



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

TRUSTGARD INSURANCE COMPANY

NAIC Group Code	0267 <small>(Current Period)</small>	0267 <small>(Prior Period)</small>	NAIC Company Code	40118	Employer's ID Number	41-1405571
Organized under the Laws of	Ohio			State of Domicile or Port of Entry	Ohio	
Country of Domicile	United States of America					
Incorporated	07/01/1981		Commenced Business	11/10/1981		
Statutory Home Office	650 South Front Street <small>(Street and Number)</small>			Columbus, OH 43206-1014 <small>(City or Town, State and Zip Code)</small>		
Main Administrative Office	650 South Front Street <small>(Street and Number)</small>					
	Columbus, OH 43206-1014 <small>(City or Town, State and Zip Code)</small>		614-445-2900 <small>(Area Code) (Telephone Number) (Extension)</small>			
Mail Address	650 South Front Street, P.O. Box 1218 <small>(Street and Number or P.O. Box)</small>			Columbus, OH 43216-1218 <small>(City or Town, State and Zip Code)</small>		
Primary Location of Books and Records	650 South Front Street <small>(Street and Number)</small>					
	Columbus, OH 43206-1014 <small>(City or Town, State and Zip Code)</small>		614-445-2497 <small>(Area Code) (Telephone Number)</small>			
Internet Website Address	www.grangeinsurance.com					
Statement Contact	Jeffrey Earl Dye <small>(Name)</small>			614-445-2497 <small>(Area Code) (Telephone Number) (Extension)</small>		
	dyej@grangeinsurance.com <small>(E-mail Address)</small>			614-445-2404 <small>(FAX Number)</small>		
Policyowner Relations Contact	650 South Front Street <small>(Street and Number)</small>					
	Columbus, OH 43206-1014 <small>(City or Town, State and Zip Code)</small>		614-445-2900 <small>(Area Code) (Telephone Number) (Extension)</small>			

OFFICERS

PRESIDENT & CEO	PHILIP HUGH URBAN	SECRETARY & VP	DAVID TRUFANT ROARK
CFO & VP	RANDALL JOSEPH MONTELONE		

VICE PRESIDENTS

WALTER LOREN NEFF		
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DIRECTORS OR TRUSTEES

EDWIN LOWELL BILLMAN	ANTHONY ALFONSO COLAO JR	RANDALL JOSEPH MONTELONE
ROBERT JOHN O' BRIEN	MICHAEL VERNE PARROTT	MELVIN GEORGE PYE JR
JAMES LAWRENCE SETTERLIN	THOMAS SIMRALL STEWART	PHILIP WAYNE STICHTER
PHILIP HUGH URBAN	DAVID CHARLES WETMORE	

State of .....Ohio..... } ss  
County of .....Franklin..... }

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

PHILIP HUGH URBAN PRESIDENT & CEO	DAVID TRUFANT ROARK SECRETARY & VICE PRESIDENT	RANDALL JOSEPH MONTELONE CFO & VICE PRESIDENT
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Subscribed and sworn to before me this  
8th day of November, 2002

