



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

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

NAIC Group Code 0207 (Current Period) 0207 (Prior Period) NAIC Company Code 10271 Employer's ID Number 34-0541185
Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States of America
Incorporated 01/01/1905 Commenced Business 01/01/1859
Statutory Home Office 1685 Cleveland Road (Street and Number), Wooster, OH 44691 (City or Town, State and Zip Code)
Main Administrative Office 1685 Cleveland Road (Street and Number) Wooster, OH 44691-0036 (City or Town, State and Zip Code) 330-262-9060 (Area Code) (Telephone Number)
Mail Address 1685 Cleveland Road (Street and Number or P.O. Box), Wooster, OH 44691-0036 (City or Town, State and Zip Code)
Primary Location of Books and Records 1685 Cleveland Road (Street and Number) Wooster, OH 44691-0036 (City or Town, State and Zip Code) 330-262-9060 (Area Code) (Telephone Number)
Internet Website Address www.wrg-ins.com
Statement Contact Joseph E. Wilford (Name) 330-262-9060-2437 (Area Code) (Telephone Number) (Extension) Joe.Wilford@wrg-ins.com (E-mail Address) 330-264-7822 (Fax Number)
Policyowner Relations Contact 1685 Cleveland Rd. (Street and Number) Wooster, OH 44691-0036 (City or Town, State and Zip Code) 330-262-9060 (Area Code) (Telephone Number) (Extension)

OFFICERS
PRESIDENT W. CARLAN BRENNER SECRETARY JOHN P. MURPHY
TREASURER KENNETH B. STOCKMAN

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

W. CARLAN BRENNER JOHN P. MURPHY C. MICHAEL REARDON
KENNETH G. RHODE KENNETH B. STOCKMAN

State of OHIO
County of WAYNE } 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.

W. CARLAN BRENNER JOHN P. MURPHY KENNETH B. STOCKMAN
PRESIDENT SECRETARY 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

NOTARY PUBLIC

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds	6,016,556		6,016,556	5,172,211
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)	0		0	0
2.2 Common stocks (Schedule D, Part 2, Section 2)	3,121,337		3,121,337	4,938,898
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$121,968 Schedule E, Part 1) and short-term investments(\$4,037,440 Schedule DA, Part 2)	4,159,408		4,159,408	3,645,439
6. Other invested assets (Schedule BA)	0		0	0
7. Receivable for securities			0	0
8. Aggregate write-ins for invested assets	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8)	13,297,301	0	13,297,301	13,756,548
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection			0	0
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (Including				
\$ earned but unbilled premiums)	157,146	83	157,063	1,166,092
10.3 Accrued retrospective premiums			0	0
11. Funds held by or deposited with reinsured companies			0	0
12. Bills receivable, taken for premiums			0	0
13. Amounts receivable under high deductible policies			0	0
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8)	25,058		25,058	23,061
15. Federal and foreign income tax recoverable and interest thereon (including \$211,724 net deferred tax asset)	370,241		370,241	0
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software			0	0
18. Interest, dividends and real estate income due and accrued	79,970		79,970	71,397
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Receivable from parent, subsidiaries and affiliates	178,559		178,559	0
21. Amount due from/to protected cells			0	0
22. Equities and deposits in pools and associations			0	0
23. Amounts receivable relating to uninsured accident and health plans			0	0
24. Other assets nonadmitted (Exhibit 1)			0	0
25. Aggregate write-ins for other than invested assets	326	0	326	476
26. Total assets excluding protected cell assets (Lines 9 through 25)	14,108,601	83	14,108,518	15,017,574
27. Protected cell assets			0	
28. TOTALS (Lines 26 and 27)	14,108,601	83	14,108,518	15,017,574
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)	0	0	0	0
2501. ASSUMED REINSURANCE RECEIVABLE	326	0	326	476
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	326	0	326	476

