



**ANNUAL STATEMENT**  
FOR THE YEAR ENDED DECEMBER 31, 2002  
OF THE CONDITION AND AFFAIRS OF THE

**Excess Share Insurance Corporation**

NAIC Group Code 0359 0359 NAIC Company Code 10003 Employer's ID Number 31-1383517  
(Current Period) (Prior Period)

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

Country of Domicile US

Incorporated August 17, 1993 Commenced Business December 22, 1993

Statutory Home Office 5656 Frantz Road, Dublin, Ohio 43017  
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 5656 Frantz Road, Dublin, Ohio 43017 614-764-1900  
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 5656 Frantz Road, Dublin, Ohio 43017  
(Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 5656 Frantz Road, Dublin, Ohio 43017 614-764-1900  
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.excessshare.com

Statement Contact Curtis Lee Robson 614-764-1900 -133  
(Name) (Area Code) (Telephone Number) (Extension)  
crobson@americanshare.com 614-764-1493  
(E-Mail Address) (Fax Number)

Policyowner Relations Contact 5656 Frantz Rd., Dublin, Ohio 43017 614-764-1900  
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

**OFFICERS**

President ..... Dennis Roy Adams  
Secretary ..... Gerald Duane Welsh  
Treasurer ..... Curtis Lee Robson

**VICE PRESIDENTS**

**DIRECTORS OR TRUSTEES**

Dennis Roy Adams  
Bruce Allen Ingraham  
Paul Gregory Simons  
Gerald Duane Welsh  
Marjorie Ann Harden

State of Ohio }  
County of Franklin } SS

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

Dennis Roy Adams  
President

Gerald Duane Welsh  
Secretary

Curtis Lee Robson  
Treasurer

- 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 \_\_\_\_\_

Subscribed and sworn to before me this  
day of February, 2003

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Columns 1 minus 2)	4 Net Admitted Assets
1. Bonds .....	21,662,976		21,662,976	18,724,303
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1) .....				
2.2 Common stocks (Schedule D, Part 2, Section 2) .....				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
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 (\$ ..... 5,414,445 Schedule E, Part 1) and short-term investments (\$ ..... 1,487,810 Schedule DA, Part 2) .....	6,902,255		6,902,255	6,164,957
6. Other invested assets (Schedule BA) .....				
7. Receivable for securities .....				
8. Aggregate write-ins for invested assets .....				
9. Subtotals, cash and invested assets (Line 1 to Line 8) .....	28,565,231		28,565,231	24,889,260
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection .....				
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
10.3 Accrued retrospective premiums .....				
11. Funds held by or deposited with reinsured companies .....				
12. Bills receivable, taken for premiums .....				
13. Amounts receivable under high deductible policies .....				
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Columns 7 and 8) .....				
15. Federal and foreign income tax recoverable and interest thereon (including \$ ..... 249,000 net deferred tax asset) .....	249,000	249,000		
16. Guaranty funds receivable or on deposit .....				
17. Electronic data processing equipment and software .....				
18. Interest, dividends and real estate income due and accrued .....	248,981		248,981	226,147
19. Net adjustments in assets and liabilities due to foreign exchange rates .....				
20. Receivable from parent, subsidiaries and affiliates .....				
21. Amount 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 (Exhibit 1) .....				
25. Aggregate write-ins for other than invested assets .....	447,140		447,140	347,469
26. Total assets excluding protected cell assets (Line 9 through Line 25) .....	29,510,352	249,000	29,261,352	25,462,876
27. Protected cell assets .....				
28. TOTALS (Line 26 and Line 27) .....	29,510,352	249,000	29,261,352	25,462,876
<b>DETAILS OF WRITE-INS</b>				
0801. ....				
0802. ....				
0803. ....				
0898. Summary of remaining write-ins for Line 8 from overflow page .....				
0899. Totals (Line 0801 through Line 0803 plus Line 0898) (Line 8 above) .....				
2501. Insurance Premiums Receivable .....	416,960		416,960	319,745
2502. Reinsurance Premium Refund Receivable .....	30,180		30,180	27,724
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) .....	447,140		447,140	347,469

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8) .....	733,000	703,000
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6) .....		
3. Loss adjustment expenses (Part 2A, Line 34, Column 9) .....		
4. Commissions payable, contingent commissions and other similar charges .....		
5. Other expenses (excluding taxes, licenses and fees) .....	17,758	11,477
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....		
7. Federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) (including \$ ..... net deferred tax liability) .....	11,800	22,900
8. Borrowed money \$ ..... and interest thereon \$ .....		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ ..... and including warranty reserves of \$ .....)		
10. Advance premiums .....		
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 (Schedule F, Part 3, Column 19) .....		
14. Amounts withheld or retained by company for account of others .....		
15. Remittances and items not allocated .....		
16. Provision for reinsurance (Schedule F, Part 7) .....		
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....	115,202	82,957
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 .....	18,942,500	16,185,000
24. Total liabilities excluding protected cell liabilities (Line 1 through Line 23) .....	19,820,260	17,005,334
25. Protected cell liabilities .....		
26. Total liabilities (Line 24 and Line 25) .....	19,820,260	17,005,334
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 .....	4,200,000	4,200,000
33. Unassigned funds (surplus) .....	2,741,092	1,757,542
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 (Line 27 to Line 33, less Line 34) (Page 4, Line 38) .....	9,441,092	8,457,542
36. TOTALS (Page 2, Line 28, Column 3) .....	29,261,352	25,462,876
<b>DETAILS OF WRITE-INS</b>		
2301. Premium Deposits .....	18,932,500	16,165,000
2302. Premium Deposit Refunds Due .....	10,000	20,000
2303. ....		
2398. Summary of remaining write-ins for Line 23 from overflow page .....		
2399. TOTALS (Line 2301 through Line 2303 plus Line 2398) (Line 23 above) .....	18,942,500	16,185,000
2701. ....		
2702. ....		
2703. ....		
2798. Summary of remaining write-ins for Line 27 from overflow page .....		
2799. TOTALS (Line 2701 through Line 2703 plus Line 2798) (Line 27 above) .....		
3001. ....		
3002. ....		
3003. ....		
3098. Summary of remaining write-ins for Line 30 from overflow page .....		
3099. TOTALS (Line 3001 through Line 3003 plus Line 3098) (Line 30 above) .....		

