



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE
HARLEYSVILLE INSURANCE COMPANY OF OHIO

NAIC Group Code 0253 (Current Period) 0253 (Prior Period) NAIC Company Code 10060 Employer's ID Number 31-141172

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

Country of Domicile US

Incorporated July 1, 1994 Commenced Business July 1, 1994

Statutory Home Office 10 West Broad Street, Columbus, Ohio 43215-3435 (Street and Number, City or Town, State and Zip Code)

Main Administrative Office 355 Maple Avenue, Harleysville, Pennsylvania 19438-2297 (Street and Number, City or Town, State and Zip Code) 215-256-5000 (Area Code) (Telephone Number)

Mail Address 355 Maple Avenue, Harleysville, Pennsylvania 19438-2297 (Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 355 Maple Avenue, Harleysville, Pennsylvania 19438-2297 (Street and Number, City or Town, State and Zip Code) 215-256-5000 (Area Code) (Telephone Number)

Internet Website Address N/A

Statement Contact James J Kaufman (Name) 231-946-6390 -7254 (Area Code) (Telephone Number) (Extension) jkaufman@harleysvillegroup.com (E-Mail Address) 231-946-0104 (Fax Number)

Policyowner Relations Contact 355 Maple Avenue, Harleysville, Pennsylvania 19438-2297 (Street and Number, City or Town, State and Zip Code) 800-338-8301 -5470 (Area Code) (Telephone Number) (Extension)

OFFICERS

President #Daniel Emerson Barr
Secretary Roger Alan Brown
Treasurer Mark Ralph Cummins
Chairman Walter Raymond Bateman, II
CEO Matthew Lee Patkus

VICE PRESIDENTS

Roger Jay Beekley
David Keith Bond
Joseph Richard Dowd, Jr.
Douglas Alexander Gaudet
Robert Garrett Whitlock, Jr.

DIRECTORS OR TRUSTEES

Walter Raymond Bateman, II
Roger Jay Beekley
Mark Ralph Cummins
Douglas Alexander Gaudet
Bruce James Magee
Matthew Lee Patkus

State of }
County of } 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.

#Daniel Emerson Barr
President

Roger Alan Brown
Secretary

Mark Ralph Cummins
Treasurer

Subscribed and sworn to before me this
day of 2003

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Columns 1 minus 2)	4 Net Admitted Assets
1. Bonds	22,097,063		22,097,063	19,945,380
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)				
2.2 Common stocks (Schedule D, Part 2, Section 2)	7,492		7,492	8,458
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 (\$ Schedule E, Part 1) and short-term investments (\$ 1,185,452 Schedule DA, Part 2)	1,185,452		1,185,452	589,915
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)	23,290,007		23,290,007	20,543,753
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection	1,112,487	232,260	880,227	1,124,735
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	1,791,728		1,791,728	2,503,904
10.3 Accrued retrospective premiums				
11. Funds held by or deposited with reinsured companies	487		487	824
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)				31,981
15. Federal and foreign income tax recoverable and interest thereon (including \$ 373,484 net deferred tax asset)	1,168,070	794,586	373,484	327,103
16. Guaranty funds receivable or on deposit				
17. Electronic data processing equipment and software	18,674		18,674	37,971
18. Interest, dividends and real estate income due and accrued	332,357		332,357	301,776
19. Net adjustments in assets and liabilities due to foreign exchange rates				
20. Receivable from parent, subsidiaries and affiliates	641,595		641,595	590,040
21. Amount due from/to protected cells				
22. Equities and deposits in pools and associations	13,379		13,379	8,908
23. Amounts receivable relating to uninsured accident and health plans				
24. Other assets nonadmitted (Exhibit 1)	21,181	21,181		
25. Aggregate write-ins for other than invested assets				
26. Total assets excluding protected cell assets (Line 9 through Line 25)	28,389,965	1,048,027	27,341,938	25,470,995
27. Protected cell assets				
28. TOTALS (Line 26 and Line 27)	28,389,965	1,048,027	27,341,938	25,470,995
DETAILS OF WRITE-INS				
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.				
2502.				
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)				

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	9,684,058	9,074,380
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)	2,221,225	2,048,717
4. Commissions payable, contingent commissions and other similar charges	168,579	144,816
5. Other expenses (excluding taxes, licenses and fees)	112,360	85,877
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	206,800	192,562
7. Federal and foreign income taxes (including \$ (6,489) on realized capital gains (losses) (including \$ net deferred tax liability)	158,700	260,849
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 3,990,929 and including warranty reserves of \$)	5,373,000	4,911,690
10. Advance premiums	17,119	32,137
11. Dividends declared and unpaid:		
11.1 Stockholders	850,000	
11.2 Policyholders	7,626	6,136
12. Ceded reinsurance premiums payable (net of ceding commissions)	13,095	35,219
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	93,182	105,283
14. Amounts withheld or retained by company for account of others	69,273	62,453
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		
20. Payable for securities		
21. Liability for amounts held under uninsured accident and health plans		
22. Capital notes \$ and interest thereon \$		
23. Aggregate write-ins for liabilities		
24. Total liabilities excluding protected cell liabilities (Line 1 through Line 23)	18,975,017	16,960,119
25. Protected cell liabilities		
26. Total liabilities (Line 24 and Line 25)	18,975,017	16,960,119
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	1,000,000	1,000,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	5,000,000	5,000,000
33. Unassigned funds (surplus)	2,366,921	2,510,876
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)	8,366,921	8,510,876
36. TOTALS (Page 2, Line 28, Column 3)	27,341,938	25,470,995
DETAILS OF WRITE-INS		
2301.		
2302.		
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)		
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)	10,619,942	10,137,367
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	5,853,312	6,164,004
3. Loss expenses incurred (Part 3, Line 25, Column 1)	1,391,324	1,055,735
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	3,669,011	3,377,930
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Line 2 through Line 5)	10,913,647	10,597,669
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(293,705)	(460,302)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	1,203,870	1,180,803
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses))	(44,686)	(35,102)
11. Net investment gain (loss) (Line 9 plus Line 10)	1,159,184	1,145,701
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 20,686 amount charged off \$ 16,372)	4,314	13,861
13. Finance and service charges not included in premiums	55,590	97,894
14. Aggregate write-ins for miscellaneous income		
15. Total other income (Line 12 through Line 14)	59,904	111,755
16. Net income before dividends to policyholders and before federal and foreign income taxes (Line 8 plus Line 11 plus Line 15)	925,383	797,154
17. Dividends to policyholders	57,770	46,631
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	867,613	750,523
19. Federal and foreign income taxes incurred	159,529	138,546
20. Net income (Line 18 minus Line 19) (to Line 22)	708,084	611,977
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	8,510,876	7,687,998
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	708,084	611,977
23. Net unrealized capital gains or (losses)	(88)	(2,820)
24. Change in net unrealized foreign exchange capital gain (loss)		
25. Change in net deferred income tax	1,691	189,781
26. Change in nonadmitted assets (Exhibit 1, Line 5, Column 3)	(3,642)	(122,226)
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		146,166
31. Capital changes:		
31.1 Paid in		
31.2 Transferred from surplus (Stock Dividend)		
31.3 Transferred to surplus		
32. Surplus adjustments:		
32.1 Paid in		
32.2 Transferred to capital (Stock Dividend)		
32.3 Transferred from capital		
33. Net remittances from or (to) Home Office		
34. Dividends to stockholders	(850,000)	
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)	(143,955)	822,878
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	8,366,921	8,510,876
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		
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)		
3601. Change in excess of statutory reserves over statement reserves (Sch P)		
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	11,951,635	11,152,027
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	6,430,468	7,131,248
3. Underwriting expenses paid	3,605,007	3,358,325
4. Other underwriting income (expenses)	(15,018)	
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	1,901,142	662,454
6. Net investment income	1,177,844	1,183,400
7. Other income (expenses):		
7.1 Agents' balances charged off	4,314	13,861
7.2 Net funds held under reinsurance treaties	(11,764)	11,667
7.3 Net amount withheld or retained for account of others	6,820	10,836
7.4 Aggregate write-ins for miscellaneous items	51,119	94,849
7.5 Total other income (Line 7.1 to Line 7.4)	50,489	131,213
8. Dividends to policyholders on direct business, less \$ (56,280) dividends on reinsurance assumed or ceded (net)	56,280	48,812
9. Federal and foreign income taxes (paid) recovered	(261,678)	
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	2,811,517	1,928,255
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	2,376,367	4,454,852
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)	2,376,367	4,454,852
12. Cost of investments acquired (long-term only):		
12.1 Bonds	4,574,963	5,318,549
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)	4,574,963	5,318,549
13. Net cash from investments (Line 11.8 minus Line 12.7)	(2,198,596)	(863,697)
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in		
14.2 Capital notes, \$ less amounts repaid \$		
14.3 Net transfers from affiliates		
14.4 Borrowed funds received		
14.5 Other cash provided	36,022	95,434
14.6 Total (Lines 14.1 to 14.5)	36,022	95,434
15. Cash applied:		
15.1 Dividends to stockholders paid		
15.2 Net transfers to affiliates	51,555	928,397
15.3 Borrowed funds repaid		
15.4 Other applications	1,851	
15.5 Total (Line 15.1 to Line 15.4)	53,406	928,397
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	(17,384)	(832,963)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10 plus Line 13 plus Line 16)	595,537	231,595
18. Cash and short-term investments:		
18.1 Beginning of year	589,915	358,320
18.2 End of year (Line 17 plus Line 18.1)	1,185,452	589,915
DETAILS OF WRITE-INS		
7.401 Finance and service charges not included in premiums	55,590	97,894
7.402 Equities and deposits in pools and associations	(4,471)	(3,045)
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)	51,119	94,849