Colleen R. Miesse  
Notary Public  
October 19, 2004

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 .....	31,233,580		31,233,580	29,064,899
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....	2,000		2,000	2,000
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 (\$ .....441,413 and short-term investments \$ ..... ) .....	441,413		441,413	1,319,678
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) .....	31,676,993		31,676,993	30,386,577
10. Agents' balances or uncollected premiums				
10.1 Premiums and agents' balances in course of collection .....	5,843,818	37,985	5,805,833	4,803,741
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....	658,776	2,713	656,063	26,824
10.3 Accrued retrospective premiums .....				
11. Funds held by or deposited with reinsured companies .....				
12. Bills receivable, taken for premiums .....				
13. Amounts billed and receivable under high deductible policies .....				
14. Reinsurance recoverables on loss and loss adjustment expense payments .....				
15. Federal and foreign income tax recoverable and interest thereon (including \$ .....1,120,102 net deferred tax asset) .....	1,415,647	295,545	1,120,102	865,512
16. Guaranty funds receivable or on deposit .....				
17. Electronic data processing equipment and software .....				
18. Interest, dividends and real estate income due and accrued .....	402,024		402,024	541,738
19. Net adjustments in assets and liabilities due to foreign exchange rates .....				
20. Receivable from parent, subsidiaries and affiliates .....	2,161,255		2,161,255	18,690
21. Amounts due from /to protected cells .....				
22. Equities and deposits in pools and associations .....	10,263		10,263	8,582
23. Amounts receivable relating to uninsured accident and health plans .....				
24. Other assets nonadmitted .....				
25. Aggregate write-ins for other than invested assets .....				4,407
26. Total assets excluding protected cell assets (Lines 9 through 25) .....	42,168,776	336,243	41,832,533	36,656,071
27. Protected cell assets .....				
28. TOTALS (Lines 26 and 27)	42,168,776	336,243	41,832,533	36,656,071
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. Miscellaneous Receivable .....			0	4,407
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)				4,407

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ .....7,539,594 ) .....	12,632,526	10,736,201
2. Reinsurance payable on paid losses and loss adjustment expenses .....		
3. Loss adjustment expenses .....	3,038,471	2,762,764
4. Commissions payable, contingent commissions and other similar charges .....	257,192	226,463
5. Other expenses (excluding taxes, licenses and fees) .....	526,306	506,371
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	390,999	420,210
7. Federal and foreign income taxes [(including \$ ..... on realized capital gains (losses))] (including \$ ..... net deferred tax liability) .....	339,098	441,599
8. Borrowed money \$ ..... and interest thereon \$ .....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ .....5,729,685 and including warranty reserves of \$ ..... ) .....	12,657,828	9,634,027
10. Advance premium .....		
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....		
12. Ceded reinsurance premiums payable (net of ceding commissions) .....		
13. Funds held by company under reinsurance treaties .....		
14. Amounts withheld or retained by company for account of others .....		
15. Remittances and items not allocated .....		
16. Provision for reinsurance .....		
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....		
20. Payable for securities .....		
21. Liability for amounts held under uninsured accident and health plans .....		
22. Capital notes \$ ..... and interest thereon \$ .....		
23. Aggregate write-ins for liabilities .....		
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23) .....	29,842,420	24,727,635
25. Protected cell liabilities .....		
26. Total liabilities (Lines 24 and 25) .....	29,842,420	24,727,635
27. Aggregate write-ins for special surplus funds .....		
28. Common capital stock .....	2,500,000	2,500,000
29. Preferred capital stock .....		
30. Aggregate write-ins for other than special surplus funds .....		
31. Surplus notes .....		
32. Gross paid in and contributed surplus .....	4,657,724	4,657,724
33. Unassigned funds (surplus) .....	4,832,389	4,770,712
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) .....	11,990,113	11,928,436
36. TOTALS	41,832,533	36,656,071
DETAILS OF WRITE-INS		
2301. ....		
2302. ....		
2303. ....		
2398. Summary of remaining write-ins for Line 23 from overflow page .....		
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)		
2701. ....		
2702. ....		
2703. ....		
2798. Summary of remaining write-ins for Line 27 from overflow page .....		
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)		
3001. ....		
3002. ....		
3003. ....		
3098. Summary of remaining write-ins for Line 30 from overflow page .....		
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)		

