



ANNUAL STATEMENT

For the Year Ended December 31, 2002
of the Condition and Affairs of the

SPECIALTY RISK INSURANCE COMPANY

NAIC Group Code..... 155, 155 NAIC Company Code..... 44288 Employer's ID Number..... 62-1444848
(Current Period) (Prior Period)

Organized under the Laws of OHIO State of Domicile or Port of Entry OHIO Country of Domicile US
Incorporated..... September 17, 1990 Commenced Business..... November 30, 1990

Statutory Home Office 6300 WILSON MILLS ROAD, W33 MAYFIELD VILLAGE OH 44143-2182
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 6300 WILSON MILLS ROAD, W33 MAYFIELD VILLAGE OH 44143-2182 440-461-5000
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 6300 WILSON MILLS ROAD, W33 MAYFIELD VILLAGE OH 44143-2182
(Street and Number or P. O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 6300 WILSON MILLS ROAD, W33 MAYFIELD VILLAGE OH 44143-2182 440-461-5000
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address PROGRESSIVE.COM

Statement Contact ROBERT WILLIAM HEIN 440-395-4460
(Name) (Area Code) (Telephone Number) (Extension)
Financial_Reporting@Progressive.com 440-446-7168
(E-Mail Address) (Fax Number)

POLICYOWNER RELATIONS AND CLAIMS REPORTING CONTACT 6300 WILSON MILLS ROAD, E61 MAYFIELD VILLAGE OH 44143-2182 **1-800-776-4737**
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

President CHARLES CLIFFORD BOUCHERLE Treasurer STEPHEN DAVID PETERSON Secretary DANE ALLEN SHRALLOW

VICE PRESIDENTS

ELENA (NMN) BARNHAM (VICE PRESIDENT) JEFFREY WAYNE BASCH (VICE PRESIDENT)
MARIA JEAN CASHY (EXECUTIVE VICE PRESIDENT) KATHLEEN MARY CERNY (ASST. SECRETARY)
WILLIAM THOMAS FORRESTER, II (VICE PRESIDENT) CHARLES ELWOOD JARRETT (VICE PRESIDENT)
TIMOTHY FRANCIS KASELONIS (ASST. VICE PRESIDENT) THOMAS ALFRED KING (VICE PRESIDENT)
JAMES LEE KUSMER (VP/ASST. TREASURER) DANE ALLEN SHRALLOW (VICE PRESIDENT)

DIRECTORS OR TRUSTEES

CHARLES CLIFFORD BOUCHERLE WILLIAM THOMAS FORRESTER, II CHARLES ELWOOD JARRETT # RICHARD HENRY WATTS #
ROBERT THOMAS WILLIAMS JR.

State of..... OHIO
County of..... CUYAHOGA

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.

(Signature) CHARLES CLIFFORD BOUCHERLE (Printed Name) President	(Signature) KATHLEEN MARY CERNY (Printed Name) Assistant Secretary	(Signature) JAMES LEE KUSMER (Printed Name) VP / Assistant Treasurer
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Subscribed and sworn to before me this

.....day of February, 2003

- a. Is this an original filing? Yes [X] No []
- b. If no: 1. State the amendment number
2. Date filed.....
3. Number of pages attached.....