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	111,382	55,227	61,270	105,339
2. Allied lines	93,648	47,469	52,068	89,049
3. Farmowners multiple peril	2,008	1,374	1,254	2,128
4. Homeowners multiple peril	937,504	561,079	527,920	970,663
5. Commercial multiple peril	3,120,956	1,239,733	1,509,696	2,850,993
6. Mortgage guaranty				
8. Ocean marine	(48)			(48)
9. Inland marine	173,727	71,028	88,569	156,186
10. Financial guaranty				
11.1 Medical malpractice - occurrence				
11.2 Medical malpractice - claims-made				
12. Earthquake	7,577	3,042	4,210	6,409
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation	1,591,185	667,934	667,169	1,591,950
17.1 Other liability - occurrence	396,562	139,121	190,484	345,199
17.2 Other liability - claims-made	8,915	2,248	4,053	7,110
18.1 Products liability - occurrence	28,593	8,985	14,516	23,062
18.2 Products liability - claims-made				
19.1, 19.2 Private passenger auto liability	1,008,477	569,164	496,411	1,081,230
19.3, 19.4 Commercial auto liability	2,103,594	838,349	1,012,028	1,929,915
21. Auto physical damage	1,403,259	667,895	699,780	1,371,374
22. Aircraft (all perils)	773			773
23. Fidelity	7,049	3,661	3,761	6,949
24. Surety	83,521	34,502	38,610	79,413
26. Burglary and theft	2,517	880	1,202	2,195
27. Boiler and machinery				
28. Credit				
29. International				
30. Reinsurance - Nonproportional Assumed Property				
31. Reinsurance - Nonproportional Assumed Liability	53			53
32. Reinsurance - Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS	11,081,252	4,911,691	5,373,001	10,619,942
DETAILS OF WRITE-INS				
3301.				
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)				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A-RECAPITULATION OF ALL PREMIUMS

(a) Gross premiums (less reinsurance) and unearned premiums on all unexpired risks and reserve for return premiums under rate credit or retrospective rating plans based upon experience, viz:

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Columns 1 + 2 + 3 + 4
1. Fire	61,270				61,270
2. Allied lines	52,061	7			52,068
3. Farmowners multiple peril	1,254				1,254
4. Homeowners multiple peril	527,920				527,920
5. Commercial multiple peril	1,509,328	368			1,509,696
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	88,569				88,569
10. Financial guaranty					
11.1 Medical malpractice - occurrence					
11.2 Medical malpractice - claims-made					
12. Earthquake	4,210				4,210
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	667,169				667,169
17.1 Other liability - occurrence	190,484				190,484
17.2 Other liability - claims-made	4,053				4,053
18.1 Products liability - occurrence	14,516				14,516
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability	496,411				496,411
19.3, 19.4 Commercial auto liability	1,011,845	183			1,012,028
21. Auto physical damage	699,720	60			699,780
22. Aircraft (all perils)					
23. Fidelity	2,613	1,148			3,761
24. Surety	31,849	6,761			38,610
26. Burglary and theft	1,202				1,202
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					
34. TOTALS	5,364,473	8,527			5,373,000
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through Line 36)					5,373,000
DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for Line 33 from overflow page					
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)					

(a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force. Are they so returned in this statement? Yes (X) No ()
 (b) State here basis of computation used in each case. Daily pro-rata method

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 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	122,040	116,772	12,347	135,944	3,833	111,382
2. Allied lines	70,842	97,354	3,694	75,939	2,303	93,648
3. Farmowners multiple peril		2,080		72		2,008
4. Homeowners multiple peril	359,286	960,445	32,084	398,155	16,156	937,504
5. Commercial multiple peril	4,090,328	3,176,573		4,021,424	124,521	3,120,956
6. Mortgage guaranty						
8. Ocean marine		(48)				(48)
9. Inland marine	123,129	180,390		126,522	3,270	173,727
10. Financial guaranty						
11.1 Medical malpractice - occurrence						
11.2 Medical malpractice - claims-made						
12. Earthquake	35,034	7,893		34,016	1,334	7,577
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation	20,959	1,591,186		19,841	1,119	1,591,185
17.1 Other liability - occurrence	468,163	396,562		364,114	104,049	396,562
17.2 Other liability - claims-made	6,191	8,915		1,751	4,440	8,915
18.1 Products liability - occurrence	5,063	28,593		5,038	25	28,593
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability	616,082	1,008,477		610,641	5,441	1,008,477
19.3, 19.4 Commercial auto liability	2,312,890	2,103,594	661	2,236,704	76,847	2,103,594
21. Auto physical damage	1,117,644	1,416,755		1,121,629	9,511	1,403,259
22. Aircraft (all perils)		773				773
23. Fidelity	9,507	7,049		9,507		7,049
24. Surety		83,521				83,521
26. Burglary and theft	4,100	2,517	69	4,169		2,517
27. Boiler and machinery						
28. Credit						
29. International						
30. Reinsurance - Nonproportional Assumed Property	XXX					
31. Reinsurance - Nonproportional Assumed Liability	XXX	53				53
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX					
33. Aggregate write-ins for other lines of business						
34. TOTALS	9,361,258	11,189,454	48,855	9,165,466	352,849	11,081,252
DETAILS OF WRITE-INS						
3301.						
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)						

(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	32,442	46,646	39,015	40,073	18,942	27,791	31,224	29.6
2. Allied lines	80,000	28,754	81,984	26,770	14,888	18,277	23,381	26.3
3. Farmowners multiple peril		366	2	364	231	605	(10)	(0.5)
4. Homeowners multiple peril	1,847,979	550,280	1,877,788	520,471	430,959	414,610	536,820	55.3
5. Commercial multiple peril	2,492,575	1,007,018	2,496,600	1,002,993	2,441,835	2,206,277	1,238,551	43.4
6. Mortgage guaranty								
8. Ocean marine		1,257		1,257	19,452	26,843	(6,134)	12,779.2
9. Inland marine	80,417	47,792	80,431	47,778	11,857	10,392	49,243	31.5
10. Financial guaranty								
11.1 Medical malpractice - occurrence					77	463	(386)	
11.2 Medical malpractice - claims-made								
12. Earthquake					363	304	59	0.9
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation		1,119,142		1,119,142	2,738,039	2,552,563	1,304,618	82.0
17.1 Other liability - occurrence	1,122,249	86,560	1,122,249	86,560	328,506	304,339	110,727	32.1
17.2 Other liability - claims-made		1,574		1,574	6,506	1,703	6,377	89.7
18.1 Products liability - occurrence		10,685		10,685	14,230	17,267	7,648	33.2
18.2 Products liability - claims-made								
19.1, 19.2 Private passenger auto liability	1,116,344	720,828	1,116,344	720,828	1,346,165	1,348,920	718,073	66.4
19.3, 19.4 Commercial auto liability	516,137	840,972	516,198	840,911	2,205,434	2,064,867	981,478	50.9
21. Auto physical damage	1,180,580	781,243	1,181,651	780,172	80,148	49,474	810,846	59.1
22. Aircraft (all perils)		496		496	3,922	4,141	277	35.8
23. Fidelity		1,389		1,389	1,667	2,317	739	10.6
24. Surety		41,041		41,041	19,471	16,741	43,771	55.1
26. Burglary and theft	12,915	297	12,932	280	134	2,463	(2,049)	(93.3)
27. Boiler and machinery						11	(11)	
28. Credit								
29. International								
30. Reinsurance- Nonproportional Assumed Property	XXX							
31. Reinsurance- Nonproportional Assumed Liability	XXX	849		849	1,231	4,010	(1,930)	(3,641.5)
32. Reinsurance- Nonproportional Assumed Financial Lines	XXX							
33. Aggregate write-ins for other lines of business								
34. TOTALS	8,481,638	5,287,189	8,525,194	5,243,633	9,684,057	9,074,378	5,853,312	55.1
DETAILS OF WRITE-INS								
3301								
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)								