**UNDERWRITING AND INVESTMENT EXHIBIT**

STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 34, Column 4)	1,449,425	1,057,618
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	30,000	30,000
3. Loss expenses incurred (Part 3, Line 25, Column 1)		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	1,179,725	949,729
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Line 2 through Line 5)	1,209,725	979,729
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	239,700	77,889
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	1,260,739	1,181,839
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses))		
11. Net investment gain (loss) (Line 9 plus Line 10)	1,260,739	1,181,839
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ ..... amount charged off \$ .....)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	5,011	11,413
15. Total other income (Line 12 through Line 14)	5,011	11,413
16. Net income before dividends to policyholders and before federal and foreign income taxes (Line 8 plus Line 11 plus Line 15)	1,505,450	1,271,141
17. Dividends to policyholders		
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	1,505,450	1,271,141
19. Federal and foreign income taxes incurred	511,900	432,200
20. Net income (Line 18 minus Line 19) (to Line 22)	993,550	838,941
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	8,457,542	6,128,657
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	993,550	838,941
23. Net unrealized capital gains or (losses)		
24. Change in net unrealized foreign exchange capital gain (loss)		
25. Change in net deferred income tax		228,800
26. Change in nonadmitted assets (Exhibit 1, Line 5, Column 3)	(10,000)	(238,856)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
28. Change in surplus notes		
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		
31. Capital changes:		
31.1 Paid in		
31.2 Transferred from surplus (Stock Dividend)		
31.3 Transferred to surplus		
32. Surplus adjustments:		
32.1 Paid in		1,500,000
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 (Page 3, Line 34.1 and 34.2, Column 2 minus Column 1)		
36. Aggregate write-ins for gains and losses in surplus		
37. Change in surplus as regards policyholders for the year (Line 22 through Line 36)	983,550	2,328,885
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	9,441,092	8,457,542
DETAILS OF WRITE-INS		
0501		
0502		
0503		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)		
1401. Miscellaneous Income	5,011	11,413
1402		
1403		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)	5,011	11,413
3601		
3602		
3603		
3698. Summary of remaining write-ins for Line 36 from overflow page		
3699. Totals (Line 3601 through Line 3603 plus Line 3698) (Line 36 above)		

**CASH FLOW**

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	1,352,210	892,961
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)		
3. Underwriting expenses paid	1,173,442	960,650
4. Other underwriting income (expenses)		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	178,768	(67,689)
6. Net investment income	1,248,761	1,173,503
7. Other income (expenses):		
7.1 Agents' balances charged off		
7.2 Net funds held under reinsurance treaties		
7.3 Net amount withheld or retained for account of others		
7.4 Aggregate write-ins for miscellaneous items	5,011	11,413
7.5 Total other income (Line 7.1 to Line 7.4)	5,011	11,413
8. Dividends to policyholders on direct business, less \$..... dividends on reinsurance assumed or ceded (net)		
9. Federal and foreign income taxes (paid) recovered	(533,000)	(420,000)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	899,540	697,227
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	5,050,000	5,650,000
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 (Line 11.1 to Line 11.7)	5,050,000	5,650,000
12. Cost of investments acquired (long-term only):		
12.1 Bonds	7,999,531	9,554,551
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 (Line 12.1 to Line 12.6)	7,999,531	9,554,551
13. Net cash from investments (Line 11.8 minus Line 12.7)	(2,949,531)	(3,904,551)
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in		1,500,000
14.2 Capital notes, \$..... less amounts repaid \$.....		
14.3 Net transfers from affiliates	32,245	124,463
14.4 Borrowed funds received		
14.5 Other cash provided	2,872,500	3,922,644
14.6 Total (Lines 14.1 to 14.5)	2,904,745	5,547,107
15. Cash applied:		
15.1 Dividends to stockholders paid		
15.2 Net transfers to affiliates		
15.3 Borrowed funds repaid		
15.4 Other applications	117,456	40,372
15.5 Total (Line 15.1 to Line 15.4)	117,456	40,372
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	2,787,289	5,506,735
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10 plus Line 13 plus Line 16)	737,298	2,299,411
18. Cash and short-term investments:		
18.1 Beginning of year	6,164,957	3,865,546
18.2 End of year (Line 17 plus Line 18.1)	6,902,255	6,164,957
<b>DETAILS OF WRITE-INS</b>		
7.401 Miscellaneous Income	5,011	11,413
7.402		
7.403		
7.498 Summary of remaining write-ins for Line 7.4 from overflow page		
7.499 Totals (Line 7.401 through Line 7.403 plus Line 7.498) (Line 7.4 above)	5,011	11,413

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Column 3, Last Year's Part 2	3 Unearned Premiums December 31 Current Year- per Column 5 Part 1A	4 Premiums Earned During Year (Column 1 plus 2 minus 3)
1. Fire .....				
2. Allied lines .....				
3. Farmowners multiple peril .....				
4. Homeowners multiple peril .....				
5. Commercial multiple peril .....				
6. Mortgage guaranty .....				
8. Ocean marine .....				
9. Inland marine .....				
10. Financial guaranty .....				
11.1 Medical malpractice - occurrence .....				
11.2 Medical malpractice - claims-made .....				
12. Earthquake .....				
13. Group accident and health .....				
14. Credit accident and health (group and individual) .....				
15. Other accident and health .....				
16. Workers' compensation .....				
17.1 Other liability - occurrence .....				
17.2 Other liability - claims-made .....				
18.1 Products liability - occurrence .....				
18.2 Products liability - claims-made .....				
19.1, 19.2 Private passenger auto liability .....				
19.3, 19.4 Commercial auto liability .....				
21. Auto physical damage .....				
22. Aircraft (all perils) .....				
23. Fidelity .....				
24. Surety .....				
26. Burglary and theft .....				
27. Boiler and machinery .....				
28. Credit .....				
29. International .....				
30. Reinsurance - Nonproportional Assumed Property .....				
31. Reinsurance - Nonproportional Assumed Liability .....				
32. Reinsurance - Nonproportional Assumed Financial Lines .....				
33. Aggregate write-ins for other lines of business .....	1,449,425			1,449,425
34. TOTALS .....	1,449,425			1,449,425
<b>DETAILS OF WRITE-INS</b>				
3301. Guaranty of Excess Share Deposits in Credit Unions .....	1,449,425			1,449,425
3302. ....				
3303. ....				
3398. Summary of remaining write-ins for Line 33 from overflow page .....				
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above) .....	1,449,425			1,449,425

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Underwriting and Investment Exhibit, Part 1A

**NONE**

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B-PREMIUMS WRITTEN

Gross Premiums (Less Return Premiums) , Including Policy and Membership Fees  
Written and Renewed During Year

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1 + 2 + 3 - 4 - 5
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire						
2. Allied lines						
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine						
10. Financial guaranty						
11.1 Medical malpractice - occurrence						
11.2 Medical malpractice - claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability - occurrence						
17.2 Other liability - claims-made						
18.1 Products liability - occurrence						
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability						
19.3, 19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Reinsurance - Nonproportional Assumed Property	XXX					
31. Reinsurance - Nonproportional Assumed Liability	XXX					
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX					
33. Aggregate write-ins for other lines of business	1,721,041				271,616	1,449,425
34. TOTALS	1,721,041				271,616	1,449,425
<b>DETAILS OF WRITE-INS</b>						
3301. Guaranty of Excess Share Deposits in Credit Unions	1,721,041				271,616	1,449,425
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page						
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)	1,721,041				271,616	1,449,425

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes ( ) No (X)

If yes: 1. The amount of such installment premiums \$ .....  
 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ .....