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 16,539,882 )	15,077,505	9,635,139	13,776,218
1.2 Assumed (written \$ 26,895,306 )	23,871,502	19,202,931	26,151,826
1.3 Ceded (written \$ 16,539,882 )	15,077,505	9,635,139	13,776,218
1.4 Net (written \$ 26,895,306 )	23,871,502	19,202,931	26,151,826
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 16,993,853 ):			
2.1 Direct	9,718,125	7,135,221	10,275,904
2.2 Assumed	15,706,420	12,651,780	16,850,067
2.3 Ceded	9,718,125	7,135,221	10,275,903
2.4 Net	15,706,420	12,651,780	16,850,068
3. Loss expenses incurred	2,400,591	2,006,765	2,760,275
4. Other underwriting expenses incurred	7,366,753	5,902,950	7,992,519
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2.4 thru 5)	25,473,764	20,561,495	27,602,862
7. Net income of protected cells			
8. Net underwriting gain or (loss) (Line 1.4 minus Line 6 + Line 7)	(1,602,262)	(1,358,564)	(1,451,036)
INVESTMENT INCOME			
9. Net investment income earned	1,464,353	1,459,992	1,941,842
10. Net realized capital gains or (losses)	(318,059)	(69,447)	33,082
11. Net investment gain (loss) (Lines 9 + 10)	1,146,294	1,390,545	1,974,924
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 2,191 amount charged off \$ 157,306 )	(155,115)	(128,623)	(188,924)
13. Finance and service charges not included in premiums	694,700	411,549	609,226
14. Aggregate write-ins for miscellaneous income	143,772	43,502	60,071
15. Total other income (Lines 12 through 14)	683,357	326,428	480,373
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	227,389	358,409	1,004,261
17. Dividends to policyholders	48,732		
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	178,657	358,409	1,004,261
19. Federal and foreign income taxes incurred	339,098	5,376	441,599
20. Net income (Line 18 minus Line 19)(to Line 22)	(160,441)	353,033	562,662
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	11,928,436	9,532,139	9,532,139
GAINS AND (LOSSES) IN SURPLUS			
22. Net income (from Line 20)	(160,441)	353,033	562,662
23. Net unrealized capital gains or losses			
24. Change in net unrealized foreign exchange capital gain (loss)			
25. Change in net deferred income tax	333,959	863,621	1,081,689
26. Change in nonadmitted assets	(111,840)	10,992	(224,060)
27. Change in provision for reinsurance			
28. Change in surplus notes			
29. Surplus (contributed to) withdrawn from protected cells			
30. Cumulative effect of changes in accounting principles			1,000
31. Capital changes:			
31.1 Paid in			500,000
31.2 Transferred from surplus (Stock Dividend)			
31.3 Transferred to surplus			
32. Surplus adjustments:			
32.1 Paid in			(500,000)
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		976,006	975,006
37. Change in surplus as regards policyholders (Lines 22 through 36)	61,678	2,203,652	2,396,297
38. Surplus as regards policyholders, as of statement date (Lines 21 plus 37)	11,990,114	11,735,791	11,928,436
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	143,772	43,502	60,071
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	143,772	43,502	60,071
3601. Change in excess of statutory reserves over statement reserves		1,000	0
3602. Recognition of anticipated salvage and subrogation		975,006	975,006
3603.			
3698. Summary of remaining write-ins for Line 36 from overflow page			
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above)		976,006	975,006