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		12,539	3,485	9,054	8,867	9,889	8,867	18,943	2,010
2. Allied lines	54,650	2,608	54,941	2,317	35,679	12,571	35,679	14,888	1,858
3. Farmowners multiple peril		68		68		164		232	40
4. Homeowners multiple peril	345,529	194,775	354,567	185,737	596,278	245,223	596,278	430,959	93,174
5. Commercial multiple peril	1,241,185	1,033,454	1,241,494	1,033,145	2,983,576	1,408,690	2,983,576	2,441,835	856,645
6. Mortgage guaranty									
8. Ocean marine		19,154		19,154		297		19,451	
9. Inland marine		3,501		3,501	7,219	8,356	7,219	11,857	1,214
10. Financial guaranty									
11.1 Medical malpractice - occurrence						77		77	
11.2 Medical malpractice - claims-made									
12. Earthquake					1,509	363	1,509	363	45
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation		1,837,000		1,837,000	8,003	901,040	8,003	2,738,040	480,928
17.1 Other liability - occurrence	20,950	93,688	20,950	93,688	224,645	234,818	224,645	328,506	140,157
17.2 Other liability - claims-made		5,592		5,592		915		6,507	1,016
18.1 Products liability - occurrence		8,974		8,974	1,769	5,256	1,769	14,230	4,700
18.2 Products liability - claims-made									
19.1, 19.2 Private passenger auto liability	1,002,175	884,520	1,002,175	884,520	544,057	461,645	544,057	1,346,165	238,107
19.3, 19.4 Commercial auto liability	1,966,627	1,140,547	1,966,661	1,140,513	1,535,529	1,064,941	1,535,549	2,205,434	362,286
21. Auto physical damage	64,329	52,786	64,562	52,553	(22,272)	27,595	(22,272)	80,148	32,414
22. Aircraft (all perils)		3,922		3,922				3,922	
23. Fidelity		300		300	1,577	1,367	1,577	1,667	381
24. Surety		6,128		6,128		13,343		19,471	6,136
26. Burglary and theft		20	6	14	142	120	142	134	10
27. Boiler and machinery									
28. Credit									
29. International									
30. Reinsurance- Nonproportional Assumed Property	X X X				X X X				
31. Reinsurance- Nonproportional Assumed Liability	X X X	1,231		1,231	X X X			1,231	104
32. Reinsurance- Nonproportional Assumed Financial Lines	X X X				X X X				
33. Aggregate write-ins for other lines of business									
34. TOTALS	4,695,445	5,300,807	4,708,841	5,287,411	5,926,578	4,396,670	5,926,598	9,684,060	2,221,225
DETAILS OF WRITE-INS									
3301.									
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)									

(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	369,625			369,625
1.2 Reinsurance assumed	684,838			684,838
1.3 Reinsurance ceded	374,764			374,764
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	679,699			679,699
2. Commission and brokerage:				
2.1 Direct excluding contingent		1,488,257		1,488,257
2.2 Reinsurance assumed excluding contingent		1,723,692		1,723,692
2.3 Reinsurance ceded excluding contingent		1,493,391		1,493,391
2.4 Contingent - direct		89,860		89,860
2.5 Contingent - reinsurance assumed		197,574		197,574
2.6 Contingent - reinsurance ceded		89,860		89,860
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)		1,916,131		1,916,131
3. Allowances to manager and agents				
4. Advertising		6,389		6,389
5. Boards, bureaus and associations	25,382	49,971		75,353
6. Surveys and underwriting reports	36	53,376		53,412
7. Audit of assureds' records		5,364		5,364
8. Salary and related items:				
8.1 Salaries	366,647	789,274	13,903	1,169,824
8.2 Payroll taxes	27,051	56,962	948	84,961
9. Employee relations and welfare	52,014	108,307	456	160,777
10. Insurance	3,200	6,245	19	9,464
11. Directors' fees	1,064	2,282		3,346
12. Travel and travel items	9,460	35,157	980	45,597
13. Rent and rent items	37,060	78,821		115,881
14. Equipment	45,723	76,833	466	123,022
15. Cost or Depreciation of EDP equipment and software	17,334	46,726	84	64,144
16. Printing and stationery	7,822	15,782	302	23,905
17. Postage, telephone and telegraph, exchange and express	15,412	52,297	(19)	67,689
18. Legal and auditing	5,137	11,046	6,004	22,188
19. Totals (Lines 3 to 18)	613,342	1,394,833	23,142	2,031,316
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 269,786		229,057		229,057
20.2 Insurance department licenses and fees		19,242		19,242
20.3 Gross guaranty association assessments		43,089		43,089
20.4 All other (excluding federal and foreign income and real estate)		524		524
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		291,912		291,912
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured accident and health plans				
24. Aggregate write-ins for miscellaneous expenses	98,283	66,135	314	164,732
25. Total expenses incurred	1,391,324	3,669,011	23,456	(a) 5,083,791
26. Less unpaid expenses - current year	2,221,225	486,679	1,060	2,708,964
27. Add unpaid expenses - prior year	2,048,717	422,672	581	2,471,970
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)	1,218,816	3,605,004	22,977	4,846,797
DETAILS OF WRITE-INS				
2401. Donations	132	611		743
2402. Outside Services	21,335	61,226		82,560
2403. Miscellaneous	76,817	4,299	314	81,429
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)	98,283	66,135	314	164,732

(a) Includes management fees of \$ 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) 59,112	49,784
1.1 Bonds exempt from U. S. tax	(a) 457,296	469,967
1.2 Other bonds (unaffiliated)	(a) 669,161	696,424
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) 11,336	11,312
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	(161)	(161)
10. Total gross investment income	1,196,744	1,227,326
11. Investment expenses		(g) 23,456
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)		23,456
17. Net investment income (Line 10 minus Line 16)		1,203,870
DETAILS OF WRITE-INS		
0901. Miscellaneous Investment Income	(161)	(161)
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)	(161)	(161)
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 \$ 24,486 accrual of discount less \$ 28,563 amortization of premium and less \$ 4,481 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	379				379
1.1 Bonds exempt from U. S. tax	23,295				23,295
1.2 Other bonds (unaffiliated)	(66,509)				(66,509)
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			(966)		(966)
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)	(1,851)		878		(973)
10. Total capital gains (losses)	(44,686)		(88)		(44,774)
DETAILS OF WRITE-INS					
0901. Sale of Fixed Assets	(1,851)				(1,851)
0902. Deferred tax unrealized gain/ (loss)			878		878
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)	(1,851)		878		(973)

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	232,260	168,081	(64,179)
2. Other Nonadmitted Assets:			
2.1 Bills receivable			
2.2 Furniture, equipment and supplies	21,181	37,906	16,725
2.3 Leasehold improvements			
2.4 Loans on personal security, endorsed or not			
3. Total (Line 2.1 to Line 2.4)	21,181	37,906	16,725
4. Aggregate write-ins for other assets	794,586	838,398	43,812
5. Total (Line 1 plus Line 3 and Line 4)	1,048,027	1,044,385	(3,642)
DETAILS OF WRITE-INS			
0401. Non-admitted deferred tax asset	794,586	838,398	43,812
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)	794,586	838,398	43,812

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Harleysville Insurance Company of Ohio (herein referred to as "the Company") are presented on the basis of accounting practices prescribed or permitted by the Insurance Department of Ohio. The National Association of Insurance Commissioners' Accounting Practices and Procedures manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio.