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5	6	7	8
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 plus 2 minus 3)	Net Losses Unpaid Current Year (Part 2A Column 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Column 4 plus 5 minus 6)	Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
1. Fire								
2. Allied lines								
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril								
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine								
10. Financial guaranty								
11.1 Medical malpractice - occurrence								
11.2 Medical malpractice - claims-made								
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability - occurrence								
17.2 Other liability - claims-made								
18.1 Products liability - occurrence								
18.2 Products liability - claims-made								
19.1, 19.2 Private passenger auto liability								
19.3, 19.4 Commercial auto liability								
21. Auto physical damage								
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Reinsurance- Nonproportional Assumed Property	XXX							
31. Reinsurance- Nonproportional Assumed Liability	XXX							
32. Reinsurance- Nonproportional Assumed Financial Lines	XXX							
33. Aggregate write-ins for other lines of business					733,000	703,000	30,000	2.1
34. TOTALS					733,000	703,000	30,000	2.1
DETAILS OF WRITE-INS								
3301. Guaranty of Excess Share Deposits in Credit Unions					733,000	703,000	30,000	2.1
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page								
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)					733,000	703,000	30,000	2.1

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Excess Share Insurance Corporation

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Columns 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred But Not Reported (Columns 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire									
2. Allied lines									
3. Farmowners multiple peril									
4. Homeowners multiple peril									
5. Commercial multiple peril									
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine									
10. Financial guaranty									
11.1 Medical malpractice - occurrence									
11.2 Medical malpractice - claims-made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation									
17.1 Other liability - occurrence									
17.2 Other liability - claims-made									
18.1 Products liability - occurrence									
18.2 Products liability - claims-made									
19.1, 19.2 Private passenger auto liability									
19.3, 19.4 Commercial auto liability									
21. Auto physical damage									
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Reinsurance- Nonproportional Assumed Property	XXX				XXX				
31. Reinsurance- Nonproportional Assumed Liability	XXX				XXX				
32. Reinsurance- Nonproportional Assumed Financial Lines	XXX				XXX				
33. Aggregate write-ins for other lines of business					733,000			733,000	
34. TOTALS					733,000			733,000	
DETAILS OF WRITE-INS									
3301.					733,000			733,000	
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page									
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)					733,000			733,000	

(a) Including \$ ..... for present value of life indemnity claims.

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 3 - EXPENSES**

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct				
1.2 Reinsurance assumed				
1.3 Reinsurance ceded				
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)				
2. Commission and brokerage:				
2.1 Direct excluding contingent		32,092		32,092
2.2 Reinsurance assumed excluding contingent				
2.3 Reinsurance ceded excluding contingent				
2.4 Contingent - direct				
2.5 Contingent - reinsurance assumed				
2.6 Contingent - reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		32,092		32,092
3. Allowances to manager and agents				
4. Advertising		52,102		52,102
5. Boards, bureaus and associations		4,838		4,838
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries		545,903	18,284	564,187
8.2 Payroll taxes		29,019	1,115	30,134
9. Employee relations and welfare		69,222	2,660	71,882
10. Insurance		27,195		27,195
11. Directors' fees		13,800		13,800
12. Travel and travel items		5,019		5,019
13. Rent and rent items				
14. Equipment				
15. Cost or Depreciation of EDP equipment and software				
16. Printing and stationery		54,510		54,510
17. Postage, telephone and telegraph, exchange and express		33,664		33,664
18. Legal and auditing		62,251		62,251
19. Totals (Lines 3 to 18)		897,523	22,059	919,582
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$				
20.2 Insurance department licenses and fees		87,141		87,141
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		87,141		87,141
21. Real estate expenses		73,550		73,550
22. Real estate taxes				
23. Reimbursements by uninsured accident and health plans				
24. Aggregate write-ins for miscellaneous expenses		89,419		89,419
25. Total expenses incurred		1,179,725	22,059	(a) 1,201,784
26. Less unpaid expenses - current year		17,760		17,760
27. Add unpaid expenses - prior year		11,477		11,477
28. Amounts receivable relating to uninsured accident and health plans, prior year				
29. Amounts receivable relating to uninsured accident and health plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)		1,173,442	22,059	1,195,501
<b>DETAILS OF WRITE-INS</b>				
2401. Line of Credit, Custodial Fees & Other		89,419		89,419
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above)		89,419		89,419

(a) Includes management fees of \$ 757,258 to affiliates and \$ to non-affiliates.

**EXHIBIT OF NET INVESTMENT INCOME**

	1	2
	Collected During Year	Earned During Year
1. U. S. Government bonds	(a) 1,092,036	1,118,986
1.1 Bonds exempt from U. S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 167,926	163,812
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	1,259,962	1,282,798
11. Investment expenses		(g) 22,059
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Totals deductions (Line 11 through Line 15)		22,059
17. Net investment income (Line 10 minus Line 16)		1,260,739
<b>DETAILS OF WRITE-INS</b>		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903 plus Line 0998 ) (Line 9 above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503 plus Line 1598 ) (Line 15 above)		
(a) Includes \$ 12,979 accrual of discount less \$ 23,837 amortization of premium and less \$ 7,973 paid for accrued interest on purchases.	(f) Includes \$ accrual of discount less \$ amortization of premium.	
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.	(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.	
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.	(h) Includes \$ interest on surplus notes and \$ interest on capital notes.	
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.	(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.	
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.		

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	Total
1. U. S. Government bonds					
1.1 Bonds exempt from U. S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash/short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)					
<b>NONE</b>					
<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 through 0903 plus Line 0998 ) (Line 9 above)					

**EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS**

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Line 10 to Line 17 and Line 19 to Line 23, Column 2 .....	249,000	239,000	(10,000)
2. Other Nonadmitted Assets:			
2.1 Bills receivable .....			
2.2 Furniture, equipment and supplies .....			
2.3 Leasehold improvements .....			
2.4 Loans on personal security, endorsed or not .....			
3. Total (Line 2.1 to Line 2.4) .....			
4. Aggregate write-ins for other assets .....			
5. Total (Line 1 plus Line 3 and Line 4) .....	249,000	239,000	(10,000)
<b>DETAILS OF WRITE-INS</b>			
0401. ....			
0402. ....			
0403. ....			
0498. Summary of remaining write-ins for Line 4 from overflow page .....			
0499. Totals (Line 0401 through Line 0403 plus Line 0498) (Line 4 above) .....			

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

- A. The financial statements of Excess Share Insurance Corporation (the Company) are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department and in accordance with the NAIC Accounting Practices and Procedures manual.
- B. The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.
- C. Policies and Other Information

1. General - The Company is a licensed Ohio property and casualty insurance company insuring the share deposit accounts of its insured credit unions for up to \$250,000 in excess of the \$100,000 limit imposed by the insured credit union's primary insurer. The Company is a wholly owned subsidiary of American Mutual Share Insurance Corporation (Parent), a licensed Ohio credit union share guaranty corporation.