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	3,094,925	2,941,482
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)	0	0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	364,400	354,399
4. Commissions payable, contingent commissions and other similar charges	201,083	138,753
5. Other expenses (excluding taxes, licenses and fees)	62,447	52,878
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	100,442	89,745
7. Federal and foreign income taxes (including \$ on realized capital gains (losses)) (including \$ net deferred tax liability)		45,844
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$)	2,753,403	2,396,669
10. Advance premiums	60,952	
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)	75,413	73,629
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others	176,984	323,001
15. Remittances and items not allocated		0
16. Provision for reinsurance (Schedule F, Part 7)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates		803,519
20. Payable for securities		0
21. Liability for amounts held under uninsured accident and health plans		0
22. Capital Notes \$ and interest thereon \$		0
23. Aggregate write-ins for liabilities	157,011	76,738
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	7,047,060	7,296,657
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	7,047,060	7,296,657
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock		0
29. Preferred capital stock		0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes		0
32. Gross paid in and contributed surplus		0
33. Unassigned funds (surplus)	7,061,458	7,720,917
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		0
34.2 shares preferred (value included in Line 29 \$)		0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	7,061,458	7,720,917
36. TOTALS (Page 2, Line 28, Col. 3)	14,108,518	15,017,574
DETAILS OF WRITE-INS		
2301. Employee Distribution	131,747	76,738
2302. Deferred Option Income	18,029	0
2303. Option Liability	7,235	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	157,011	76,738
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	6,578,721	5,735,148
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	4,524,179	4,233,703
3. Loss expenses incurred (Part 3, Line 25, Column 1)	499,266	341,101
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	2,041,665	1,742,974
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	7,065,110	6,317,778
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(486,389)	(582,630)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	398,867	532,539
10. Net realized capital gains or (losses) (Exhibit of Capital Gains (Losses))	24,426	252,767
11. Net investment gain or (loss) (Lines 9 + 10)	423,293	785,306
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$)	(6,002)	(3,575)
13. Finance and service charges not included in premiums	141,603	135,199
14. Aggregate write-ins for miscellaneous income	(128,805)	(66,923)
15. Total other income (Lines 12 through 14)	6,796	64,701
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	(56,300)	267,377
17. Dividends to policyholders		0
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	(56,300)	267,377
19. Federal and foreign income taxes incurred	(53,689)	0
20. Net income (Line 18 minus Line 19) (to Line 22)	(2,611)	267,377
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	7,720,917	8,574,600
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	(2,611)	267,377
23. Net unrealized capital gains or (losses)	(917,006)	(934,829)
24. Change in net unrealized foreign exchange capital gain (loss)		0
25. Change in net deferred income tax	257,568	363,416
26. Change in nonadmitted assets (Exhibit 1, Line 5, Col. 3)	9,825	(5,052)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
28. Change in surplus notes		0
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		(544,595)
31. Capital changes:		
31.1. Paid in		0
31.2. Transferred from surplus (Stock Dividend)		0
31.3. Transferred to surplus		0
32. Surplus adjustments:		
32.1. Paid in		0
32.2. Transferred to capital (Stock Dividend)		0
32.3. Transferred from capital		0
33. Net remittances from or (to) Home Office		0
34. Dividends to stockholders (cash)		0
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)	0	0
36. Aggregate write-ins for gains and losses in surplus	(7,235)	0
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	(659,459)	(853,683)
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	7,061,458	7,720,917
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0
1401. EMPLOYEE DISTRIBUTION	(131,750)	(65,617)
1402. OTHER INCOME	2,945	(1,306)
1403.		0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	(128,805)	(66,923)
3601. Option Liability	(7,235)	0
3602.		
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above)	(7,235)	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	8,017,045	5,930,885
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	4,861,999	4,286,740
3. Underwriting expenses paid	1,971,073	1,695,063
4. Other underwriting income (expenses)	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	1,183,973	(50,918)
6. Net investment income	404,799	533,452
7. Other income (expenses):		
7.1 Agents' balances charged off	(6,002)	(3,575)
7.2 Net funds held under reinsurance treaties	0	0
7.3 Net amount withheld or retained for account of others	(120,753)	213,835
7.4 Aggregate write-ins for miscellaneous items	75,031	(59,486)
7.5 Total other income (Lines 7.1 to 7.4)	(51,724)	150,774
8. Dividends to policyholders on direct business, less \$ dividends on reinsurance assumed or ceded (net)	0	0
9. Federal and foreign income taxes (paid) recovered	(104,828)	(1)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	1,432,220	633,307
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	1,487,705	3,113,644
11.2 Stocks	8,051,412	8,658,907
11.3 Mortgage loans	0	0
11.4 Real estate	0	0
11.5 Other invested assets	0	0
11.6 Net gains or (losses) on cash and short-term investments	0	0
11.7 Miscellaneous proceeds	0	0
11.8 Total investment proceeds (Lines 11.1 to 11.7)	9,539,117	11,772,551
12. Cost of investments acquired (long-term only):		
12.1 Bonds	2,291,036	964,804
12.2 Stocks	7,184,404	9,254,561
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Miscellaneous applications	0	0
12.7 Total investments acquired (Lines 12.1 to 12.6)	9,475,440	10,219,365
13. Net Cash from investments (Line 11.8 minus Line 12.7)	63,677	1,553,186
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in	0	0
14.2 Capital notes \$ less amounts repaid \$	0	0
14.3 Net transfers from affiliates	0	101,535
14.4 Borrowed funds received	0	0
14.5 Other cash provided	150	703
14.6 Total (Lines 14.1 to 14.5)	150	102,238
15. Cash applied:		
15.1 Dividends to stockholders paid	0	0
15.2 Net transfers to affiliates	982,078	0
15.3 Borrowed funds repaid	0	0
15.4 Other applications	0	0
15.5 Total (Lines 15.1 to 15.4)	982,078	0
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	(981,928)	102,238
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	513,969	2,288,731
18. Cash and short-term investments:		
18.1 Beginning of year	3,645,439	1,356,708
18.2 End of year (Line 17 plus Line 18.1)	4,159,408	3,645,439
DETAILS OF WRITE-INS		
07.401 FINANCE AND SERVICE CHARGES NOT INCLUDED IN PREMIUMS	141,603	135,199
07.402 EMPLOYEE DISTRIBUTION	(55,009)	(193,379)
07.403 OTHER INCOME	(11,563)	(1,306)
07.498 Summary of remaining write-ins for Line 7.4 from overflow page	0	0
07.499 Totals (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above)	75,031	(59,486)