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

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

C. Accounting Policy

- Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premiums are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.
- Effective January 1, 2002, costs of computer software developed or obtained for internal use are capitalized and depreciated in accordance with SSAP No. 82.
- Expenses incurred in connection with acquiring new insurance business, including sales commissions, are charged to operations as incurred.
- Investments are generally valued as follows:
 - Short-term investments are stated at cost.
 - Bonds are valued and reported in accordance with the NAIC Valuations of Securities manual prepared by the Securities Valuation Office. Amortization of bond premium or discount is calculated using the scientific method taking into consideration specific interest and principal provisions over the life of the bond. Bonds containing call provisions shall be amortized to the call date. If it is determined that a decline in the fair value of a bond is other than temporary, the cost basis of the bond shall be written down to fair value as a new cost basis and the amount of the write down shall be accounted for as a realized loss.
 - Common Stocks (investments in non-affiliates) are reported at market value in accordance with the NAIC Valuations of Securities manual. If it is determined that a decline in the fair value of a stock is other than temporary, the cost basis of the stock shall be written down to fair value as a new cost basis and the amount of the write down shall be accounted for as a realized loss.
 - Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities where the yield had become negative, they are valued using the prospective method.
- Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of, or less than, the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- The Company has some exposure to asbestos and environmental claims arising primarily from the sale of general liability insurance. The Company tries to estimate the full impact of the exposure by establishing full case basis reserves on all known cases. The Company establishes bulk reserves based on previous experience to reflect the potential for future development of these claims, the emergence of latent claims, and the loss adjustment expense associated with these claims.

2. Accounting Changes and Corrections of Errors

Effective January 1, 2001, the State of Ohio required that insurance companies domiciled in Ohio prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures manual subject to any deviations prescribed or permitted by the State of Ohio insurance commissioner. Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures manual are reported as changes in accounting principles. The cumulative effect of changes in accounting principles are reported as an adjustment to unassigned funds (surplus) in the period of the change. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods.

The Company had no accounting changes or correction of errors in 2002 that affected unassigned funds of the prior year.

3. Business Combinations and Goodwill

None

4. Discontinued Operations

None

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

Not applicable

B. Debt Restructuring

None

C. Reverse Mortgages

Not applicable

D. Loan-Backed Securities

Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from broker dealer survey values. The Company used IDC / Merrill Lynch Pricing Services in determining the market value of its loan-backed securities.

E. Repurchase Agreements

None

6. Joint Ventures, Partnerships and Limited Liability Companies

None

7. Investment Income

Not applicable

8. Derivative Instruments

None

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

A. The components of the deferred tax asset/ (liability) at December 31 are as follows:

	<u>2002</u>	<u>2001</u>
1. Total of all deferred tax assets (admitted and nonadmitted)	1,240,850	1,215,746
2. Total of all deferred tax liabilities	72,780	50,245
3. Total deferred tax assets nonadmitted per SSAP10	794,586	838,398
4. Total deferred tax assets admitted	373,484	327,103
5. Increase(decrease) in deferred tax assets nonadmitted	(43,812)	183,260

B. Not applicable

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

	<u>2002</u>	<u>2001</u>
Federal Income Tax Incurred - current year	226,014	146,627
Federal Income Tax Incurred - all prior years	(2,859)	(8,081)
Federal Income Tax recoverable on net capital losses carried back	(63,626)	0
Current income taxes incurred	159,529	138,546

The main components of the 2002 deferred tax amounts are as follows:

<u>DTAs</u>	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
Change in Unearned Premium Reserve	5,372,999	4,298,399	1,074,600	376,110
Discounting of Unpaid Losses	11,905,283	10,178,516	1,726,767	604,369
Unrealized Capital Losses	0	0	0	0
Non-Admitted Assets	0	(253,441)	253,441	88,704
Other	291,712	0	291,712	171,667
Total DTAs	17,569,994	14,223,474	3,346,520	1,240,850
DTAs non-admitted	2,270,246	0	2,270,246	794,586
 <u>DTLs</u>	 <u>Statutory</u>	 <u>Tax</u>	 <u>Difference</u>	 <u>Tax Effect</u>
Unrealized Capital Gains	0	0	0	0
Other	207,943	0	207,943	72,780
Total DTLs	207,943	0	207,943	72,780

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

<u>DTAs</u> resulting from book/tax differences in	<u>2002</u>	<u>2001</u>	<u>Change</u>
Unearned Premium Reserve	376,110	343,818	32,292
Discounting of Unpaid Losses	604,368	596,969	7,399
Non-Admitted Assets	88,704	72,095	16,609
Other	171,667	202,863	(31,196)
Total DTAs	1,240,850	1,215,746	25,104
DTAs non-admitted	794,586	838,398	(43,812)
 <u>DTLs</u> resulting from book/tax differences in	 <u>2002</u>	 <u>2001</u>	 <u>Change</u>
Unrealized Capital Gains	0	0	0
Other	72,780	50,245	22,535
Total DTLs	50,245	50,245	-3,588

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

	<u>Amount</u>	<u>Tax Effect</u>
1. Income before taxes	867,613	262,683
2. Book over tax reserves		
Discounting of Unpaid Losses	92,262	32,292
3. Unearned Premium Reserves	21,140	7,399
4. Tax Exempt Interest	(395,365)	(138,378)
5. Dividends Received Deduction	0	0
6. Realized Losses	32,446	11,356
6. Other	27,658	9,680
Total Adjustments	(221,859)	(77,651)
Taxable Income	645,754	226,014

E. 1. At December 31, 2002, the Company did not have any operating loss carry forward.

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

2002	226,014
2001	146,627
1999	73,802

- F. 1. The Company files a consolidated tax return with the following entities: Harleysville Group Inc., Harleysville-Atlantic Insurance Company, Harleysville Insurance Company of New Jersey, Harleysville Preferred Insurance Company, Harleysville Worcester Insurance Company, Mid-America Insurance Company, Harleysville Insurance Company of New York, Harleysville Lake States Insurance Company, Harleysville Insurance Company.
2. The method of tax allocation between the companies is subject to a written agreement. Allocation is based upon separate return tax calculations with credit for net losses. Inter-company tax balances are settled within 30 days after the filings of the consolidated return.

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries and Affiliates

A,B,C, &D The Company shares common facilities, management and other services with its parent, affiliates, and pool participants. Allocation of expenses is made in accordance with written agreements (pooling agreement for pool participants).

The Company declared a cash dividend in the amount of \$850,000 to Harleysville Group Inc. on October 1, 2002.

E. The Company does not have any guarantees or undertakings for affiliates.

F. Not applicable

G. All outstanding shares of the Company are owned by Harleysville Group, Inc. an insurance holding company in the State of Delaware.

H. Not applicable

I. Not applicable

J. Not applicable

11. Debt

None

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

A. Defined Benefit Plan

Not applicable

B. Defined Contribution Plans

Not applicable

C. Multiemployer Plans

Not applicable

D. Consolidated/Holding Company Plans

Harleysville Insurance Company of Ohio participates in a noncontributory defined benefit pension plan sponsored by its parent, Harleysville Group Inc., an insurance holding company. In addition, the Company also participates in the Extra Compensation Plan and the Postretirement Benefits Plan. The Company has no legal obligation for benefits under these plans. Its allocated expenses were based on its pooling participation percentage.

At December 31, the Company's share of expenses were as follows:

	<u>2002</u>	<u>2001</u>
Defined Benefit Pension Plan	22,874	0
Extra Compensation Plan	23,050	21,719
Post Retirement Benefits Plan	610	1,416

E. Postemployment Benefits and Compensated Absences

At December 31, 2002, the Company's accrued liability for postemployment benefits and compensated absences for 2002 and 2001 was \$69,273 and \$61,143, respectively.

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

(1) The company has 1,000 shares authorized, 1,000 shares issued, and 1,000 shares outstanding.

(2) The Company has no preferred stock outstanding.

(3) Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the law of the Company's state of incorporation, the State of Ohio, to \$ 836,692.

(4) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to shareholders.

(5) There were no restrictions placed on the Company's surplus.

(6) Not applicable

(7) None

(8) Not applicable

(9) The portion of unassigned fund (surplus) represented or reduced by each item below is as follows:

a. Unrealized gains and (losses):	(1,630)
b. Nonadmitted asset value:	1,048,027
c. Separate Account business:	0
d. Asset valuation reserve	0
e. Provision for reinsurance	0

(10) None

(11) Not applicable

(12) Not applicable

NOTES TO FINANCIAL STATEMENTS

14. Contingencies

A. Contingent Commitments

None

B. Assessments

At December 31, 2002, the total pre-pooled accrued liability for various involuntary assessments was \$ 84,329 with no related asset for premium tax credits and policy surcharges.