The Company was organized in 1993 and began writing business in 1995. The Company is currently licensed in Ohio, Arkansas, Colorado, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Kentucky, Maine, Maryland, Michigan, Minnesota, Missouri, Nevada, New Jersey, North Carolina, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Washington and the District of Columbia. ESI has applications for insurance licenses pending in various other states. In addition, existing excess insurance business written by its Parent, in states in which the Company is authorized to transact business, has been transferred to the Company since 1995. Total insurance-in-force and premium deposits transferred to the Company were \$14,000,000 and \$140,000, respectively, in 2002, and \$71,000,000 and \$710,000, respectively, in 2001.

2. Investments - The Company accounts for its investments in bonds at amortized cost. Bonds consist of obligations issued and guaranteed by the U.S. Government or its agencies. The Company utilizes the level-yield method to amortize premiums and accrete discounts over the stated maturity period of the related investment.

Gains or losses on investments sold are based on the specific identification method and are included in investment income. Investment purchases and sales are recorded on the trade date.

3. Cash and Cash Equivalents - The Company considers cash equivalents to be money market accounts, other deposit accounts and investment securities purchased with maturities of three months or less. Cash and cash equivalents also include non-negotiable certificates of deposit with a carrying value of \$2,575,000 and \$2,600,000 at December 31, 2002 and 2001, respectively, which were on deposit for the benefit of various state insurance departments as a condition to write business in those states.

4. Reserve for Guaranty Losses - The Company provides for guaranty losses incurred and reported, as well as losses incurred but not reported (IBNR), during the period such losses become evident based on monthly analysis of insured credit unions' financial statements, on-site examination results and other significant data.

The reserve for guaranty losses account represents an estimate of the cost of all guaranty losses which are unpaid at year-end. The estimates are continually reviewed, and as adjustments become necessary, such adjustments are reflected in current operations. Since this liability is based on estimates and historical experience, the actual cost of the losses may vary from the amounts reflected in the financial statements. Management utilizes the services of an independent actuary who has reviewed the assumptions and methods used by the Company in determining its reserves for guaranty losses as of December 31, 2002 and 2001. Management believes that the Company has recorded sufficient reserves for losses.

5. Federal Income Taxes - The Company files a Federal income tax return separate from its Parent. Total income taxes of approximately \$533,000 and \$420,000 were paid in 2002 and 2001.

6. Premium Deposits - Credit unions insured under the Company's excess share insurance contract ("Excess-insureds") are required to maintain a premium deposit with the Company equal to 1% of the aggregate limits of liability, as defined by the Company's excess insurance contract with such credit unions. Premium deposits are adjusted as needed for changes in each Excess-insured's aggregate limit of liability. In addition to the premium deposit, the Company also assesses a monthly risk-based premium, which is remitted by Excess-insureds in arrears after the end of each calendar quarter.

All premium deposits are refunded no sooner than 90 days following the date of termination of insurance, to the extent such premium deposits are not needed to satisfy guaranty losses. Guaranty losses under the Company's excess insurance contracts are paid first from the Company's reserve for guaranty losses, then from its current and retained earnings and then from the \$7,000,000 guarantee from its Parent. A claim would be made against the Company's reinsurance policy for up to \$7,500,000 in aggregate losses exceeding the Company's and its Parent's combined \$7,500,000 retention. Thereafter, losses are charged pro rata to the insureds' premium deposit accounts held by the Company and then pro rata to Excess-insureds' premium deposit accounts held by the Parent, followed by a second claim against the reinsurance policy described below.

The Company had \$18,932,500 and \$16,165,000 of premium deposits at December 31, 2002 and 2001.

7. Reinsurance - Effective January 1, 2001, the Company and its Parent (the "Companies") entered into a three-year reinsurance agreement with an authorized third-party reinsurer to reinsure its excess share insurance. The agreement consists of two layers of reinsurance coverage. The first layer of reinsurance provides per occurrence and aggregate loss coverage of \$7,500,000 in excess of the Companies' aggregate retention of \$7,500,000. The second layer of reinsurance provides an additional aggregate loss coverage of \$7,500,000 in excess of a \$25,000,000 minimum escalating aggregate retention. At December 31, 2002, the aggregate retention for the second layer was \$37,142,500. Annual premiums under the reinsurance agreement are \$600,000, less a 10% experience refund if no claims are incurred, and are allocated between the Company and its Parent pro rata based on their monthly excess insurance in-force.

### 2. Accounting Changes and Corrections of Errors

## NOTES TO FINANCIAL STATEMENTS

- A. There were no material changes in accounting principles and/or correction of errors.
- B. In March 1998, the NAIC adopted the Codification of Statutory Accounting Principles (Codification). The Codification is intended to standardize regulatory accounting and reporting for the insurance industry. In October 1998, the Ohio Superintendent of Insurance announced the adoption of the forms, instructions, and manuals prescribed within the Codification, to be effective January 1, 2001. Although the Company's adoption of Codification on January 1, 2001 resulted in no significant impact to its statutory financial statements, adoption did result in the recognition of \$228,800 of deferred federal income tax as "ledger assets" in 2001, all of which are treated as non-admitted assets for statutory purposes.
3. Business Combinations and Goodwill  
Does not apply.
4. Discontinued Operations  
Does not apply.
5. Investments
- A. Mortgage Loans  
Does not apply
- B. Debt Restructuring  
Does not apply
- C. Reverse Mortgages  
Does not apply
- D. Loan-Backed Securities  
Does no apply.
- E. Repurchase Agreements  
Does not apply.
6. Joint Ventures, Partnerships and Limited Liability Companies  
Does not apply.
7. Investment Income  
Does not apply.
8. Derivative Instruments  
Does not apply.
9. Income Taxes
- A. The components of the net deferred tax asset/(liability) at December 31 are as follows:
- |  | 2002       | 2001       |
|--|------------|------------|
| 1. Total of all deferred tax assets            | \$ 249,000 | \$ 239,000 |
| 2. Total of all deferred tax liabilities       | -0-        | -0-        |
| 3. Total deferred tax assets nonadmitted       | \$ 249,000 | \$ 239,000 |
| 4. Increase in deferred tax assets nonadmitted | \$ 10,000  | \$ 10,200  |
- B. Does not apply
- C. Federal income taxes incurred consist of the following major components:
- |                                    | 2002       | 2001       |
|------------------------------------|------------|------------|
| Current Federal Income Taxes       | \$ 521,900 | \$ 442,400 |
| Deferred Federal Income Tax Credit | ( 10,000)  | (10,200)   |
| Federal Income Taxes Incurred      | \$ 511,900 | \$ 432,200 |
- D. The Company's effective Federal income tax rate in 2002 and 2001 approximates the 34% statutory rate in effect.
- E. Federal income taxes incurred and available for recoupment in the event of future operating losses were \$521,900 for 2002 and \$442,400 for 2001.
- F. The corporation files a federal income tax return separate from that of its parent, American Mutual Share Insurance Corporation.
10. Information Concerning Parent, Subsidiaries and Affiliates  
Effective February 9, 1994, the Company entered into a cost sharing services agreement with its Parent through which the Parent provides various management services and the use of equipment and facilities to the Company for its operations. The agreement is renewable annually and may be terminated by either party with 90 days notice. The Company pays the Parent a monthly fee of \$61,250 (\$50,500 in 2001) under the agreement, with an annual "true-up" adjustment to reflect the actual costs of services provided by the Parent to the Company. Total management fees under this agreement were \$757,258 and \$608,498 in 2002 and 2001, respectively. The corporation has allocated the management fee in the "Underwriting and Investment Exhibit" to various expense categories. The allocation is based on the time spent by the parent's personnel on corporation business (for salaries benefits, and taxes) and based on the corporation's gross revenues as a percent of the sum of the corporation's and parent's revenues (for all other administrative expenses).