CASH FLOW

	1 Current Year to Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	25,231,504	26,613,177
2. Loss and loss adjustment expenses paid (net of salvage and subrogation) .....	15,934,977	19,741,221
3. Underwriting expenses paid .....	7,345,300	7,755,161
4. Other underwriting income (expenses) .....	4,407	
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....	1,955,634	(883,205)
6. Net investment income .....	1,634,429	1,943,239
7. Other income (expenses):		
7.1 Agents' balances charged off .....	(155,115)	(188,924)
7.2 Net funds held under reinsurance treaties .....		
7.3 Net amount withheld or retained for account of others .....		
7.4 Aggregate write-ins for miscellaneous items .....	836,787	1,642,553
7.5 Total other income (Lines 7.1 to 7.4) .....	681,672	1,453,629
8. Dividends to policyholders on direct business , less \$ ..... dividends on reinsurance assumed or ceded (net) .....	48,732	
9. Federal and foreign income taxes (paid) recovered .....	(441,599)	65,680
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9) .....	3,781,404	2,579,343
<b>Cash from Investments</b>		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds .....	7,845,429	13,302,566
11.2 Stocks .....		
11.3 Mortgage loans .....		
11.4 Real estate .....		
11.5 Other invested assets .....		
11.6 Net gains or (losses) on cash and short-term investments .....		
11.7 Miscellaneous proceeds .....		
11.8 Total investment proceeds (Lines 11.1 to 11.7) .....	7,845,429	13,302,566
12. Cost of investments acquired (long-term only):		
12.1 Bonds .....	10,362,533	12,805,411
12.2 Stocks .....		
12.3 Mortgage loans .....		
12.4 Real estate .....		
12.5 Other invested assets .....		
12.6 Miscellaneous applications .....		
12.7 Total investments acquired (Lines 12.1 to 12.6) .....	10,362,533	12,805,411
13. Net Cash from investments (Line 11.8 minus Line 12.7) .....	(2,517,104)	497,155
<b>Cash from Financing and Miscellaneous Sources</b>		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in .....		
14.2 Capital notes \$ ..... less amounts repaid \$ .....		
14.3 Net transfers from affiliates .....		
14.4 Borrowed funds received .....		
14.5 Other cash provided .....		15,628
14.6 Total (Lines 14.1 to 14.5) .....		15,628
15. Cash applied:		
15.1 Dividends to stockholders paid .....		
15.2 Net transfers to affiliates .....	2,142,565	2,236,107
15.3 Borrowed funds repaid .....		
15.4 Other applications .....		
15.5 Total (Lines 15.1 to 15.4) .....	2,142,565	2,236,107
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5) .....	(2,142,565)	(2,220,479)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16) .....	(878,265)	856,019
18. Cash and short-term investments:		
18.1 Beginning of year .....	1,319,678	463,659
18.2 End of year (Line 17 plus Line 18.1) .....	441,413	1,319,678
<b>DETAILS OF WRITE-INS</b>		
07.401 Miscellaneous Income .....	836,787	667,550
07.402 Recognition of anticipated salvage and subrogation .....		975,003
07.403 .....		
07.498 Summary of remaining write-ins for Line 7.4 from overflow page .....		
07.499 Totals (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above) .....	836,787	1,642,553

NOTES TO FINANCIAL STATEMENTS

9. FEDERAL INCOME

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

	<u>09/30/2002</u>	<u>12/31/2001</u>
1. Total of all deferred tax assets (admitted and nonadmitted)	\$1,415,648	\$1,081,689
2. Total of all deferred tax liabilities	\$0	\$0
3. Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	\$295,545	\$216,176
4. Total of all deferred tax assets	\$1,120,102	\$865,512
5. Increase (decrease) in deferred tax assets nonadmitted	\$76,369	\$216,176

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

1. None not recognized

C. The significant components of the income taxes incurred	<u>09/30/2002</u>	<u>12/31/2001</u>
1. Current year tax expense of	\$339,098	\$441,600
2. Tax credits of	\$0	\$0
3. Current year equity tax of	\$0	\$0
4. Prior year over accrual of tax reserves	\$0	\$0
5. Current Year Income Taxes	\$339,098	\$441,600

Main components of the 2001 deferred tax amounts are as follows:

	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
DTAs				
6. Reserves	\$29,842,419	\$25,930,391	\$3,912,028	\$1,369,210
7. Bonds	\$31,086,005	\$31,177,986	\$91,982	\$32,194
8. Premiums and agent balances	\$6,461,896	\$6,502,594	\$40,698	\$14,244
9. Total DTAs	\$67,390,320	\$63,610,971	\$4,044,707	\$1,415,647
10. DTAs nonadmitted				\$295,545
DTLs				
11. Bonds	\$0	\$0	\$0	\$0
12. Depreciable assets	\$0	\$0	\$0	\$0
13. Premiums and agent balances	\$0	\$0	\$0	\$0
14. Total DTLs	\$0	\$0	\$0	\$0