C. Gain Contingencies

None

D. All Other Contingencies

On December 31, 2001, the Company's ultimate parent, Harleysville Mutual Insurance Company ("HMIC"), received a written request for arbitration from GE Reinsurance Corporation ("GE Re") of a reinsurance agreement between HMIC and GE Re relating to certain automobile policies written in California through a managing general agent beginning in 1999. On December 13, 2002, HMIC and GE Re settled this matter by agreeing to a termination and commutation of the reinsurance agreement effective December 31, 2002.

15. Leases

A. Lessee Operating Lease

1. The Company and its affiliates lease certain office space and office equipment for use in operations. The Company's allocated share of rental expense for 2002 and 2001 was \$114,174 and \$119,577, respectively.

2. Future minimum rental commitments are as follows:

Year ending December 31	
2003	6,535
2004	3,812
Total	10,347

3. The Company is not involved in any sale-lease back transactions.

B. Lessor Leases & Leveraged Leases

Not applicable

16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk

Not applicable

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

A. Transfers of Receivables Reported as Sales

None

B. Transfer and Servicing of Financial Assets

None

C. Wash Sales

None

18. Gain or Loss to the Reporting Entity From Uninsured Accident and Health Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans

None

B. ASC Plans

None

C. Medicare of Similarly Structured Cost Based Reimbursement Contract

None

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

None

20. Other Items

A. Extraordinary Items

None

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

1. Pool Loss and Loss Expense Development

Schedule P part 1 on a total pooled basis, which includes Harleysville Mutual Insurance Company, Harleysville Preferred Insurance Company, Harleysville Insurance Company of New Jersey, Harleysville-Atlantic Insurance Company, Harleysville Worcester Insurance Company, Harleysville Insurance Company of New York, Mid-America Insurance Company, Harleysville Insurance Company of Ohio, Harleysville Lake States Insurance Company, Harleysville Pennland Insurance Company, Harleysville Insurance Company, and a separate pre-pooled schedule P part 1 for Harleysville Worcester Insurance Company, Mid-America Insurance Company and Harleysville Insurance Company of New York are filed with this statement in the Commonwealth of Pennsylvania.

NOTES TO FINANCIAL STATEMENTS

20. C. 2. Liability for Unpaid Losses and Loss Adjustment Expenses

AY	HO,FO,CMP Spec Liab	Auto Liab	Work Comp	Med Mal	Gen Liab/ Products	Special Property	Auto Phys Dam	Fidelity, Surety	Reins	GRAND TOTAL
1986	29,988	8,336	15,006	4	9,835	0	(4)	2	0	63,167
1987	3,041	548	25,815	0	834	0	(54)	0	272	30,456
1988	3,347	2,680	30,076	0	1,073	8	(90)	0	4	37,098
1989	6,428	4,194	42,437	0	820	0	195	0	2	54,076
1990	4,775	8,527	54,984	0	1,353	(22)	5,856	0	3	75,476
1991	7,663	15,363	58,427	0	1,130	0	(230)	34	14	82,401
1991	11,142	9,479	87,383	2	5,603	0	(286)	1	20	113,344
TOTAL	66,384	49,127	314,128	6	20,648	(14)	5,387	37	315	456,019

D. Collectibility of Amounts Due from Agents

At December 31, 2002, the Company had an admitted asset of \$2,671,955 as balances due from agents and insureds. Netted against this amount was a reserve of \$6,773 set up for potential bad debts based upon the Company's experience.

E. Reinsurance Accounted for as a Deposit

None

F. Multiple Peril Crop Insurance

Not applicable

G. Mezzanine Real Estate Loans

Not applicable

H. Health Care Receivables

Not applicable

I. September 11 Events

The events of September 11, 2001 did not have a material impact on the condition of the Company. \$50,000 was booked to cover mainly property, business interruption, workers compensation, and third party losses. In 2002, the Company recognized a favorable development of \$15,000 as a result of lower-than-expected claim activities.

J. Real Estate

Not applicable

K. Participating Policies

Not applicable

L. Premium Deficiency Reserves

Not applicable

21. Events Subsequent

There are no events that have occurred subsequent to the close of the books for this statement, which may have a material effect on the financial condition of the Company.

22. Reinsurance

A. Unsecured Reinsurance Recoverables

At December 31, 2002, the Company had no unsecured reinsurance recoverables that exceeded 3% of the Company's policyholder surplus.

B. Reinsurance Recoverable in Dispute

None

C. Reinsurance Assumed and Ceded

1. Following is the schedule reflecting the maximum amount of return commission which would have been due reinsurers if the Company's reinsurance contracts had been cancelled as of December 31, 2002:

	ASSUMED REINSURANCE		CEDED REINSURANCE		NET	
	Premium Reserve (1)	Commission Equity (2)	Premium Reserve (3)	Commission Equity (4)	Premium Reserve (5)	Commission Equity (6)
Affiliates	\$5,372,999	\$1,269,939	\$3,896,537	\$935,169	\$1,476,462	\$334,770
All Other	27,315	2,844	94,392	2,258	(67,077)	586
Total	\$5,400,314	\$1,272,783	\$3,990,929	\$937,427	\$1,409,385	\$335,356

Direct Unearned Premium Reserve \$3,963,614

NOTES TO FINANCIAL STATEMENTS

22. C. 2. Additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements are accrued as follows:

	Direct	REINSURANCE Assumed	Ceded	Net
Contingent Commission	82,368	169,011	82,368	169,011
Sliding Scale Adjustments	0	(432)	0	(432)
Other Profit Commission Arrangement	0	0	0	0
Total	82,368	168,579	82,368	168,579

3. The Company has no protected cells.

D. Uncollectible Reinsurance

None

E. Commutation of Ceded Reinsurance

None

F. Retroactive Reinsurance

None

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

None

24. Change in Incurred Losses and Loss Adjustment Expenses

The Company recognized favorable development in the provision for insured events of prior years of \$64,652. The favorable development primarily relates to lower-than-expected claim severity in the commercial automobile and commercial multi-peril lines of business partially offset by greater-than-expected claim severity in the workers' compensation line of business.

25. Intercompany Pooling Arrangements

The Company and its affiliates participate in a pooling arrangement at December 31, 2002. Harleysville Mutual Insurance Company is the lead company and the pooling percentages of participants at December 31, 2002 are as follows:

NAIC Company Code	Company	Percentage
14168	Harleysville Mutual Insurance Company	23%
42900	Harleysville Insurance Company of New Jersey	19%
35696	Harleysville Preferred Insurance Company	18%
26182	Harleysville Worcester Insurance Company	15%
14516	Harleysville Lake States Insurance Company	8%
40983	Harleysville Pennland Insurance Company	5%
13382	Harleysville-Atlantic Insurance Company	5%
23582	Harleysville Insurance Company	3%
33235	Harleysville Insurance Company of New York	2%
37630	Mid-America Insurance Company	1%
10060	Harleysville Insurance Company of Ohio	1%

Under the terms of the agreement, each pool participant subsidiary cedes all of its net insurance business to Harleysville Mutual Insurance Company (HMIC) and assumes from HMIC an amount equal to its participating percentage in the pooling agreement. Reinsurance with all non-affiliated reinsureds/reinsurers is prior to the cession to the lead company. Cessions to HMIC under a separate excess catastrophe agreement are made after the assumption of pooled business.

Each member company reports its own non-pooled Provision for Reinsurance (Schedule F, Part 7). The write-off of uncollectible reinsurance, if any, is shared in accordance with the pool participation percentage.

26. Structured Settlements

None

27. High Deductibles

None

28. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

The Company does not discount any liabilities for unpaid losses or loss adjustment expenses other than Workers Compensation tabular cases. As a result of those tabular cases, Workers' Compensation loss reserves at December 31, 2002 were net of the amounts of discount shown below. A discount rate of 3.5% (5% on New Jersey cases) was used and produces the following amounts of discount by accident year:

Accident Year	Amount of Discount
Prior	54,922
1993	23,460
1994	8,924
1995	7,801
1996	13,544
1997	347
1998	6,409
1999	9,522
2000	3,249
2001	0
2002	7,743
Total	135,921

NOTES TO FINANCIAL STATEMENTS

29. Asbestos/Environmental Reserves

Asbestos-related Losses

- A. The Company has some exposure to asbestos claims arising from the sale of general liability insurance. Case basis loss reserves are established for known potential claims as they emerge. Bulk reserves are established by management based on previous experience to reflect the potential for future development of these claims, the emergence of latent claims, and the loss adjustment expenses associated with these claims.