Under an unused committed line-of-credit agreement with the Parent, the Company may borrow on a demand basis up to \$10,000,000 at an interest rate equal to the prevailing prime rate. Borrowings under the line must be collateralized by investment securities and other assets. The arrangement is subject to annual renewal by both parties. In accordance with the terms of the line-of-credit agreement, the Company pays the Parent an annual commitment fee, which was \$25,000 in 2002 and 2001.

The Parent has entered into a guaranty agreement dated February 9, 1994, and amended January 1, 2001, with the Ohio

**NOTES TO FINANCIAL STATEMENTS**

Department of Insurance whereby the Parent guarantees, up to a maximum aggregate commitment of \$7,000,000, that the capital and surplus of the Company will be maintained at a level of at least \$5,000,000. In conjunction with the amendment and at the request of the Ohio Department of Insurance, on February 15, 2001, the Parent contributed \$1,500,000 additional paid-in capital to the Company.

The Company and the Parent have an agreement which provides that, in the event the Company incurs an insuring loss, the Parent will make available to the Company the premium deposits the Parent holds for the excess share business (\$18,210,000 at December 31, 2002) in order that the Company can meet its obligations under its excess insurance contracts.

11. Debt  
Does not apply
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and other Postretirement Benefit Plans  
Does not apply.
13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations
  1. The Company has 30,000 shares of authorized common stock with \$100 par value per share and 25,000 shares outstanding at December 31, 2002 and 2001.
  2. The Company has no preferred stock authorized or outstanding.
  3. The maximum amount of dividends which can be paid by insurers domiciled in the state of Ohio to shareholders without prior approval of the Superintendent of Insurance is subject to restrictions on capital and surplus. Capital and surplus at December 31, 2002, was \$9,441,092. The company cannot currently pay any dividends without prior approval of the Superintendent of Insurance. The company has no plans to pay a dividend in the foreseeable future.
  4. See Item 13(3) above.
  5. There are no restrictions on unassigned surplus except as noted in 13(3) above.
  6. Does not apply.
  7. Does not apply.
  8. Does not apply.
  9. Unassigned funds of \$2,903,692 at December 31, 2002 have been reduced by \$162,600 to \$2,741,092 in the statutory financial statements as a result of non-admitted deferred tax assets.
  10. The Company has no surplus debentures or similar obligations.
  11. Does not apply.
  12. Does not apply.
14. Contingencies  
The Company has no contingent commitments, guarantees or similar obligations, and is not aware of any assessments or gain contingencies.
15. Leases  
The Company has no leases.
16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk  
Does not apply.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities  
Does not apply.
18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans  
Does not apply.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators  
Does not apply.
20. Other Items  
Does not apply.
21. Events Subsequent  
Does not apply.
22. Reinsurance  
Does not apply.
23. Retrospectively Rated Contracts & Contracts Subject to Redetermination  
Does not apply.
24. Change in Incurred Losses and Loss Adjustment Expenses  
Does not apply.
25. Intercompany Pooling Arrangements  
Does not apply.
26. Structured Settlements  
Does not apply.

**NOTES TO FINANCIAL STATEMENTS**

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- 27. High Deductibles  
Does not apply.
- 28. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses  
Does not apply.
- 29. Asbestos/Environmental Reserves  
Does not apply.
- 30. Subscriber Savings Accounts  
Does not apply.
- 31. Financial Guaranty Insurance Exposures  
Does not apply.

## SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities				
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	21,662,976	75.837	21,662,976	75.837
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA				
1.512 Issued by FNMA and FHLMC				
1.513 Privately issued				
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC				
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523 All other privately issued				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publically traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (includes \$ ..... of property acquired in satisfaction of debt)				
5.3 Property held for sale (\$ ..... including property acquired in satisfaction of debt)				
6. Policy loans				
7. Receivables for securities				
8. Cash and short-term investments	6,902,255	24.163	6,902,255	24.163
9. Other invested assets				
10. Total invested assets	28,565,231	100.000	28,565,231	100.000

**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**  
**GENERAL**

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes (X) No ( )
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes (X) No ( ) N/A ( )
- 1.3 State Regulating? Ohio
- 2.1 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)
- 2.2 If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended. .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made: 12/31/1997
- 3.2 State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1997
- 3.3 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). 04/15/1999
- 3.4 By what department or departments?  
Ohio Department of Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes ( ) No (X)  
 4.12 renewals? Yes ( ) No (X)
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes ( ) No (X)  
 4.22 renewals? Yes ( ) No (X)
- 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 the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any reporting 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
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 6.1 Has the 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)
- 6.2 If yes, give full information:  
.....  
.....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes ( ) No (X)
- 7.2 If yes, ..... %
- 7.21 State the percentage of foreign control;
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the reporting entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g.; individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....	.....
.....	.....
.....	.....

**GENERAL INTERROGATORIES (continued)**

- 8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Deloitte & Touche  
155 E. Broad St., Columbus, OH 43215
- 9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Elissa M. Sirovatka, FCAS, MAAA, Tillinghast-Towers Perrin  
200 W. Madison St., Chicago, IL 60606

10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

- 10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
None
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States branch, on risks wherever located? Yes ( ) No (X)
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes ( ) No (X)
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes ( ) No ( ) N/A (X)

**BOARD OF DIRECTORS**

- 11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes (X) No ( )
- 12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes (X) No ( )
- 13. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees, or responsible employees which is in or is likely to conflict with the official duties of such person? Yes (X) No ( )

**FINANCIAL**

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
  - 14.11 To directors or other officers \$ .....
  - 14.12 To stockholders not officers \$ .....
  - 14.13 Trustees, supreme or grand (Fraternal only) \$ .....
- 14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
  - 14.21 To directors or other officers \$ .....
  - 14.22 To stockholders not officers \$ .....
  - 14.23 Trustees, supreme or grand (Fraternal only) \$ .....
- 15.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes ( ) No (X)
- 15.2 If yes, state the amount thereof at December 31 of the current year:
  - 15.21 Rented from others \$ .....
  - 15.22 Borrowed from others \$ .....
  - 15.23 Leased from others \$ .....
  - 15.24 Other \$ .....

Disclose in Notes to Financial Statements the nature of each obligation.

- 16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes ( ) No (X)
- 16.2 If answer is yes:
  - 16.21 Amount paid as losses or risk adjustment \$ .....
  - 16.22 Amount paid as expenses \$ .....
  - 16.23 Other amounts paid \$ .....