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Lines of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 2	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	46,086	34,588	29,957	50,717
2.	Allied lines	22,729	11,857	12,577	22,009
3.	Farmowners multiple peril	394,089	192,155	221,635	364,609
4.	Homeowners multiple peril	1,354,009	675,319	789,649	1,239,679
5.	Commercial multiple peril	565,633	242,197	300,963	506,867
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	0	0	0	0
9.	Inland marine	46,153	22,231	24,413	43,971
10.	Financial guaranty	0	0	0	0
11.1	Medical malpractice - occurrence	0	0	0	0
11.2	Medical malpractice - claims-made	0	0	0	0
12.	Earthquake	894	420	405	909
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	0	0	0	0
16.	Workers' compensation	64,262	25,827	31,642	58,447
17.1	Other liability - occurrence	18,974	12,100	12,673	18,401
17.2	Other liability - claims-made	0	0	0	0
18.1	Products liability - occurrence	4,605	1,830	2,282	4,153
18.2	Products liability - claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	2,228,279	580,443	636,176	2,172,546
19.3,19.4	Commercial auto liability	280,212	117,926	134,325	263,813
21.	Auto physical damage	1,905,716	477,897	554,863	1,828,750
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	0	0	0	0
24.	Surety	0	0	0	0
26.	Burglary and theft	3,814	1,879	1,843	3,850
27.	Boiler and machinery	0	0	0	0
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Reinsurance - Nonproportional Assumed Property	0	0	0	0
31.	Reinsurance - Nonproportional Assumed Liability	0	0	0	0
32.	Reinsurance - Nonproportional Assumed Financial Lines	0	0	0	0
33.	Aggregate write-ins for other lines of business	0	0	0	0
34.	TOTALS	6,935,455	2,396,669	2,753,403	6,578,721
DETAILS OF WRITE-INS					
3301.				
3302.				
3303.				
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0