**Sch. A-Pt. 1
NONE**

**Sch. A-Pt. 2
NONE**

**Sch. A-Pt. 3
NONE**

**Sch. B-Pt. 1
NONE**

**Sch. B-Pt. 2
NONE**

**Sch. BA-Pt. 1
NONE**

**Sch. BA-Pt. 2
NONE**

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	3	Interest		6	7	8	9	10	11	12	13	Interest		16	17	18	19	20	21
			4	5									14	15						
CUSIP Identification	Description	*	Rate of	How Paid	Maturity Date	Option Date	Option Call Price	Book/Adjusted Carrying Value	Par Value	Rate Used to Obtain Fair Value	Fair Value	Actual Cost	Amount Due and Accrued December 31 of Current Year on Bonds not in Default	Gross Amount Received During Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Amount of Interest Due and Accrued December 31, Current Year, on Bonds in Default as to Principal or Interest	NAIC Designation	Date Acquired	Effective Rate of Interest
U.S. Government - Issuer Obligations																				
3134A4-GK-4	FREDDIE MAC		5.500	JJ	07/15/2006			4,245,417	4,200,000	109.9380	4,617,396	4,253,802	106,517	115,500	(8,385)			1PE	04/01/2002	5.161
912827-5S-7	US TREASURY NOTE		5.875	MN	11/15/2004			2,594,502	2,500,000	108.0000	2,700,000	2,628,516	19,069	146,875	(34,014)			1	04/17/2002	3.760
912827-6T-4	US TREASURY NOTE		5.000	FA	02/15/2011			590,571	600,000	109.8750	659,250	589,992	11,332	15,000	579			1	05/17/2002	5.239
912828-AH-3	US TREASURY NOTE		3.250	FA	08/15/2007			2,046,673	2,000,000	102.4690	2,049,380	2,049,063	24,552		(2,390)			1	09/27/2002	2.709
0199999	U.S. Government - Issuer Obligations							9,477,163	9,300,000	XXX	10,026,026	9,521,373	161,470	277,375	(44,210)	0	0	XXX	XXX	XXX
0399999	Total - U.S. Government							9,477,163	9,300,000	XXX	10,026,026	9,521,373	161,470	277,375	(44,210)	0	0	XXX	XXX	XXX
States, Territories & Possessions (Direct and Guaranteed) - Issuer Obligations																				
Illinois																				
452151-BP-7	ILLINOIS ST		5.000	FA	08/01/2007			1,634,197	1,500,000		1,634,197	1,636,455	31,250		(2,258)			1PE	12/01/2002	2.901
	Illinois							1,634,197	1,500,000	XXX	1,634,197	1,636,455	31,250	0	(2,258)	0	0	XXX	XXX	XXX
Tennessee																				
499512-C6-6	KNOX CNTY TENN		5.250	MN	05/01/2010			988,726	945,000		988,726	993,885	8,269	45,478	(5,012)			1PE	12/17/2001	4.501
499512-G7-0	KNOX CNTY TENN		5.500	AO	04/01/2013			8,273,186	7,385,000		8,273,186	8,290,357	101,544	36,972	(17,171)			1PE	11/01/2002	4.051
592013-S8-0	MET GOVT NASHVILLE & DAVIDSON		5.250	AO	10/15/2009			5,578,239	5,000,000		5,578,239	5,591,050	55,417		(12,811)			1PE	11/01/2002	3.332
613664-E7-2	MONTGOMERY CNTY TENN		5.000	MN	05/01/2010			1,721,647	1,660,000		1,721,647	1,728,824	13,833	76,083	(7,101)			1PE	12/11/2001	4.401
821686-CN-0	SHELBY CNTY TENN		5.400	MN	11/01/2010	11/01/2006	100.000	2,335,594	2,200,000	112.4050	2,472,910	2,364,708	19,800	118,800	(27,959)			1PE	04/01/2002	3.660
880540-4J-5	TENNESSEE ST		5.000	MN	05/01/2012			955,123	1,000,000		955,123	946,440	8,333	50,000	3,546			1PE	05/31/2000	5.624
880540-4X-4	TENNESSEE ST		4.500	MN	05/01/2006			736,213	718,000		736,213	741,471	5,385	26,460	(3,080)			1PE	11/01/2002	3.678