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

	Amount	Tax Effect
1. Income before taxes	178,656	\$62,530
2. Book over tax reserves	790,196	276,569
3. Net DAC adjustment	0	0
4. Depreciation	0	0
5. Accrued market discount	0	0
6. Tax exempt interest	0	0
7. Dividends received deduction	0	0
8. Accrued dividends	0	0
9. Key-person life insurance premiums	0	0
10. Accrued deferred compensation	<u>0</u>	<u>0</u>
11. Taxable income	<u>\$968,852</u>	<u>\$339,098</u>

E.

1. The amount of federal income taxes incurred and available for recoupment in the event of future net losses is: current year \$339,098; first preceding year \$441,600; second preceding year \$0.

2. The amount of net losses carried forward and available to affect future net income subject to federal alternative minimum income tax is: current year \$-0-; first preceding year \$-0-; second preceding year \$-0-; third preceding year \$-0-; fourth preceding year \$-0-; fifth preceding year \$-0-; sixth preceding year \$-0-.

F.

1. The Company's Federal Income Tax return is consolidated with the Parent Company, Grange Mutual Casualty Company.

2. The method of allocation between the companies is subjected to a written agreement approve by the Board of Directors. Allocation is based upon separate return calculations with current credit for net losses. Intercompany tax balances are settled annually after the tax return is filed.

NOTES TO FINANCIAL STATEMENTS

25. INTERCOMPANY POOLING AGREEMENTS

		Pool NAIC#	Share
		-----	-----
Lead Company:	Grange Mutual Casualty Company	14060	88.0%
Affiliate:	Trustgard Insurance Company	40118	4.0%
	Grange Indemnity Insurance Company	10322	2.0%
	Grange Insurance Company of Michigan	11136	2.0%
	Integrity Mutual Insurance Company	14303	2.0%

All lines of business are subject to the pooling agreement, with no exceptions. All members of the pool are parties to all reinsurance treaties entered into by the group with non-affiliated reinsurers. There are no discrepancies between the reinsurance schedules of the lead company' s and the reinsurance schedules of the other participants.

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES  
GENERAL

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

1.2 If yes, explain: .....  
.....

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

2.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]

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

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

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

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

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

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

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

7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/1998

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). .... 10/30/2000

7.4 By what department or departments?  
Ohio.....

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

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



GENERAL INTERROGATORIES

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

INVESTMENT

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

9.2 If yes, explain:  
.....

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

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

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

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

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

13.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
13.21 Bonds .....	\$ .....	\$ .....
13.22 Preferred Stock .....	\$ .....	\$ .....
13.23 Common Stock .....	\$ .....2,000	\$ .....2,000
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).....	\$ .....2,000	\$ .....2,000
13.28 Total Investment in Parent included in Lines 13.21 to 13.26 above .....	\$ .....	\$ .....
13.29 Receivable from Parent not included in Lines 13.21 to 13.26 above .....	\$ .....18,690	\$ .....2,161,255

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 [X] 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
Bank One Trust Co., NA.....	1111 Polaris Parkway, Columbus, OH 43240.....

15.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

15.3 Have there been any changes, including name changes in the custodian(s) identified in 15.1 during the current year? ..... Yes [ ] No [X]

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

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

1 Central Registration Depository	2 Name(s)	3 Address

GENERAL INTERROGATORIES  
(continued)