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 Cols: 1 + 2 + 3 + 4
1. Fire	29,957				29,957
2. Allied lines	12,577				12,577
3. Farmowners multiple peril	221,635				221,635
4. Homeowners multiple peril	789,649				789,649
5. Commercial multiple peril	300,963				300,963
6. Mortgage guaranty					0
8. Ocean marine					0
9. Inland marine	24,413				24,413
10. Financial guaranty					0
11.1 Medical malpractice - occurrence					0
11.2 Medical malpractice - claims-made					0
12. Earthquake	405				405
13. Group accident and health					0
14. Credit accident and health (group and individual)					0
15. Other accident and health					0
16. Workers' compensation	31,642				31,642
17.1 Other liability - occurrence	12,673				12,673
17.2 Other liability - claims-made					0
18.1 Products liability - occurrence	2,282				2,282
18.2 Products liability - claims-made					0
19.1,19.2 Private passenger auto liability	636,176				636,176
19.3,19.4 Commercial auto liability	134,325				134,325
21. Auto physical damage	554,863				554,863
22. Aircraft (all perils)					0
23. Fidelity					0
24. Surety					0
26. Burglary and theft	1,843				1,843
27. Boiler and machinery					0
28. Credit					0
29. International					0
30. Reinsurance - Nonproportional Assumed Property					0
31. Reinsurance - Nonproportional Assumed Liability					0
32. Reinsurance - Nonproportional Assumed Financial Lines					0
33. Aggregate write-ins for other lines of business	0	0	0	0	0
34. TOTALS	2,753,403	0	0	0	2,753,403
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					2,753,403
DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0

(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 .

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 Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	78,880	46,086		69,670	9,210	46,086
2. Allied lines	36,935	22,729		32,489	4,446	22,729
3. Farmowners multiple peril	664,260	394,089		599,158	65,102	394,089
4. Homeowners multiple peril	106,548	1,354,009		94,627	11,921	1,354,009
5. Commercial multiple peril		565,633				565,633
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine		46,153				46,153
10. Financial guaranty						0
11.1 Medical malpractice - occurrence						0
11.2 Medical malpractice - claims-made						0
12. Earthquake		894				894
13. Group accident and health						0
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation		64,262				64,262
17.1 Other liability - occurrence	5,548	18,974		5,254	294	18,974
17.2 Other liability - claims-made						0
18.1 Products liability - occurrence		4,605				4,605
18.2 Products liability - claims-made						0
19.1,19.2 Private passenger auto liability		2,228,279				2,228,279
19.3,19.4 Commercial auto liability		280,212				280,212
21. Auto physical damage		1,905,716				1,905,716
22. Aircraft (all perils)						0
23. Fidelity						0
24. Surety						0
26. Burglary and theft		3,814				3,814
27. Boiler and machinery						0
28. Credit						0
29. International						0
30. Reinsurance - Nonproportional Assumed Property	XXX					0
31. Reinsurance - Nonproportional Assumed Liability	XXX					0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX					0
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0
34. TOTALS	892,171	6,935,455	0	801,198	90,973	6,935,455
DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0

(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 reported on an annualized basis \$