880540-6N-4	TENNESSEE ST		4.875	MS	03/01/2005			2,012,607	1,900,000		2,012,607	2,021,068	30,875		(8,461)			1PE	11/01/2002	2.063
880540-6R-5	TENNESSEE ST		4.875	MS	03/01/2008			1,013,372	1,000,000		1,013,372	1,018,500	16,250	48,750	(2,310)			1PE	08/24/2000	4.580
880540-R5-0	TENNESSEE ST		6.000	MN	05/01/2006			4,599,091	4,140,000		4,599,091	4,612,001	41,400		(12,910)			1PE	11/21/2002	2.510
	Tennessee							28,213,798	25,948,000	XXX	28,351,114	28,308,304	301,106	402,543	(93,269)	0	0	XXX	XXX	XXX
	Total States and US							29,847,995	27,448,000	XXX	29,985,311	29,944,759	332,356	402,543	(95,527)	0	0	XXX	XXX	XXX
1199999	States, Territories & Possessions - Issuer Obligations							29,847,995	27,448,000	XXX	29,985,311	29,944,759	332,356	402,543	(95,527)	0	0	XXX	XXX	XXX
1799999	Total - States, Territories & Possessions (Direct and Guaranteed)							29,847,995	27,448,000	XXX	29,985,311	29,944,759	332,356	402,543	(95,527)	0	0	XXX	XXX	XXX
Special Revenue & Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Issuer Obligations																				
New York																				
64971K-BD-7	NEW YORK N Y CITY TRANSITIONAL		5.250	FA	02/01/2029			781,093	725,000	108.7040	788,104	781,238	13,005		(145)			1PE	12/01/2002	4.636
	New York							781,093	725,000	XXX	788,104	781,238	13,005	0	(145)	0	0	XXX	XXX	XXX
Tennessee																				
586111-GS-9	MEMPHIS-SHELBY CNTY TENN ARPT		5.500	MS	03/01/2011			495,340	450,000		495,340	496,121	8,250		(780)			1PE	11/01/2002	4.038
592190-HQ-8	METRO NASHVILLE AIRPORT		6.600	JJ	07/01/2010			519,917	455,000		519,917	530,212	15,015	30,030	(7,164)			1PE	06/12/2001	4.350
880459-VF-6	TENNESSEE HSG DEV AGY		4.150	JJ	01/01/2033			967,625	950,000		967,625	967,814	16,537		(189)			1PE	09/01/2002	4.014
	Tennessee							1,982,882	1,855,000	XXX	1,982,882	1,994,147	39,802	30,030	(8,133)	0	0	XXX	XXX	XXX
	Total States and US							2,763,975	2,580,000	XXX	2,770,986	2,775,385	52,807	30,030	(8,278)	0	0	XXX	XXX	XXX
2599999	Special Revenue & Assessment Obligations - Issuer Obligations							2,763,975	2,580,000	XXX	2,770,986	2,775,385	52,807	30,030	(8,278)	0	0	XXX	XXX	XXX
3199999	Total - Special Revenue & Special Assessment Obligations							2,763,975	2,580,000	XXX	2,770,986	2,775,385	52,807	30,030	(8,278)	0	0	XXX	XXX	XXX
Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations																				
United States																				
097014-AG-9	BOEING CAPITAL CORP		6.500	FA	02/15/2012			580,726	550,000	106.6210	586,416	580,927	13,506		(200)			1PE	12/01/2002	5.705
	United States							580,726	550,000	XXX	586,416	580,927	13,506	0	(200)	0	0	XXX	XXX	XXX
3999999	Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations							580,726	550,000	XXX	586,416	580,927	13,506	0	(200)	0	0	XXX	XXX	XXX
4599999	Total - Industrial & Miscellaneous (Unaffiliated)							580,726	550,000	XXX	586,416	580,927	13,506	0	(200)	0	0	XXX	XXX	XXX
Totals																				
5499999	Total - Issuer Obligations							42,669,859	39,878,000	XXX	43,368,739	42,822,444	560,139	709,948	(148,215)	0	0	XXX	XXX	XXX
6099999	Grand Total - Bonds							42,669,859	39,878,000	XXX	43,368,739	42,822,444	560,139	709,948	(148,215)	0	0	XXX	XXX	XXX