PART 2  
PROPERTY & CASUALTY INTERROGATORIES

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

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

3.1 Have any of the reporting entity' s primary reinsurance contracts been canceled?..... Yes [ ] No [X]

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

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

4.2 If yes, complete the following schedule:

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

SCHEDULE A - VERIFICATION

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

SCHEDULE B - VERIFICATION

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

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

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

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

SCHEDULE D - PART 1B

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

	1 Statement Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Statement Value End of First Quarter	6 Statement Value End of Second Quarter	7 Statement Value End of Third Quarter	8 Statement Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 .....	25,868,908	4,283,075	3,000,964	(11,802)	26,390,470	25,868,908	27,139,217	26,044,749
2. Class 2 .....	4,035,676			(1,314)	3,019,271	4,035,676	4,034,362	3,020,148
3. Class 3 .....								
4. Class 4 .....								
5. Class 5 .....								
6. Class 6 .....	97,500			(37,500)		97,500	60,000	
7. Total Bonds	30,002,084	4,283,075	3,000,964	(50,616)	29,409,741	30,002,084	31,233,579	29,064,897
<b>PREFERRED STOCK</b>								
8. Class 1 .....								
9. Class 2 .....								
10. Class 3 .....								
11. Class 4 .....								
12. Class 5 .....								
13. Class 6 .....								
14. Total Preferred Stock								
15. Total Bonds and Preferred Stock	30,002,084	4,283,075	3,000,964	(50,616)	29,409,741	30,002,084	31,233,579	29,064,897

Schedule DA - Part 2

NONE

Schedule DA - Part 1

NONE

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

**STATEMENT AS OF SEPTEMBER 30, 2002 OF THE TRUSTGARD INSURANCE COMPANY**

## SCHEDULE F ~~GEDED~~ REINSURANCE

Showing all new reinsurers - Current Year to Date

[illegible]

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories								
		1 Is Insurer Licensed? (Yes or No)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
			2	3	4	5	6	7
States, etc.			Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date
1. Alabama	AL	No						
2. Alaska	AK	No						
3. Arizona	AZ	No						
4. Arkansas	AR	No						
5. California	CA	No						
6. Colorado	CO	Yes						
7. Connecticut	CT	No						
8. Delaware	DE	No						
9. District of Columbia	DC	No						
10. Florida	FL	No						
11. Georgia	GA	Yes	163,086	168,623	82,275	2,304	33,933	26,608
12. Hawaii	HI	No						
13. Idaho	ID	No						
14. Illinois	IL	Yes	478,105	432,054	207,866	171,320	289,800	156,450
15. Indiana	IN	Yes	1,232,585	981,052	481,207	391,175	284,926	203,217
16. Iowa	IA	Yes						
17. Kansas	KS	Yes		(840)		43,283		1,644
18. Kentucky	KY	Yes	4,634,833	3,243,005	2,862,088	1,542,983	1,892,084	936,658
19. Louisiana	LA	No						
20. Maine	ME	No						
21. Maryland	MD	No						
22. Massachusetts	MA	No						
23. Michigan	MI	No						
24. Minnesota	MN	Yes						
25. Mississippi	MS	No						
26. Missouri	MO	Yes		(20,410)	61,541	533,376	44,715	116,354
27. Montana	MT	No						
28. Nebraska	NE	Yes						
29. Nevada	NV	No						
30. New Hampshire	NH	No						
31. New Jersey	NJ	No						
32. New Mexico	NM	No						
33. New York	NY	No						
34. North Carolina	NC	No						
35. North Dakota	ND	Yes						
36. Ohio	OH	Yes	9,080,744	6,111,753	4,301,511	2,681,286	2,981,264	1,894,524
37. Oklahoma	OK	No						
38. Oregon	OR	Yes						
39. Pennsylvania	PA	No						
40. Rhode Island	RI	No						
41. South Carolina	SC	No						
42. South Dakota	SD	Yes						
43. Tennessee	TN	Yes	950,529	231,973	223,163	32,539	205,357	50,731
44. Texas	TX	Yes						
45. Utah	UT	No						
46. Vermont	VT	No						
47. Virginia	VA	No						
48. Washington	WA	Yes						
49. West Virginia	WV	No						
50. Wisconsin	WI	Yes						
51. Wyoming	WY	No						
52. American Samoa	AS	No						
53. Guam	GU	No						
54. Puerto Rico	PR	No						
55. U.S. Virgin Islands	VI	No						
56. Canada	CN	No						
57. Aggregate Other Aliens	OT	XXX						
58. Totals	(a) 18		16,539,882	11,147,210	8,219,651	5,398,266	5,732,079	3,386,186
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**



