,878,184	13,483,687
22. Aircraft (all perils)			
23. Fidelity			
24. Surety	8,385	24,652	6,907
26. Burglary and theft	226	226	
27. Boiler and machinery			
28. Credit			
29. International			
30. Reinsurance-Nonproportional Assumed Property	X X X	X X X	X X X
31. Reinsurance-Nonproportional Assumed Liability	X X X	X X X	X X X
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	X X X	X X X
33. Aggregate write-ins for other lines of business			
34. TOTALS	24,454,522	77,508,673	99,204,222
DETAILS OF WRITE-INS			
3301.			
3302.			
3303.			
3398. Summary of remaining write-ins for Line 33 from overflow page			
3399. Totals (Lines 3301 through 3303 plus Line 3398) (Line 33)			

STATEMENT AS OF SEPTEMBER 30, 2002 OF THE AMERICAN FIRE AND CASUALTY 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) (Col. 1 plus 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 (Col. 4 plus 5)	7 Q.S. Date Known Case Loss and LAE Reserves on Claims	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) (Col. 7 plus 8 plus 9)	11 Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Col. 4 plus 7 minus Col. 1)	12 Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Col. 5 plus 8 plus 9 minus Col. 2)	13 Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Col. 11 plus 12)
1. 1999 + Prior	33,425	63,588	97,013	7,382	368	7,750	30,999	1,340	60,298	92,637	4,956	(1,582)	3,374
2. 2000	9,686	9,073	18,759	3,903	189	4,092	6,917	447	7,145	14,509	1,134	(1,292)	(158)
3. Subtotals 2000 + prior	43,111	72,661	115,772	11,285	557	11,842	37,916	1,787	67,443	107,146	6,090	(2,874)	3,216
4. 2001	12,060	15,439	27,499	7,142	824	7,966	7,930	63	10,861	18,854	3,012	(3,691)	(679)
5. Subtotals 2001 + prior	55,171	88,100	143,271	18,427	1,381	19,808	45,846	1,850	78,304	126,000	9,102	(6,565)	2,537
6. 2002	X X X	X X X	X X X	X X X	13,781	13,781	X X X	8,274	14,157	22,431	X X X	X X X	X X X
7. Totals	55,171	88,100	143,271	18,427	15,162	33,589	45,846	10,124	92,461	148,431	9,102	(6,565)	2,537
8. Prior Year-End's Surplus As Regards Policy-holders											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
	104,392										1. 16.5 %.	2. (7.5)%.	3. 1.8 %.
											Col. 13 , Line 7 Line 8		4. 2.4 %.

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

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

	RESPONSES
1. Will the SVO Compliance Certification be filed with this statement?	Yes
EXPLANATION:
BARCODE:	
Document Identifier 470:	
2. Will the Trusted Surplus Statement be filed with the state of domicile and the NAIC with this statement?	No
EXPLANATION:
BARCODE:	
2. Document Identifier 490:	 2 4 0 6 6 2 0 0 2 4 9 0 0 0 0 0 0 3
3. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed with this statement?	No
EXPLANATION:
BARCODE:	
3. Document Identifier 450:	 2 4 0 6 6 2 0 0 2 4 5 0 0 0 0 0 0 3

OVERFLOW PAGE FOR WRITE-INS

OVERFLOW WRITE-INS FOR Page 3, Liabilities

	1 Current Statement Date	2 December 31, Prior Year
AGGREGATED AT Line 23, Liabilities		
Retroactive LAE Reserves	1,787,500	1,860,000
2398 Line 23, Liabilities	1,787,500	1,860,000

OVERFLOW WRITE-INS FOR Page 4, Statement of Income

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
AGGREGATED AT Line 14, Miscellaneous Income			
Other Interest Expense	(594)	(10,140)	
Fines and Penalties	(1,456)	(209)	(209)
1498 Line 14, Miscellaneous Income	(1,456)	(803)	(10,350)

OVERFLOW WRITE-INS FOR Page 5, Cash Flow

	1 Current Year To Date	2 Prior Year Ended December 31
AGGREGATED AT Line 7.4, Miscellaneous Items		
Retroactive LAE Paid	(277,756)	(651,270)
California Proposition 103	(1,723)	(484,194)
Fines and Penalties	(1,456)	(209)
Finance and Service Charges	1,383	1,995
07.498 Line 7.4, Miscellaneous Items	(279,552)	(1,133,678)