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Sch. D-Pt. 2-Sn. 1
NONE

Sch. D-Pt. 2-Sn. 2
NONE

SCHEDULE D - PART 3

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

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
Bonds - U.S. Government							
3134A4-GK-4	FREDDIE MAC 5.500% 07/15/06	04/01/2002	Casualty		4,253,802	4,200,000	48,767
912827-5S-7	US TREASURY NOTE 5.875% 11/15/04	04/17/2002	HSBC Securities		2,628,516	2,500,000	62,483
912827-6T-4	US TREASURY NOTE 5.000% 02/15/11	05/17/2002	Goldman Sachs		589,992	600,000	7,790
912828-AH-3	US TREASURY NOTE 3.250% 08/15/07	09/27/2002	Goldman Sachs		2,049,063	2,000,000	8,125
0399999	Total - Bonds - U.S. Government				9,521,373	9,300,000	127,165
Bonds - States, Territories and Possessions							
Illinois							
452151-BP-7	ILLINOIS ST 5.000% 08/01/07	12/01/2002	Casualty		1,636,455	1,500,000	25,000
	Illinois				1,636,455	1,500,000	25,000
Tennessee							
499512-G7-0	KNOX CNTY TENN 5.500% 04/01/13	05/22/2002	Morgan Keegan & Co. Inc.		2,166,320	2,000,000	
499512-G7-0	KNOX CNTY TENN 5.500% 04/01/13	11/01/2002	Casualty		6,124,037	5,385,000	24,681
592013-S8-0	MET GOVT NASHVILLE & 5.250% 10/15/09	11/01/2002	Casualty		5,591,050	5,000,000	11,667
	DAVIDSON						
821686-CN-0	SHELBY CNTY TENN 5.400% 11/01/10	04/01/2002	Casualty		1,450,603	1,360,000	30,600
880540-4X-4	TENNESSEE ST 4.500% 05/01/06	11/01/2002	Casualty		138,995	130,000	
880540-6N-4	TENNESSEE ST 4.875% 03/01/05	11/01/2002	Casualty		2,021,068	1,900,000	15,438
880540-R5-0	TENNESSEE ST 6.000% 05/01/06	11/21/2002	Merrill Lynch		4,612,001	4,140,000	17,250
	Tennessee				22,104,074	19,915,000	99,636
	Total States and US				23,740,529	21,415,000	124,636
1799999	Total - Bonds - States, Territories & Possessions				23,740,529	21,415,000	124,636
Bonds - Special Revenue and Special Assessment							
New York							
64971K-BD-7	NEW YORK N Y CITY 5.250% 02/01/29	12/01/2002	Casualty		781,238	725,000	9,833
	TRANSITIONAL						
	New York				781,238	725,000	9,833
Tennessee							
586111-GS-9	MEMPHIS-SHELBY CNTY TEN 5.500% 03/01/11	11/01/2002	Casualty		496,121	450,000	4,125
	ARPT						
880459-VF-6	TENNESSEE HSG DEV AGY 4.150% 01/01/33	09/01/2002	Casualty		967,814	950,000	3,395
	Tennessee				1,463,935	1,400,000	7,520
	Total States and US				2,245,173	2,125,000	17,353
3199999	Total - Bonds - Special Revenue & Special Assessments				2,245,173	2,125,000	17,353
Bonds - Industrial and Miscellaneous							
United States							
097014-AG-9	BOEING CAPITAL CORP 6.500% 02/15/12	12/01/2002	Casualty		580,927	550,000	10,526
	United States				580,927	550,000	10,526
4599999	Total - Bonds - Industrial & Miscellaneous				580,927	550,000	10,526
6099997	Total - Bonds - Part 3				36,088,002	33,390,000	279,680
6099998	Total - Bonds - Summary Item from Part 5				9,883,524	9,800,000	34,742
6099999	Total - Bonds				45,971,526	43,190,000	314,422
7299999	Total - Bonds, Preferred and Common Stocks				45,971,526	XXX	314,422