Asbestos-related losses after pooling for each of the five most recent calendar years were as follows:

(1) Gross of Reinsurance	1998	1999	2000	2001	2002
Beginning Reserves:	5,978	6,034	7,312	11,228	25,844
Incurring losses and loss adjustment expense:	1,398	3,315	5,214	15,999	12,729
Calendar year payments for losses and loss adjustment expense:	1,342	2,037	1,298	1,383	3,049
Ending Reserves:	6,034	7,312	11,228	25,844	35,524

(2) Net of Reinsurance

Beginning Reserves:	5,978	6,034	7,312	11,228	25,844
Incurring losses and loss adjustment expense:	1,398	3,315	5,214	15,999	12,729
Calendar year payments for losses and loss adjustment expense:	1,342	2,037	1,298	1,383	3,049
Ending Reserves:	6,034	7,312	11,228	25,844	35,524

- B. The Company held reserves for unreported claims as follows:

Gross of Reinsurance Basis	15,000
Net of Reinsurance Basis	15,000

- C. The Company held reserves for future loss adjustment expenses as follows:

Gross of Reinsurance Basis	5,000
Net of Reinsurance Basis	5,000

Environmental Losses

- D. The Company has some exposure to environmental claims arising primarily from the sale of general liability insurance. The Company tries to estimate the full impact of the environmental exposure by establishing full case basis reserves on all known cases. The Company establishes bulk reserves based on previous experience to reflect the potential for future development of these claims.

Environmental losses after pooling for each of the five most recent calendar years were as follows:

(1) Gross of Reinsurance	1998	1999	2000	2001	2002
Beginning Reserves:	29,148	31,451	23,560	22,987	25,160
Incurring losses and loss adjustment expense:	17,161	(6,045)	4,382	11,217	9,182
Calendar year payments for losses and loss adjustment expense:	14,857	1,846	4,955	9,044	6,088
Ending Reserves:	31,451	23,560	22,987	25,160	28,255

(2) Net of Reinsurance

Beginning Reserves:	29,148	31,451	23,560	22,987	25,160
Incurring losses and loss adjustment expense:	17,161	(6,045)	4,382	11,217	9,182
Calendar year payments for losses and loss adjustment expense:	14,857	1,846	4,955	9,044	6,088
Ending Reserves:	31,451	23,560	22,987	25,160	28,255

- E. The Company held reserves for unreported claims as follows:

Gross of Reinsurance Basis	17,970
Net of Reinsurance Basis	17,970

- F. The Company held reserves for future loss adjustment expenses as follows:

Gross of Reinsurance Basis	750
Net of Reinsurance Basis	750

30. Subscriber Savings Accounts

Not applicable

31. Financial Guaranty Insurance Exposures

The Company has no aggregate exposure under any of the classifications of financial guarantees listed.

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	869,087	3.732	869,087	3.732
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
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	3,434,602	14.747	3,434,602	14.747
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	2,500,414	10.736	2,500,414	10.736
1.43 Revenue and assessment obligations	4,341,631	18.642	4,341,631	18.642
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	127,842	0.549	127,842	0.549
1.512 Issued by FNMA and FHLMC	1,488,649	6.392	1,488,649	6.392
1.513 Privately issued	799,442	3.433	799,442	3.433
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	2,210,785	9.492	2,210,785	9.492
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523 All other privately issued	838,351	3.600	838,351	3.600
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	5,486,260	23.556	5,486,260	23.556
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	7,492	0.032	7,492	0.032
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	1,185,452	5.090	1,185,452	5.090
9. Other invested assets				
10. Total invested assets	23,290,007	100.000	23,290,007	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: 12/31/1999
- 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. 12/31/1999
- 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). 06/17/2002
- 3.4 By what department or departments?
Delaware, Massachusetts, Michigan, Minnesota, New Jersey, New York, Ohio, Pennsylvania
- 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?
 KPMG, LLP
 1600 Market Street, Philadelphia PA 19103

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?
 Robert G. Whitlock, Jr., Chief Actuary/Employee
 Harleysville Mutual Insurance Company, 355 Maple Ave., Harleysville, PA 19438-2297

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?

10.2 Does this statement contain all business transacted for the reporting entity through its United States branch, on risks wherever located? Yes () No ()

10.3 Have there been any changes made to any of the trust indentures during the year? Yes () No ()

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 Common	1,000	1,000	1,000.00	XXX	Yes () No () XXX XXX	Yes () No () 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? If no, attach a description with this statement. Yes () No () N/A (X)

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 OF NEW YORK	1 WALL STREET, NEW YORK, NY 10286
.....

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
.....
.....
.....

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
.....
.....
.....

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 54,337

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
Insurance Services Office	\$ 33,002
.....	\$
.....	\$
.....	\$

24.1 Amount of payments for legal expenses, if any? \$ 354

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
Thompson Hine LLP	\$ 354
.....	\$
.....	\$
.....	\$

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 (X) No ()
- 2.2 If yes, state the amount of calendar year premiums written on:
- 2.21 Participating \$ 277,332
- 2.22 Non-participating policies \$ 10,803,920
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?
 A catastrophe workers' compensation reinsurance treaty is in place.

- 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:
 The Company obtains CAT loss analysis model from reinsurance broker.
 The probable maximum loss is identified as hurricanes making landfall in northeastern U.S.
- 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?
 A catastrophe reinsurance program provides protection.