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 .....		24,669		173.1
5.	Commercial multiple peril .....				
6.	Mortgage guaranty .....				
8.	Ocean marine .....				
9.	Inland marine .....		14		(6.8)
10.	Financial guaranty .....				
11.1	Medical malpractice - occurrence .....				
11.2	Medical malpractice - claims-made .....				
12.	Earthquake .....		63		(11.4)
13.	Group accident and health .....				
14.	Credit accident and health .....				
15.	Other accident and health .....				
16.	Workers' compensation .....	222,975	140,735	63.1	21.8
17.1	Other liability - occurrence .....		(4)		(41.3)
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 .....	9,645,207	5,984,968	62.1	70.3
19.3,19.4	Commercial auto liability .....				
21.	Auto physical damage .....	5,209,323	3,567,680	68.5	81.1
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 .....	15,077,505	9,718,125	64.5	74.1
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 .....			(10,172)
5.	Commercial multiple peril .....			
6.	Mortgage guaranty .....			
8.	Ocean marine .....			
9.	Inland marine .....			(478)
10.	Financial guaranty .....			
11.1	Medical malpractice - occurrence .....			
11.2	Medical malpractice - claims-made .....			
12.	Earthquake .....			(1,033)
13.	Group accident and health .....			
14.	Credit accident and health .....			
15.	Other accident and health .....			
16.	Workers' compensation .....	119,145	236,133	258,382
17.1	Other liability - occurrence .....			19
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 .....	3,685,591	10,591,725	7,097,848
19.3,19.4	Commercial auto liability .....			
21.	Auto physical damage .....	2,020,651	5,712,024	3,802,644
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 .....	5,825,387	16,539,882	11,147,210
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 TRUSTGARD INSURANCE COMPANY

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (a) (Cols. 1 + 2)	2002 Loss and LAE Payments on Claims Reported as of Prior Year-End	2002 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2002 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (b) (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (c) (Cols. 11 + 12)
1. 1999 + Prior .....	2,624	343	2,967	1,286	12	1,298	1,341	82	205	1,628	3	(45)	(42)
2. 2000 .....	2,104	570	2,674	901	54	955	1,211	99	409	1,720	8	(7)	1
3. Subtotals 2000 + Prior .....	4,728	913	5,641	2,187	66	2,253	2,552	181	614	3,348	11	(52)	(41)
4. 2001.....	5,261	2,597	7,858	2,623	421	3,045	2,609	759	1,433	4,801	(29)	16	(13)
5. Subtotals 2001 + Prior .....	9,989	3,510	13,499	4,810	487	5,297	5,161	940	2,047	8,148	(17)	(36)	(53)
6. 2002 .....	XXX	XXX	XXX	XXX	10,638	10,638	XXX	5,475	2,047	7,523	XXX	XXX	XXX
7. Totals .....	9,989	3,510	13,499	4,810	11,125	15,935	5,161	6,415	4,095	15,671	(17)	(36)	(53)
8. Prior Year-End's Surplus As Regards Policyholders	11,928										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. (0.2)	2. (1.0)	3. (0.4)
											Col. 13, Line 7 As a % of Col. 1 Line 8		
											4. (0.4)		

(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	6099997 - Total - Bonds - Part 3
	6099999 - Total - Bonds
	6599999 - Total - Preferred Stocks

E04

6099997 - Total - Bonds - Part 3						4,283,075	4,000,000	46,698	XXX
6099999 - Total - Bonds						4,283,075	4,000,000	46,698	XXX
6599999 - Total - Preferred Stocks							XXX		XXX
7099999 - Total - Common Stocks							XXX		XXX
7199999 - Total - Preferred and Common Stocks							XXX		XXX