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SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
CUSIP Identification	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
Bonds - U.S. Government															
31359M-LZ-4.....	FANNIE MAE 5.000% 01/15/07.....	03/28/2002	Home.....		4,956,250	5,000,000	4,995,100	4,995,102	523			(39,375)	(39,375)	65,278	
912827-2Y-7.....	US TREASURY NOTE 6.250% 06/30/02.....	06/30/2002	Maturity.....		500,000	500,000	507,684	501,353	(1,353)				0	15,625	
912827-6J-6.....	US TREASURY NOTE 5.750% 08/15/10.....	09/20/2002	Goldman Sachs.....		286,953	250,000	248,594	248,728	86			38,139	38,139	15,898	
0399999	Total - Bonds - U.S. Government.....				5,743,203	5,750,000	5,751,378	5,745,183	(744)	0	0	(1,236)	(1,236)	96,801	XXX
Bonds - States, Territories and Possessions															
Tennessee															
499731-WE-3.....	KNOXVILLE TENN 4.250% 05/01/02.....	05/01/2002	Maturity.....		1,000,000	1,000,000	1,011,630	1,001,390	(1,390)				0	21,250	
880540-4A-4.....	TENNESSEE ST 5.000% 05/01/04.....	07/23/2002	Lehman Brothers.....		1,055,640	1,000,000	1,056,590	1,027,677	(6,594)			34,557	34,557	36,806	
	Tennessee.....				2,055,640	2,000,000	2,068,220	2,029,067	(7,984)	0	0	34,557	34,557	58,056	XXX
	Total States and US.....				2,055,640	2,000,000	2,068,220	2,029,067	(7,984)	0	0	34,557	34,557	58,056	XXX
1799999	Total - Bonds - States, Territories & Possessions.....				2,055,640	2,000,000	2,068,220	2,029,067	(7,984)	0	0	34,557	34,557	58,056	XXX
Bonds - Industrial and Miscellaneous															
United States															
713411-AA-4.....	PEPSI BOTTLING HLDGS IN 5.375% 02/17/04.....	03/28/2002	Lehman Brothers.....		187,267	182,500	181,454	181,982	51			5,234	5,234	6,131	
878154-AE-3.....	TFFC 1997-1 A 7.350% 05/15/03.....	03/15/2002	Paydown.....		250,000	250,000	249,829	249,987	14				0	3,063	
878154-AE-3.....	TFFC 1997-1 A 7.350% 05/15/03.....	03/28/2002	Home.....		583,333	583,333	582,934	583,302	1			31	31	12,267	
895787-AC-3.....	TRIAD 1997-2 A 7.180% 12/26/02.....	12/01/2002	Paydown.....		24,098	24,098	24,095	24,098					0	530	
	United States.....				1,044,698	1,039,931	1,038,312	1,039,369	66	0	0	5,265	5,265	21,991	XXX
4599999	Total - Bonds - Industrial & Miscellaneous.....				1,044,698	1,039,931	1,038,312	1,039,369	66	0	0	5,265	5,265	21,991	XXX
6099997	Total - Bonds - Part 4.....				8,843,541	8,789,931	8,857,910	8,813,619	(8,662)	0	0	38,586	38,586	176,848	XXX
6099998	Total - Bonds - Summary Item from Part 5.....				9,963,397	9,800,000	9,883,524	9,879,761	(3,763)			83,635	83,635	82,826	XXX
6099999	Total - Bonds.....				18,806,938	18,589,931	18,741,434	18,693,380	(12,425)	0	0	122,221	122,221	259,674	XXX
Common Stocks - Banks, Trust and Insurance Companies															
United States															
092477-10-8.....	BLACKROCK TERM TRUST 2001.....	05/16/2002	Final Distribution.....										0		204
	United States.....				0	XXX	0	0	0	0	0	0	0	XXX	204
6799999	Total - Common Stocks - Banks, Trust & Insurance Companies.....				0	XXX	0	0	0	0	0	0	0	XXX	204
7099997	Total - Common Stocks - Part 4.....				0	XXX	0	0	0	0	0	0	0	XXX	204
7099999	Total - Common Stocks.....				0	XXX	0	0	0	0	0	0	0	XXX	204
7199999	Total - Preferred and Common Stocks.....				0	XXX	0	0	0	0	0	0	0	XXX	204
7299999	Total - Bonds, Preferred and Common Stocks.....				18,806,938	18,589,931	18,741,434	18,693,380	(12,425)	0	0	122,221	122,221	259,674	204

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SCHEDULE D - PART 5

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year and Fully DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CUSIP Identifi- cation	Description	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) or Number of Shares (Stocks)	Actual Cost	Consideration	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 and Dividends Received During Year	Paid for Accrued Interest and Dividends
Bonds - U.S. Government																
3134A4-GK-4.....	FREDDIE MAC 5.500% 07/15/06.....	04/01/2002	Casualty.....	06/24/2002	Goldman Sachs.....	2,800,000	2,835,868	2,944,256	2,834,242	(1,626)			110,014	110,014	68,444	32,511
912828-AM-2.....	US TREASURY NOTE 2.125% 10/31/04.....	11/18/2002	Various.....	12/04/2002	HSBC Securities.....	7,000,000	7,047,656	7,019,141	7,045,519	(2,137)			(26,379)	(26,379)	14,382	2,231
0399999	Total - Bonds - U.S. Government.....					9,800,000	9,883,524	9,963,397	9,879,761	(3,763)	0	0	83,635	83,635	82,826	34,742
6099998	Total - Bonds.....					9,800,000	9,883,524	9,963,397	9,879,761	(3,763)	0	0	83,635	83,635	82,826	34,742
7299999	Total - Bonds, Preferred and Common Stocks.....					XXX	9,883,524	9,963,397	9,879,761	(3,763)	0	0	83,635	83,635	82,826	34,742

**Sch. D-Pt. 6-Sn. 1
NONE**

**Sch. D-Pt. 6-Sn. 2
NONE**

**Sch. DA-Pt. 1
NONE**

**Sch. DB-Pt. A-Sn. 1
NONE**

**Sch. DB-Pt. A-Sn. 2
NONE**

**Sch. DB-Pt. A-Sn. 3
NONE**

**Sch. DB-Pt. B-Sn. 1
NONE**

**Sch. DB-Pt. B-Sn. 2
NONE**

**Sch. DB-Pt. B-Sn. 3
NONE**

**Sch. DB-Pt. C-Sn. 1
NONE**

**Sch. DB-Pt. C-Sn. 2
NONE**

**Sch. DB-Pt. C-Sn. 3
NONE**

**Sch. DB-Pt. D-Sn. 1
NONE**

**Sch. DB-Pt. D-Sn. 2
NONE**

**Sch. DB-Pt. D-Sn. 3
NONE**

**Sch. DB-Pt. E-Sn. 1
NONE**

SPECIALTY RISK INSURANCE COMPANY
SCHEDULE DM

For bonds and preferred stocks owned as of December 31, state the aggregate statement (admitted) value, the aggregate fair value, and the aggregate difference, if any, between them.