- 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 (X) No () N/A ()
- 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 (X) N/A ()
- 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): \$ 20,000
- 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 () No (X)
- 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. 2
- 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
Direct Losses
Incurred | 2
Direct Losses
Unpaid | 3
Direct Written
Premium | 4
Direct Premium
Unearned | 5
Direct Premium
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)	8,567,336	10,366,332	10,929,446	11,414,073	10,359,238
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)	3,310,580	4,982,283	5,768,468	5,650,398	4,855,017
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	8,621,521	9,844,072	9,969,318	8,968,834	7,628,657
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)	100,077	92,448	63,617	43,945	37,180
5. Nonproportional reinsurance lines (Lines 30, 31 and 32)	53	(8)	233	1,090	9,638
6. Total (Line 34)	20,599,567	25,285,127	26,731,082	26,078,340	22,889,730
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)	5,137,326	5,014,190	4,708,592	4,989,421	4,774,822
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)	1,792,110	1,751,526	1,704,511	1,767,864	1,679,248
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	4,061,193	3,528,038	3,266,965	3,260,540	3,162,864
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)	90,570	89,418	62,376	41,356	30,888
11. Nonproportional reinsurance lines (Line 30, 31 and 32)	53	(8)	233	1,090	9,638
12. Total (Line 34)	11,081,252	10,383,164	9,742,677	10,060,271	9,657,460
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(293,705)	(460,302)	(585,460)	(792,048)	(347,864)
14. Net investment gain (loss) (Line 11)	1,159,184	1,145,701	1,200,790	1,233,010	1,195,465
15. Total other income (Line 15)	59,904	111,755	45,324	22,800	7,015
16. Dividends to policyholders (Line 17)	57,770	46,631	56,278	57,253	79,914
17. Federal and foreign income taxes incurred (Line 19)	159,529	138,546	136,207	73,905	146,376
18. Net income (Line 20)	708,084	611,977	468,169	332,604	628,326
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding Protected Cell (Page 2, Line 26, Column 3)	27,341,938	25,470,995	24,402,357	23,724,359	23,429,565
20. Agents' balances or uncollected premiums (Page 2, Column 3)					
20.1 In course of collection (Line 10.1)	880,227	1,124,735	1,321,134	1,191,610	1,018,721
20.2 Deferred and not yet due (Line 10.2)	1,791,728	2,503,904	3,219,323	3,010,369	2,608,363
20.3 Accrued retrospective premiums (Line 10.3)					
21. Total liabilities excluding Protected Cell (Page 3, Line 24)	18,975,017	16,960,119	16,714,359	16,588,718	16,536,869
22. Losses (Page 3, Line 1 and Line 2)	9,684,058	9,074,380	8,910,558	9,241,589	9,208,368
23. Loss adjustment expenses (Page 3, Line 3)	2,221,225	2,048,717	2,097,576	2,201,703	2,090,560
24. Unearned premiums (Page 3, Line 9)	5,373,000	4,911,690	4,665,892	4,483,371	4,245,330
25. Capital paid up (Page 3, Line 28 and Line 29)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
26. Surplus as regards policyholders (Page 3, Line 35)	8,366,921	8,510,876	7,687,998	7,135,641	6,892,696
Risk-Based Capital Analysis					
27. Total adjusted capital	8,366,921	8,510,876	7,687,998	7,135,641	6,892,696
28. Authorized control level risk-based capital	1,136,583	1,049,104	1,072,920	1,090,927	1,039,750
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)	94.9	97.1	98.1	97.7	97.1
30. Stocks (Line 2.1 and Line 2.2)			0.1	0.1	
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)	5.1	2.9	1.8	2.3	2.9
34. Other invested assets (Line 6)					0.1
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)	(88)	(2,820)	31,790	(29,824)	
47. Dividends to stockholders (Line 34)	(850,000)				
48. Change in surplus as regards policyholders for the year (Line 37)	(143,955)	822,878	552,357	242,945	668,106
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)	5,534,491	6,947,155	6,633,069	5,701,231	4,326,866
50. Property lines (Lines 1, 2, 9, 12, 21 and 26)	2,291,086	3,675,135	3,671,711	3,943,316	2,884,225
51. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	5,899,971	7,821,774	6,825,129	6,359,499	4,255,404
52. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)	42,430	16,669	11,014	4,295	4,294
53. Nonproportional reinsurance lines (Lines 30, 31, and 32)	849	882	3,107	5,631	5,420
54. Total (Line 34)	13,768,827	18,461,615	17,144,030	16,013,972	11,476,209
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)	2,779,700	2,971,750	3,010,367	2,904,552	2,511,729
56. Property lines (Lines 1, 2, 9, 12, 21 and 26)	895,073	1,051,614	1,151,755	1,202,354	975,889
57. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	1,525,581	1,959,268	1,990,986	1,973,880	1,614,189
58. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)	42,430	16,669	9,111	4,295	4,294
59. Nonproportional reinsurance lines (Lines 30, 31, and 32)	849	882	3,107	5,631	5,420
60. Total (Line 34)	5,243,633	6,000,183	6,165,326	6,090,712	5,111,521
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)	55.1	60.8	61.0	62.3	58.8
63. Loss expenses incurred (Line 3)	13.1	10.4	10.7	11.6	11.1
64. Other underwriting expenses incurred (Line 4)	34.5	33.3	34.4	34.1	33.9
65. Net underwriting gain (loss) (Line 8)	(2.8)	(4.5)	(6.1)	(8.1)	(3.8)
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)	32.6	31.5	33.3	33.1	32.3
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)	68.2	71.2	71.7	74.0	69.9
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)	132.4	122.0	126.7	141.0	140.1
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)	(40)	(213)	(559)	(781)	(657)
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)	(0.5)	(2.8)	(7.8)	(11.3)	(10.6)
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)	(176)	(760)	(1,253)	(1,300)	(822)
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)	(2.3)	(10.7)	(18.2)	(20.9)	(15.0)

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	996,929	1,064,409	989,304	1,027,880
	2. Canada				
	3. Other Countries				
	4. Totals	996,929	1,064,409	989,304	1,027,880
States, Territories and Possessions (Direct and guaranteed)	5. United States	3,434,602	3,493,224	3,471,865	3,250,000
	6. Canada				
	7. Other Countries				
	8. Totals	3,434,602	3,493,224	3,471,865	3,250,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	2,500,414	2,503,101	2,493,152	2,505,000
	10. Canada				
	11. Other Countries				
	12. Totals	2,500,414	2,503,101	2,493,152	2,505,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	8,041,066	8,131,250	8,088,603	7,988,014
	14. Canada				
	15. Other Countries				
	16. Totals	8,041,066	8,131,250	8,088,603	7,988,014
Public Utilities (unaffiliated)	17. United States	467,422	467,422	467,422	467,422
	18. Canada				
	19. Other Countries				
	20. Totals	467,422	467,422	467,422	467,422
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	6,656,631	6,773,698	6,620,519	6,700,000
	22. Canada				
	23. Other Countries				
	24. Totals	6,656,631	6,773,698	6,620,519	6,700,000
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	22,097,064	22,433,104	22,130,865	21,938,316
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	7,492	7,492	10,000	
	46. Canada				
	47. Other Countries				
	48. Totals	7,492	7,492	10,000	
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals				
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks	7,492	7,492	10,000	
	55. Total Stocks	7,492	7,492	10,000	
	56. Total Bonds and Stocks	22,104,556	22,440,596	22,140,865	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ 16,155,007 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	19,953,837	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3	4,574,963	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	(4,425)	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	(966)	7. Book/adjusted carrying value at end of current period	22,104,555
3.4 Column 10, Part 4	348	8. Total valuation allowance	
4. Total gain (loss), Column 14, Part 4	(42,835)	9. Subtotal (Line 7 plus Line 8)	22,104,555
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4	2,376,367	10. Total nonadmitted amounts	
		11. Statement value of bonds and stocks, current period	22,104,555

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	80	29	9	1	5	4	64	XXX	
2. 1993				(403)	(20)	(57)		(21)	53	(470)	XXX	
3. 1994				(518)	(3)	(35)	5	(17)	86	(572)	XXX	
4. 1995	7,138	491	6,647	3,560	177	278	9	306	140	3,958	XXX	
5. 1996	8,253	470	7,783	5,059	119	418	22	435	202	5,771	XXX	
6. 1997	9,227	438	8,789	5,036	192	351	15	493	203	5,672	XXX	
7. 1998	9,681	451	9,230	5,856	649	290	34	656	18	6,101	XXX	
8. 1999	10,482	659	9,823	6,445	531	302	29	783	18	6,952	XXX	
9. 2000	10,617	1,057	9,560	5,798	860	210	91	823	4	5,876	XXX	
10. 2001	10,989	852	10,137	4,524	515	128	46	665	161	4,756	XXX	
11. 2002	11,563	943	10,620	2,432	168	43	16	485	68	2,776	XXX	
12. Totals	XXX	XXX	XXX	37,869	3,217	1,937	277	4,613	41	1,483	40,884	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.	499	259	170	13			45	2	16		7	456	XXX
2.	123	25	38	6			14		5		3	149	XXX
3.	123	36	44	10			22		6		4	149	XXX
4.	179	67	50	10			27		8		5	187	XXX
5.	223	41	86	12			43		13		9	312	XXX
6.	225	40	117	14			51		16		12	355	XXX
7.	373	40	153	23			84		25		20	572	XXX
8.	619	45	253	21			164		36		39	1,006	XXX
9.	910	54	493	26			248	1	60		48	1,630	XXX
10.	1,369	124	908	45			343	2	110		80	2,559	XXX
11.	1,422	45	2,314	49			455	1	437		148	4,533	XXX
12.	6,065	776	4,626	229			1,496	6	732		375	11,908	XXX

	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	397	59
2.	(301)	20	(321)							130	19
3.	(375)	48	(423)							121	28
4.	4,408	263	4,145	61.8	53.6	62.4			1.0	152	35
5.	6,277	194	6,083	76.1	41.3	78.2			1.0	256	56
6.	6,289	262	6,027	68.2	59.8	68.6			1.0	288	67
7.	7,437	764	6,673	76.8	169.4	72.3			1.0	463	109
8.	8,602	644	7,958	82.1	97.7	81.0			1.0	806	200
9.	8,542	1,036	7,506	80.5	98.0	78.5			1.0	1,323	307
10.	8,047	732	7,315	73.2	85.9	72.2			1.0	2,108	451
11.	7,588	279	7,309	65.6	29.6	68.8			1.0	3,642	891
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	9,686	2,222