E04	6099997 - Total - Bonds - Part 3			
	6099999 - Total - Bonds			
	6599999 - Total - Preferred Stocks			
	7099999 - Total - Common Stocks			
	7199999 - Total - Preferred and Common Stocks			
	7299999 - Totals			
(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues				

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

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CUSIP Identi- fication	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year	NAIC Desig- nation (a)
BONDS																
US Governments																
United States																
650868-AG-7	U. S. Government Gtd. 7.140% 08/01/02 HUD Newburgh, NY	08/01/2002	Maturity		950,000	950,000	1,002,459	950,623	(623)				0	33,915		1PE
Total United States					950,000	950,000	1,002,459	950,623	(623)	0	0	0	0	33,915	XXX	XXX
0399996 - Bonds - U.S. Government					950,000	950,000	1,002,459	950,623	(623)	0	0	0	0	33,915	XXX	XXX
0399999 - Bonds - U.S. Governments					950,000	950,000	1,002,459	950,623	(623)	0	0	0	0	33,915	XXX	XXX
Special Revenue & Assessment																
United States																
3133TL-6B-9	FHR 2160 C 6.500% 06/15/14	09/17/2002	Baird, Robert W. & Company		1,053,750	1,000,000	934,531	944,668	925			108,157	108,157	19,681		NRZ
3136F1-ND-8	FNMA GNC1 1X - Call 5.210% 02/25/08	08/01/2002	DBAB		1,011,850	1,000,000	999,688	999,703	.4			12,143	12,143	22,721		1Z
31371J-S8-8	FNMA Pool 253543 7.000% 11/01/20	07/01/2002	Paydown		18,417	18,417	18,239	18,242	176				0	107		1PE
31371J-S8-8	FNMA Pool 253543 7.000% 11/01/20	08/01/2002	Paydown		40,973	40,973	40,576	40,582	391				0	478		1PE
31371J-S8-8	FNMA Pool 253543 7.000% 11/01/20	09/01/2002	Paydown		45,588	45,588	45,146	45,153	435				0	798		1PE
Total United States					2,170,578	2,104,978	2,038,180	2,048,348	1,931	0	0	120,300	120,300	43,785	XXX	XXX
3199996 - Bonds - Special Revenues - United States					2,170,578	2,104,978	2,038,180	2,048,348	1,931	0	0	120,300	120,300	43,785	XXX	XXX
3199999 - Bonds - Special Revenues					2,170,578	2,104,978	2,038,180	2,048,348	1,931	0	0	120,300	120,300	43,785	XXX	XXX
Industrial & Miscellaneous																
United States																
31331F-AU-5	Federal Express 1997-1 7.500% 01/15/18 A PT Certificates	07/16/2002	Redemption	100.0000	1,981	1,981	1,996	1,995	(14)				0	74		1PE
Total United States					1,981	1,981	1,996	1,995	(14)	0	0	0	0	74	XXX	XXX
4599996 - Bonds - Industrial and Misc - United States					1,981	1,981	1,996	1,995	(14)	0	0	0	0	74	XXX	XXX
4599999 - Bonds - Industrial and Miscellaneous					1,981	1,981	1,996	1,995	(14)	0	0	0	0	74	XXX	XXX
6099997 - Bonds - Part 4					3,122,559	3,056,959	3,042,635	3,000,966	1,294	0	0	120,300	120,300	77,774	XXX	XXX
6099999 - Total - Bonds					3,122,559	3,056,959	3,042,635	3,000,966	1,294	0	0	120,300	120,300	77,774	XXX	XXX
6599999 - Total - Preferred Stocks						XXX								XXX		XXX
7099999 - Total - Common Stocks						XXX								XXX		XXX
7199999 - Total - Preferred and Common Stocks						XXX								XXX		XXX

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 TRUSTGARD INSURANCE COMPANY**

## SCHEDULE E - PART 1 - CASH

[illegible]