Page E01

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

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

Page E02

Schedule B, Part 1, Mortgage Loans Acquired
NONE

Schedule B, Part 2, Mortgage Loans Sold
NONE

Page E03

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

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

STATEMENT AS OF SEPTEMBER 30, 2002 OF THE AMERICAN FIRE AND CASUALTY 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)
Bonds - Special Revenue and Special Assessment Obligations and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions								
3133TP-M3-0	FHR 2251 ZB	07/25/2002	CAPITALIZED INTEREST	35,801	35,801			2PE
313398-FA-2	FHR 2333 ZD	07/15/2002	CAPITALIZED INTEREST	93,826	93,826			2PE
31390K-2S-6	FNCL PL 648885	09/26/2002	GREENWICH	590,452	585,239	2,593	1PE	
31392B-XM-3	FNR 2002-2 QE	09/04/2002	TRANSFER TO MARKET	2,067,969	2,000,000	1,000	1PE	
31392R-ZN-4	FHR 2489 B	08/02/2002	MORGAN STANLEY & CO., INC.	495,469	500,000	2,417	1PE	
3837H1-US-8	GNR 1998-19 ZB	07/20/2002	CAPITALIZED INTEREST	42,121	42,121			2PE
3199999	Subtotal - Bonds - Special Revenue and Special Assessment Obligations and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions			3,325,638	3,256,988	6,010		
Bonds - Industrial and Miscellaneous								
00077B-X9-9	AMAC 2002-8 1A5	08/14/2002	STEPHENS, INC.	998,750	1,000,000		5,035	1PE
02635P-RT-2	AMER GENL FIN	09/27/2002	CHEMICAL SECURITIES	1,983,680	2,000,000		1	
653922-AD-6	NIKE INC MTN	07/01/2002	MERRILL LYNCH	999,000	1,000,000			1PE
760985-NK-3	RAMP 2002-RS4 A15	08/19/2002	RESIDENTIAL FUNDING	2,989,219	3,000,000	13,214	1PE	
4599999	Subtotal - Bonds - Industrial and Miscellaneous			6,970,649	7,000,000	18,248		
6099997	Subtotal - Bonds - Part 3			10,296,287	10,256,988	24,258		
6099999	Subtotal - Bonds			10,296,287	10,256,988	24,258		
Preferred Stock - Industrial and Miscellaneous								
42307T-20-7	HEINZ H.J. CO.6.226	07/01/2002	LEHMAN BROTHERS	30.000	3,215,820			RP2
6399999	Subtotal - Preferred Stock - Industrial and Miscellaneous				3,215,820			
6599997	Subtotal - Preferred Stock - Part 3				3,215,820			
6599999	Subtotal - Preferred Stock				3,215,820			
7199999	Subtotal - Preferred and Common Stock				3,215,820			
7299999	TOTALS			13,512,107		24,258		

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

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P/C - Quarterly 2002

STATEMENT AS OF SEPTEMBER 30, 2002 OF THE AMERICAN FIRE AND CASUALTY 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