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			(7)	(14)	(125)	(206)	(332)	(429)	(461)	(436)	25	(7)
2. 1993			(119)	(148)	(151)	(196)	(242)	(277)	(280)	(282)	(2)	(5)
3. 1994	XXX		(10)	(172)	(280)	(313)	(369)	(391)	(391)	(403)	(12)	(12)
4. 1995	XXX	XXX	4,483	4,280	4,100	3,976	3,884	3,841	3,832	3,840	8	(1)
5. 1996	XXX	XXX	XXX	5,981	5,989	5,844	5,719	5,676	5,656	5,649	(7)	(27)
6. 1997	XXX	XXX	XXX	XXX	6,096	5,867	5,670	5,582	5,535	5,519	(16)	(63)
7. 1998	XXX	XXX	XXX	XXX	XXX	6,347	6,208	6,065	6,025	6,015	(10)	(50)
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	7,239	7,151	7,102	7,164	62	13
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,653	6,641	6,629	(12)	(24)
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,615	6,539	(76)	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,396	XXX	XXX
12. Totals											(40)	(176)

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		(2,311)	(1,804)	(1,456)	(1,306)	(1,174)	(1,075)	(991)	(931)	XXX	XXX
2. 1993			(1,362)	(1,120)	(828)	(646)	(550)	(499)	(471)	(450)	XXX	XXX
3. 1994	XXX		(1,863)	(1,551)	(1,231)	(950)	(773)	(648)	(585)	(555)	XXX	XXX
4. 1995	XXX	XXX	1,525	2,300	2,693	3,079	3,377	3,514	3,603	3,653	XXX	XXX
5. 1996	XXX	XXX	XXX	2,443	3,481	4,138	4,682	5,048	5,235	5,336	XXX	XXX
6. 1997	XXX	XXX	XXX	XXX	2,453	3,600	4,256	4,730	5,039	5,181	XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX	2,582	3,965	4,624	5,109	5,463	XXX	XXX
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	3,140	4,804	5,589	6,186	XXX	XXX
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,907	4,426	5,056	XXX	XXX
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,743	4,091	XXX	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,291	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			902	802	654	553	394	296	233	200
2. 1993			513	370	258	175	118	81	59	47
3. 1994	XXX		977	664	426	282	164	110	78	56
4. 1995	XXX	XXX	1,943	1,100	701	435	239	150	92	67
5. 1996	XXX	XXX	XXX	2,133	1,240	770	417	269	177	117
6. 1997	XXX	XXX	XXX	XXX	2,152	1,186	745	445	237	154
7. 1998	XXX	XXX	XXX	XXX	XXX	2,114	1,167	718	350	214
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	2,454	1,275	673	395
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,377	1,141	714
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,444	1,204
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,719

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	No								
5. California	CA	No								
6. Colorado	CO	No								
7. Connecticut	CT	No								
8. Delaware	DE	No								
9. Dist. Columbia	DC	No								
10. Florida	FL	No								
11. Georgia	GA	No								
12. Hawaii	HI	No								
13. Idaho	ID	No								
14. Illinois	IL	No								
15. Indiana	IN	No								
16. Iowa	IA	No								
17. Kansas	KS	No								
18. Kentucky	KY	No								
19. Louisiana	LA	No								
20. Maine	ME	No								
21. Maryland	MD	Yes								
22. Massachusetts	MA	No								
23. Michigan	MI	Yes								
24. Minnesota	MN	No								
25. Mississippi	MS	No								
26. Missouri	MO	No								
27. Montana	MT	No								
28. Nebraska	NE	No								
29. Nevada	NV	No								
30. New Hampshire	NH	No								
31. New Jersey	NJ	No								
32. New Mexico	NM	No								
33. New York	NY	No								
34. North Carolina	NC	No								
35. North Dakota	ND	No								
36. Ohio	OH	Yes	9,361,258	12,072,010	8,481,638	6,901,725	10,622,024	55,590		
37. Oklahoma	OK	No								
38. Oregon	OR	No								
39. Pennsylvania	PA	No								
40. Rhode Island	RI	No								
41. South Carolina	SC	No								
42. South Dakota	SD	No								
43. Tennessee	TN	No								
44. Texas	TX	No								
45. Utah	UT	No								
46. Vermont	VT	No								
47. Virginia	VA	Yes								
48. Washington	WA	No								
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								
58. Totals	(a)	4	9,361,258	12,072,010	8,481,638	6,901,725	10,622,024	55,590		
DETAILS OF WRITE-INS										
5701.		XXX								
5702.		XXX								
5703.		XXX								
5798. Summary of remaining write-ins for Line 57 from overflow page		XXX								
5799. Totals (Line 5701 through Line 5703 plus Line 5798) (Line 57 above)		XXX								

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

Location of risk: Fire, Allied Lines, FO, HO, CMP, Earthquake, Surety, and Burglary.

Principal Address of Policyholder: Inland Marine.

Location of Insured's operation: Workers' Compensation.

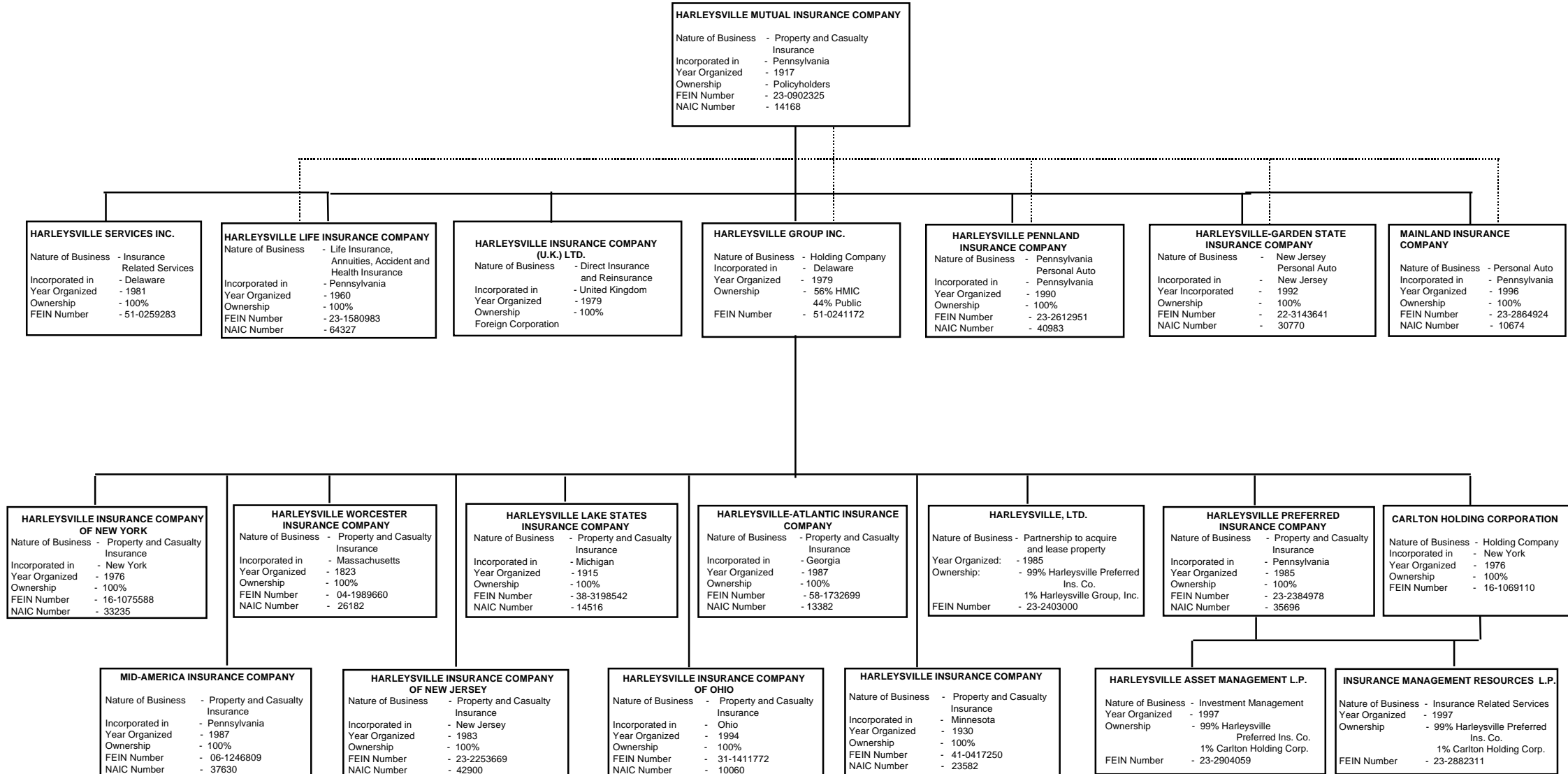
Location of risk or operation: Other Liability & Property Damage.

Location of Employer: Fidelity.

(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



..... Harleysville Group Management Agreements