	1	2	3
	Statement (Admitted) Value	Fair Value (a)	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
1. Bonds.....	42,669,859	44,319,988	1,650,129
2. Preferred stocks.....			0
3. Totals.....	42,669,859	44,319,988	1,650,129

(a) Amortized or book values shall not be substituted for fair values. Describe the sources or methods utilized in determining the fair values.

Fair Market Value is computed using NAIC market rates, when available. If a market rate is not provided for by the NAIC, broker quotations or market rates provided by Interactive Data Corp (IDC) are used in the computation.

SPECIALTY RISK INSURANCE COMPANY

SCHEDULE E - PART 1 - CASH

1		2	3	4	5	6
Depository		Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
Open Depositories						
BANK OF AMERICA.....	SACRAMENTO, CA.....	2.470	4,618	487	200,000	XXX
BANK ONE.....	BATON ROUGE, LA.....	1.030	3,640	205	70,000	XXX
CASH EQUIVALENTS:						
BANQ NATL PARIS CAYMAN.....	NEW YORK, NY.....	VAR	403			XXX
0199999. Total - Open Depositories.....		XXX	8,661	692	270,000	XXX
0399999. Total Cash on Deposit.....		XXX	8,661	692	270,000	XXX
0599999. Total Cash.....		XXX	8,661	692	270,000	XXX

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January.....	270,000	4. April.....	268,229	7. July.....	270,000	10. October.....	270,000
2. February.....	270,084	5. May.....	270,000	8. August.....	270,000	11. November.....	270,000
3. March.....	268,229	6. June.....	270,000	9. September.....	270,000	12. December.....	270,000

SCHEDULE E - PART 2 - SPECIAL DEPOSITS

1 Line Number	2 Type	3 Description of Deposit	4 Where Deposited and Purpose of Deposit	5 Par or Book Value	6 Statement Value (a)	7 Fair Value
SPECIAL DEPOSITS WHICH ARE NOT FOR THE BENEFIT OF ALL POLICYHOLDERS						
California						
CA00001	C	BANK OF AMERICA CERTIFICATE OF DEPOSIT	California, Bank of America, Collateral for Ins Underwrtg	200,000	200,000	200,000
CA99999	California			200,000	200,000	200,000
Georgia						
GA00001	B	TENNESSEE ST 4 7/8% Due 3/1/2008 MS1 4.875% 03/01/08	Georgia, Wachovia Bank, Collateral for Ins Underwrtg	25,000	25,334	25,334
GA99999	Georgia			25,000	25,334	25,334
Louisiana						
LA00001	C	BANK ONE CERTIFICATE OF DEPOSIT	Louisiana, Bank One, Collateral for Ins Underwrtg	20,000	20,000	20,000
LA00002	C	BANK ONE CERTIFICATE OF DEPOSIT	Louisiana, Bank One, Collateral for Ins Underwrtg	50,000	50,000	50,000
LA99999	Louisiana			70,000	70,000	70,000
XX99999	Total - All Special Deposits NOT Held for Benefit of all Policyholders, Claimants, & Creditors of the Company			295,000	295,334	295,334
SPECIAL DEPOSITS WHICH ARE FOR THE BENEFIT OF ALL POLICYHOLDERS						
Ohio						
OH00001	B	US TREASURY NOTE 5.875% 11/15/04	Ohio, Bank of New York, Collateral for Ins Underwrtg	2,500,000	2,594,502	2,700,000
OH99999	Ohio			2,500,000	2,594,502	2,700,000
ZZ99999	Total - All Special Deposits Held for Benefit of all Policyholders, Claimants, & Creditors of the Company			2,500,000	2,594,502	2,700,000
9999999	Totals			2,795,000	2,889,836	2,995,334

(a) Includes \$.....270,000 cash and short-term investments as defined in SSAP No. 2 of the NAIC Accounting Practices and Procedures Manual.