## GENERAL INTERROGATORIES (Continued)

### INVESTMENT

17. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price if Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred					Yes ( ) No (X)	Yes ( ) No (X)
Common	30,000	25,000	100.00	XXX	XXX    XXX	XXX    XXX

18.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes (X) No ( )

18.2 If no, give full and complete information relating thereto:  
.....

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 2 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1) Yes ( ) No (X)

19.2 If yes, state the amount thereof at December 31 of the current year:

	19.21 Loaned to others	\$ .....
	19.22 Subject to repurchase agreements	\$ .....
	19.23 Subject to reverse repurchase agreements	\$ .....
	19.24 Subject to dollar repurchase agreements	\$ .....
	19.25 Subject to reverse dollar repurchase agreements	\$ .....
	19.26 Pledged as collateral	\$ .....
	19.27 Placed under option agreements	\$ .....
	19.28 Letter stock or securities restricted as to sale	\$ .....
	19.29 Other	\$ .....

19.3 For each category above, if any of these assets are held by other, identify by whom held:

- 19.31 .....
- 19.32 .....
- 19.33 .....
- 19.34 .....
- 19.35 .....
- 19.36 .....
- 19.37 .....
- 19.38 .....
- 19.39 .....

For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....
.....	.....	.....

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

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes ( ) No ( ) N/A (X)  
If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes ( ) No (X)

21.2 If yes, state the amount thereof at December 31 of the current year. \$ .....

22. 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 ( )

22.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Bank One Trust .....	100 E. Broad St., Columbus, OH 43271-8192 .....
.....	.....
.....	.....

**GENERAL INTERROGATORIES (continued)**

**INVESTMENT**

22.02 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)
.....	.....	.....
.....	.....	.....
.....	.....	.....

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year? Yes ( ) No (X)

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
N/A .....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

22.05 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 Number(s)	2 Name	3 Address
NONE .....	.....	.....
.....	.....	.....
.....	.....	.....

**OTHER**

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ .....

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$ .....
.....	\$ .....
.....	\$ .....
.....	\$ .....

24.1 Amount of payments for legal expenses, if any? \$ ..... 32,251

24.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Reed Smith LLP .....	\$ ..... 13,823
Scofes Kindsvatter & Associates .....	\$ ..... 16,000
.....	\$ .....
.....	\$ .....

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ .....

25.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$ .....
.....	\$ .....
.....	\$ .....
.....	\$ .....

**GENERAL INTERROGATORIES (continued)**  
**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes ( ) No (X)
- 1.2 If yes, indicate premium earned on U.S. business only. \$ .....
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ .....
- 1.31 Reason for excluding:  
 .....  
 .....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Line (1.2) above. \$ .....
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ .....
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$ .....
- 1.62 Total incurred claims \$ .....
- 1.63 Number of covered lives .....
- All years prior to most current three years:
- 1.64 Total premium earned \$ .....
- 1.65 Total incurred claims \$ .....
- 1.66 Number of covered lives .....
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$ .....
- 1.72 Total incurred claims \$ .....
- 1.73 Number of covered lives .....
- All years prior to most current three years:
- 1.74 Total premium earned \$ .....
- 1.75 Total incurred claims \$ .....
- 1.76 Number of covered lives .....
- 2.1 Does the reporting entity issue both participating and non-participating policies? Yes ( ) No (X)
- 2.2 If yes, state the amount of calendar year premiums written on:
- 2.21 Participating \$ .....
- 2.22 Non-participating policies \$ .....
3. For Mutual Reporting Entities and Reciprocal Exchange only:
- 3.1 Does the reporting entity issue assessable policies? Yes ( ) No ( )
- 3.2 Does the reporting entity issue non-assessable policies? Yes ( ) No ( )
- 3.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? ..... %
- 3.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ .....
4. For Reciprocal Exchanges only:
- 4.1 Does the exchange appoint local agents? Yes ( ) No ( )
- 4.2 If yes, is the commission paid:
- 4.21 Out of Attorney's-in-fact compensation Yes ( ) No ( ) N/A (X)
- 4.22 As a direct expense of the exchange Yes ( ) No ( ) N/A (X)
- 4.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?  
 .....  
 .....
- 4.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred? Yes ( ) No ( )
- 4.5 If yes, give full information.  
 .....  
 .....
- 5.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?  
 Does not apply  
 .....
- 5.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:  
 Gross loss exposure based on historic claims of primary insurer, reduced by expected collections, parent guarantee & reinsurance to determine net loss
- 5.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?  
 The Company has a guaranty agreement with its Parent, whereby the Parent guarantees, up to a \$7 million commitment, that the Company's capital will be maintained at \$5,000,000. Losses in excess of \$7.5 million are covered by reinsurance and premium deposits (aggregate reinsurance of \$15 million).
- 5.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes (X) No ( )
- 5.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.  
 .....  
 .....
- 6.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurers's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provisions)? Yes ( ) No (X)
- 6.2 If yes, indicate the number of reinsurance contracts containing such provisions. ....

**GENERAL INTERROGATORIES (continued)**  
**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

- 7.1 Has this 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)
- 7.2 If yes, give full information.  
 .....
8. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original reporting entity would have been required to charge had it retained the risks. Has this been done? Yes ( ) No ( ) N/A (X)
- 9.1 Has this reporting entity guaranteed policies issued by any other entity and now in force? Yes ( ) No (X)
- 9.2 If yes, give full information.  
 .....
- 10.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- |   |          |
|---|----------|
| 10.11 Unpaid losses   | \$ ..... |
| 10.12 Unpaid underwriting expenses (including loss adjustment expenses) | \$ ..... |
- 10.2 Of the amount on Line 10.3 of the assets schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds. \$ .....
- 10.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes ( ) No ( ) N/A (X)
- 10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- |            |         |
|------------|---------|
| 10.41 From | ..... % |
| 10.42 To   | ..... % |
- 10.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes ( ) No (X)
- 10.6 If yes, state the amount thereof at December 31 of the current year:
- |                                  |          |
|----------------------------------|----------|
| 10.61 Letters of credit          | \$ ..... |
| 10.62 Collateral and other funds | \$ ..... |
- 11.1 What amount of installment notes is owned and now held by the reporting entity? \$ .....
- 11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year? Yes ( ) No (X)
- 11.3 If yes, what amount? \$ .....
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ ..... 950,000
- 12.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes (X) No ( )
- 12.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. ..... 1
- 13.1 Has the reporting entity guaranteed any financial premium accounts? Yes ( ) No (X)
- 13.2 If yes, give full information.  
 .....
- 14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes ( ) No (X)
- |   |          |
|---|----------|
| 14.11 Name of real estate holding company ..... |          |
| 14.12 Number of parcels involved .....          |          |
| 14.13 Total book/adjusted carrying value .....  | \$ ..... |
- 14.2 If yes, provide explanation.  
 .....
- 15.1 Does the reporting entity write any warranty business? Yes ( ) No (X)  
 If yes, disclose the following information for each of the following types of warranty coverage:
- |                  | 1<br>Direct Losses<br>Incurred | 2<br>Direct Losses<br>Unpaid | 3<br>Direct Written<br>Premium | 4<br>Direct Premium<br>Unearned | 5<br>Direct Premium<br>Earned |
|------------------|--------------------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
| 15.11 Home       | .....                          | .....                        | .....                          | .....                           | .....                         |
| 15.12 Products   | .....                          | .....                        | .....                          | .....                           | .....                         |
| 15.13 Automobile | .....                          | .....                        | .....                          | .....                           | .....                         |
| 15.14 Other*     | .....                          | .....                        | .....                          | .....                           | .....                         |

\* Disclose type of coverage:  
 .....