1 CUSIP Identifi- cation	2 Description	3 Disposal Date	4 Name of Purchaser	5 Number of Shares of Stock	6 Consideration	7 Par Value	8 Actual Cost	9 Book/Adjusted Carrying Value at Disposal Date	10 Increase (Decrease) by Adjustment	11 Increase (Decrease) by Foreign Exchange Adjustment	12 Foreign Exchange Gain (Loss) on Disposal	13 Realized Gain (Loss) on Disposal	14 Total Gain (Loss) on Disposal	15 Interest on Bonds Received During Year	16 Dividends on Stocks Received During Year	17 NAIC Designa- tion (a)
Bonds - U.S. Governments																
362028-TK-1	G21454		PRINCIPAL PAYDOWN	1,184	1,184.00		1,182	1,184		5						1
362028-5G-3	GN3547		PRINCIPAL PAYDOWN	3,293	3,293.34		3,265	3,293		9						1
362032-AB-7	GN6331		PRINCIPAL PAYDOWN	1,533	1,532.61		1,517	1,533		6						1
36219K-FQ-4	GN251375		PRINCIPAL PAYDOWN	49	49.08		50	49		(2)						1
36223J-C4-3	GN308891		PRINCIPAL PAYDOWN	3,363	3,362.88		3,443	3,363		(73)						1
0399999	Subtotal - Bonds - U.S. Governments			9,422	9,421.91		9,456	9,422		(55)						
Bonds - Special Revenue and Special Assessment Obligations and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																
31298T-6G-3	FGLMC PL C56521		PRINCIPAL PAYDOWN	50,599	50,598.85		50,725	50,599		(129)						1PE
313401-K8-3	FH380026		PRINCIPAL PAYDOWN	1,265	1,265.40		1,262	1,265		1						1
31384W-LM-0	FNCL PL 535932		PRINCIPAL PAYDOWN	294,112	294,112.21		295,767	294,112		(1,673)						1PE
31347N-BH-8	FH530940		PRINCIPAL PAYDOWN	2,012	2,011.84		2,062	2,012		(100)						1
31388J-RU-1	FNCL PL 606299		PRINCIPAL PAYDOWN	35,545	35,544.76		35,550	35,545		(6)						1PE
31359U-M8-5	FNR 1998-62 DC		PRINCIPAL PAYDOWN	86,021	86,020.52		93,977	86,021		(4,504)						1PE
3199999	Subtotal - Bonds - Special Revenue and Special Assessment Obligations and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions			469,554	469,553.58		479,344	469,554		(6,410)						
Bonds - Industrial and Miscellaneous																
00077B-PV-9	AMAC 2000-3 IA8		PRINCIPAL PAYDOWN	201,852	201,851.94		202,167	201,852		(124)						1PE
126342-BD-5	CSFB 1993-2R 1		PRINCIPAL PAYDOWN	32,433	32,433.26		30,731	32,433		876						401
126698-QZ-8	CWALT 2000-1 M		PRINCIPAL PAYDOWN	8,429	8,428.85		8,242	8,429		118						1PE
126690-DK-9	CWFC 1993-3 B1		PRINCIPAL PAYDOWN	56,271	56,271.21		54,583	56,271		369						2
126690-R7-3	CWBBS 1994-J A5		PRINCIPAL PAYDOWN	224,532	224,532.25		221,234	224,532		104						1PE
36158G-FF-0	GECMS 1999-14 A6	09/25/2002	PRINCIPAL PAYDOWN	589,331	589,331.46		536,936	589,331		24,073						1PE
393505-CH-3	GT 1994-2 B2		PRINCIPAL PAYDOWN	126,000	125,999.65		121,983	126,000		1,684						3
393505-UV-2	GT 1997-4 A7		PRINCIPAL PAYDOWN	2,458	2,457.90		2,470	2,458		(11)						1PE
73767*-DE-7	POTOMAC CAPITAL MTN SER B	07/24/2002	MATURITY	1,000,000	1,000,000.00		985,250	1,000,000		1,431						84,460
74434T-HB-6	(SC) PHMS 1993-B 1B1		PRINCIPAL PAYDOWN	57,470	57,469.99		56,823	57,470		149						1PE
74434U-BQ-6	PHMS 1994-18 A2		PRINCIPAL PAYDOWN	105,081	105,080.61		104,407	105,081		23						1PE
744567-FA-1	PUB SVC EL & GAS	07/18/2002	TRANSFER FROM MARKET	2,525,000	2,500,000.00		2,426,900	2,428,812		872						1
760947-VP-3	RFMSI 1996-S7 A12		PRINCIPAL PAYDOWN	95,114	95,113.69		95,054	95,114		34						1
760972-SV-2	RFMSI 1998-S9 2A5		PRINCIPAL PAYDOWN	114,079	114,078.67		110,728	114,079		825						1PE
843597-AF-2	SOUTHRN PAC TRN PTC SER 95-A6	07/02/2002	PRINCIPAL PAYDOWN	38	37.71		38	38								2
863572-YW-7	FNT 1999-1 2A6		PRINCIPAL PAYDOWN	440,023	440,022.60		442,842	440,023		(1,944)						1PE
971804-SQ-2	WILMINGTON TR/GPA/GECC LEASE	07/02/2002	PRINCIPAL PAYDOWN	57,202	57,202.22		57,202	57,202								4,427
65087B-AB-0	NEWBURY CBO I A-3	08/15/2002	PRINCIPAL PAYDOWN	1,323	1,323.19		1,323	1,323								1
4599999	Subtotal - Bonds - Industrial and Miscellaneous			5,636,635	5,611,635.20		5,458,914	5,540,447		28,477						203,096
6099997	Subtotal - Bonds - Part 4			6,115,611	6,090,610.69		5,947,715	6,019,422		22,012						203,096
6099999	Subtotal - Bonds			6,115,611	6,090,610.69		5,947,715	6,019,422		22,012						203,096
7299999	TOTALS			6,115,611			5,947,715	6,019,422		22,012						203,096

(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

Page E07

Schedule DB, Part C, Section 1

NONE

Schedule DB, Part D, Section 1

NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Rate of Interest	3 Amount of Interest Received During Current Quarter	4 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			8 *
				5 First Month	6 Second Month	7 Third Month	
Name	Location and Supplemental Information						
Open Depositories							
1st National Bank	Hamilton, OH		(90,939)	(90,939)	(90,939)		
Bank of America	Los Angeles, CA		101,344	73,848	18,313		
Bank One Concentration Account	Columbus, OH	14,543		257		1,812,047	
Bank One PPA Escrow	Columbus, OH	183		26,957	56,313	66,399	
0199999 TOTAL - Open Depositories		14,726		37,619	39,222	1,805,820	
0399999 TOTAL Cash on Deposit		14,726		37,619	39,222	1,805,820	
0599999 TOTALS		14,726		37,619	39,222	1,805,820	