**FIVE-YEAR HISTORICAL DATA**

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2002	2 2001	3 2000	4 1999	5 1998
Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)					
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)	1,721,041	1,307,133	735,462	622,228	398,363
5. Nonproportional reinsurance lines (Lines 30, 31 and 32)					
6. Total (Line 34)	1,721,041	1,307,133	735,462	622,228	398,363
Net Premiums Written (Page 8, Part 1B, Column 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)	1,449,425	1,057,618	579,284	490,598	297,804
11. Nonproportional reinsurance lines (Line 30, 31 and 32)					
12. Total (Line 34)	1,449,425	1,057,618	579,284	490,598	297,804
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	239,700	77,889	(344,656)	(231,774)	(341,092)
14. Net investment gain (loss) (Line 11)	1,260,739	1,181,839	861,418	696,371	529,706
15. Total other income (Line 15)	5,011	11,413	6,402	4,039	18,538
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	511,900	432,200	180,100	179,800	129,400
18. Net income (Line 20)	993,550	838,941	343,064	288,836	77,752
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding Protected Cell (Page 2, Line 26, Column 3)	29,261,352	25,462,876	19,117,056	14,288,214	11,010,025
20. Agents' balances or uncollected premiums (Page 2, Column 3)					
20.1 In course of collection (Line 10.1)					
20.2 Deferred and not yet due (Line 10.2)					
20.3 Accrued retrospective premiums (Line 10.3)					
21. Total liabilities excluding Protected Cell (Page 3, Line 24)	19,820,260	17,005,334	12,988,398	8,502,476	5,513,124
22. Losses (Page 3, Line 1 and Line 2)	733,000	703,000	673,000	643,000	329,000
23. Loss adjustment expenses (Page 3, Line 3)					
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Line 28 and Line 29)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
26. Surplus as regards policyholders (Page 3, Line 35)	9,441,092	8,457,542	6,128,658	5,785,738	5,496,901
Risk-Based Capital Analysis					
27. Total adjusted capital	9,441,092	8,457,542	6,128,658	5,785,738	5,496,901
28. Authorized control level risk-based capital	516,804	421,172	418,125	330,416	260,680
Percentage Distribution of Cash and Invested Assets (Page 2, Column 3) (Item divided by Page 2, Line 9, Column 3) x 100.0					
29. Bonds (Line 1)	75.8	75.2	79.3	73.8	74.9
30. Stocks (Line 2.1 and Line 2.2)					
31. Mortgage loans on real estate (Line 3.1 and Line 3.2)					
32. Real estate (Lines 4.1, 4.2 and 4.3)					
33. Cash and short-term investments (Line 5)	24.2	24.8	20.7	26.2	25.1
34. Other invested assets (Line 6)					
35. Receivable for securities (Line 7)					
36. Aggregate write-ins for invested assets (Line 8)					
37. Cash and invested assets (Line 9)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
38. Affiliated bonds (Schedule D, Summary, Line 25, Column 1)					
39. Affiliated preferred stocks (Schedule D, Summary, Line 39, Column 1)					
40. Affiliated common stocks (Schedule D, Summary, Line 53, Column 2)					
41. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Column 5 Line 11)					
42. Affiliated mortgage loans on real estate					
43. All other affiliated					
44. Total of above Line 38 through Line 43					
45. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 44 above divided by Page 3, Column 1, Line 34 x 100.0)					

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
Capital and Surplus Accounts (Page 4)					
46. Net unrealized capital gains (losses) (Line 23) .....					
47. Dividends to stockholders (Line 34) .....					
48. Change in surplus as regards policyholders for the year (Line 37) .....	983,550	2,328,885	342,920	288,836	95,697
Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)					
49. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4) .....					
50. Property lines (Lines 1, 2, 9, 12, 21 and 26) .....					
51. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27) .....					
52. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33) .....				(254,000)	(60,000)
53. Nonproportional reinsurance lines (Lines 30, 31, and 32) .....					
54. Total (Line 34) .....				(254,000)	(60,000)
Net Losses Paid (Page 9, Part 2, Column 4)					
55. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4) .....					
56. Property lines (Lines 1, 2, 9, 12, 21 and 26) .....					
57. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27) .....					
58. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33) .....				(254,000)	(60,000)
59. Nonproportional reinsurance lines (Lines 30, 31, and 32) .....					
60. Total (Line 34) .....				(254,000)	(60,000)
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
61. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
62. Losses incurred (Line 2) .....	2.1	2.8	5.2	12.2	38.6
63. Loss expenses incurred (Line 3) .....					
64. Other underwriting expenses incurred (Line 4) .....	81.4	89.8	154.3	135.0	175.9
65. Net underwriting gain (loss) (Line 8) .....	16.5	7.4	(59.5)	(47.2)	(114.5)
Other Percentages					
66. Other underwriting expenses to net premiums written (Page 4, Lines 4 plus 5 minus 15 divided by Page 8, Part 1B, Column 6, Line 34 x 100.0) .....	81.0	88.7	153.2	134.2	169.7
67. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 plus Line 3 divided by Page 4, Line 1 x 100.0) .....	2.1	2.8	5.2	12.2	38.6
68. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 34 divided by Page 3, Line 35, Column 1 x 100.0) .....	15.4	12.5	9.5	8.5	5.4
One Year Loss Development (000 omitted)					
69. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11) .....	(410)				
70. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 69 above divided by Page 4, Line 21, Column 1 x 100.0) .....	(4.8)				
Two Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12) .....	(600)				
72. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 71 above divided by Page 4, Line 21, Column 2 x 100.0) .....	(9.8)				

**SCHEDULE D - SUMMARY BY COUNTRY**

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States .....	21,662,976	22,513,930	21,685,513	21,615,000
	2. Canada .....				
	3. Other Countries .....				
	4. Totals .....	21,662,976	22,513,930	21,685,513	21,615,000
States, Territories and Possessions (Direct and guaranteed)	5. United States .....				
	6. Canada .....				
	7. Other Countries .....				
	8. Totals .....				
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....				
	10. Canada .....				
	11. Other Countries .....				
	12. Totals .....				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....				
	14. Canada .....				
	15. Other Countries .....				
	16. Totals .....				
Public Utilities (unaffiliated)	17. United States .....				
	18. Canada .....				
	19. Other Countries .....				
	20. Totals .....				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....				
	22. Canada .....				
	23. Other Countries .....				
	24. Totals .....				
Parent, Subsidiaries and Affiliates	25. Totals .....				
	26. Total Bonds .....	21,662,976	22,513,930	21,685,513	21,615,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States .....				
	28. Canada .....				
	29. Other Countries .....				
	30. Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....				
	32. Canada .....				
	33. Other Countries .....				
	34. Totals .....				
Industrial and Miscellaneous (unaffiliated)	35. United States .....				
	36. Canada .....				
	37. Other Countries .....				
	38. Totals .....				
Parent, Subsidiaries and Affiliates	39. Totals .....				
	40. Total Preferred Stocks .....				
COMMON STOCKS Public Utilities (unaffiliated)	41. United States .....				
	42. Canada .....				
	43. Other Countries .....				
	44. Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....				
	46. Canada .....				
	47. Other Countries .....				
	48. Totals .....				
Industrial and Miscellaneous (unaffiliated)	49. United States .....				
	50. Canada .....				
	51. Other Countries .....				
	52. Totals .....				
Parent, Subsidiaries and Affiliates	53. Totals .....				
	54. Total Common Stocks .....				
	55. Total Stocks .....				
	56. Total Bonds and Stocks .....	21,662,976	22,513,930	21,685,513	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ 4,758,487 .

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

1. Book/adjusted carrying value of bonds and stocks, prior year .....	18,724,304	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 .....	7,999,531	6.1 Column 17, Part 1 .....
3. Increase (decreased) by adjustment:		6.2 Column 13, Part 2, Section 1 .....
3.1 Column 16, Part 1 .....	(12,524)	6.3 Column 11, Part 2, Section 2 .....
3.2 Column 12, Part 2, Section 1 .....		6.4 Column 11, Part 4 .....
3.3 Column 10, Part 2, Section 2 .....		7. Book/adjusted carrying value at end of current period .....
3.4 Column 10, Part 4 .....	1,665 (10,859)	8. Total valuation allowance .....
4. Total gain (loss), Column 14, Part 4 .....		9. Subtotal (Line 7 plus Line 8) .....
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 .....	5,050,000	10. Total nonadmitted amounts .....
		11. Statement value of bonds and stocks, current period .....

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**

**SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX									XXX
2. 1993												XXX
3. 1994												XXX
4. 1995	31		31									XXX
5. 1996	89		89									XXX
6. 1997	193		193									XXX
7. 1998	398	100	298									XXX
8. 1999	622	131	491									XXX
9. 2000	735	156	579									XXX
10. 2001	1,307	249	1,058									XXX
11. 2002	1,721	272	1,449									XXX
12. Totals	XXX	XXX	XXX									XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct & Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.													XXX
2.													XXX
3.													XXX
4.													XXX
5.													XXX
6.													XXX
7.													XXX
8.													XXX
9.			73										73
10.			220										220
11.			440										440
12.			733										733

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter - Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		
2.											
3.											
4.											
5.											
6.											
7.											
8.											
9.	73		73	9.9		12.6				73	
10.	220		220	16.8		20.8				220	
11.	440		440	25.6		30.4				440	
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	733	

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002	11 One Year	12 Two Year
1. Prior												
2. 1993												
3. 1994	XXX											
4. 1995	XXX	XXX	20	20	15							
5. 1996	XXX	XXX	XXX	55	46	33						
6. 1997	XXX	XXX	XXX	XXX	93	99	64					
7. 1998	XXX	XXX	XXX	XXX	XXX	197	193	67				(67)
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	386	202	70			(70) (202)
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	404	211	73		(138) (331)
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	422	220		(202) XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	440		XXX XXX
12. Totals											(410)	(600)

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	0 0 0										XXX	XXX
2. 1993											XXX	XXX
3. 1994	XXX										XXX	XXX
4. 1995	XXX	XXX									XXX	XXX
5. 1996	XXX	XXX	XXX								XXX	XXX
6. 1997	XXX	XXX	XXX	XXX							XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX						XXX	XXX
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX	XXX
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			XXX	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002
1. Prior										
2. 1993										
3. 1994	XXX									
4. 1995	XXX	XXX	20	20	15					
5. 1996	XXX	XXX	XXX	55	46	33				
6. 1997	XXX	XXX	XXX	XXX	93	99	64			
7. 1998	XXX	XXX	XXX	XXX	XXX	197	193	67		
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	386	202	70	
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	404	211	73
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	422	220
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	440

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	No							
2. Alaska	AK	No							
3. Arizona	AZ	No							
4. Arkansas	AR	Yes	7,985	7,985					
5. California	CA	No							
6. Colorado	CO	Yes							
7. Connecticut	CT	No							
8. Delaware	DE	Yes	13,125	13,125					
9. Dist. Columbia	DC	Yes	12,323	12,323					
10. Florida	FL	Yes	76,799	76,799					
11. Georgia	GA	Yes	8,644	8,644					
12. Hawaii	HI	Yes							
13. Idaho	ID	Yes	21,748	21,748					
14. Illinois	IL	Yes	131,471	131,471					
15. Indiana	IN	Yes	264,982	264,982					
16. Iowa	IA	No							
17. Kansas	KS	No							
18. Kentucky	KY	Yes	28,871	28,871					
19. Louisiana	LA	No							
20. Maine	ME	Yes	12,145	12,145					
21. Maryland	MD	Yes	130,153	130,153					
22. Massachusetts	MA	No							
23. Michigan	MI	Yes							
24. Minnesota	MN	Yes	86,022	86,022					
25. Mississippi	MS	No							
26. Missouri	MO	Yes	99,368	99,368					
27. Montana	MT	No							
28. Nebraska	NE	No							
29. Nevada	NV	Yes	148,016	148,016					
30. New Hampshire	NH	No							
31. New Jersey	NJ	Yes	9,458	9,458					
32. New Mexico	NM	No							
33. New York	NY	No							
34. North Carolina	NC	Yes							
35. North Dakota	ND	No							
36. Ohio	OH	Yes	205,167	205,167					
37. Oklahoma	OK	Yes	76,216	76,216					
38. Oregon	OR	Yes	22,294	22,294					
39. Pennsylvania	PA	Yes	41,054	41,054					
40. Rhode Island	RI	No							
41. South Carolina	SC	Yes							
42. South Dakota	SD	No							
43. Tennessee	TN	Yes	6,367	6,367					
44. Texas	TX	Yes	176,256	176,256					
45. Utah	UT	Yes	2,991	2,991					
46. Vermont	VT	No							
47. Virginia	VA	No							
48. Washington	WA	Yes	139,586	139,586					
49. West Virginia	WV	No							
50. Wisconsin	WI	No							
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 alien	OT	XXX				30,000	733,000		
58. Totals	(a) 28		1,721,041	1,721,041		30,000	733,000		
DETAILS OF WRITE-INS									
5701. Unassigned	XXX					30,000	733,000		
5702.	XXX								
5703.	XXX								
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX								
5799. Totals (Line 5701 through Line 5703 plus Line 5798) (Line 57 above)	XXX					30,000	733,000		

Explanation of basis of allocation of premiums by states, etc.

(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**

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