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Previous Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	33,583	17,745	33,583	17,745	7,378	3,925	21,198	41.8
2. Allied lines	19,421	19,789	19,421	19,789	3,829	2,448	21,170	96.2
3. Farmowners multiple peril	295,310	277,342	295,310	277,342	114,547	123,756	268,133	73.5
4. Homeowners multiple peril	90,667	1,107,486	90,667	1,107,486	368,338	343,810	1,132,014	91.3
5. Commercial multiple peril	.0	153,575	.0	153,575	168,403	132,668	189,310	37.3
6. Mortgage guaranty	.0	.0	.0	.0	.0	.0	.0	0.0
8. Ocean marine	.0	.0	.0	.0	.0	.0	.0	0.0
9. Inland marine	.0	14,481	.0	14,481	1,587	3,522	12,546	28.5
10. Financial guaranty	.0	.0	.0	.0	.0	.0	.0	0.0
11.1 Medical malpractice - occurrence	.0	.0	.0	.0	.0	.0	.0	0.0
11.2 Medical malpractice - claims-made	.0	.0	.0	.0	.0	.0	.0	0.0
12. Earthquake	.0	.0	.0	.0	.0	.0	.0	0.0
13. Group accident and health	.0	.0	.0	.0	.0	.0	.0	0.0
14. Credit accident and health (group and individual)	.0	.0	.0	.0	.0	.0	.0	0.0
15. Other accident and health	.0	.0	.0	.0	.0	.0	.0	0.0
16. Workers' compensation	.0	16,941	.0	16,941	27,348	27,275	17,014	29.1
17.1 Other liability - occurrence	2,795	9,565	2,795	9,565	47,101	58,665	(1,999)	(10.9)
17.2 Other liability - claims-made	.0	.0	.0	.0	.0	.0	.0	0.0
18.1 Products liability - occurrence	.0	128	.0	128	500	750	(122)	(2.9)
18.2 Products liability - claims-made	.0	.0	.0	.0	.0	.0	.0	0.0
19.1,19.2 Private passenger auto liability	.0	1,461,014	.0	1,461,014	2,082,942	1,981,109	1,562,847	71.9
19.3,19.4 Commercial auto liability	.0	107,062	.0	107,062	158,033	191,521	73,574	27.9
21. Auto physical damage	.0	1,182,484	.0	1,182,484	113,959	70,168	1,226,275	67.1
22. Aircraft (all perils)	.0	.0	.0	.0	.0	.0	.0	0.0
23. Fidelity	.0	.0	.0	.0	.0	.0	.0	0.0
24. Surety	.0	.0	.0	.0	.0	.0	.0	0.0
26. Burglary and theft	.0	3,124	.0	3,124	225	1,025	2,324	60.4
27. Boiler and machinery	.0	.0	.0	.0	.0	.0	.0	0.0
28. Credit	.0	.0	.0	.0	.0	.0	.0	0.0
29. International	.0	.0	.0	.0	.0	.0	.0	0.0
30. Reinsurance - Nonproportional Assumed Property	XXX	.0	.0	.0	735	840	(105)	0.0
31. Reinsurance - Nonproportional Assumed Liability	XXX	.0	.0	.0	.0	.0	.0	0.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX	.0	.0	.0	.0	.0	.0	0.0
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	0.0
34. TOTALS	441,776	4,370,736	441,776	4,370,736	3,094,925	2,941,482	4,524,179	68.8
DETAILS OF WRITE-INS								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	0.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0.0

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

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 (Cols. 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 Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	.1	6,190	.1	6,190	.0	1,207	19	7,378	629
2. Allied lines	3,000	3,829	3,000	3,829	.0	.0	.0	3,829	785
3. Farmowners multiple peril	26,475	74,292	26,475	74,292	11,226	40,255	11,226	114,547	14,842
4. Homeowners multiple peril	10,851	247,893	10,851	247,893	4,406	120,445	4,406	368,338	71,955
5. Commercial multiple peril	.0	117,903	.0	117,903	.0	50,500	.0	168,403	58,615
6. Mortgage guaranty	.0	.0	.0	.0	.0	.0	.0	.0	.0
8. Ocean marine	.0	.0	.0	.0	.0	.0	.0	.0	.0
9. Inland marine	.0	700	.0	700	.0	887	.0	1,587	110
10. Financial guaranty	.0	.0	.0	.0	.0	.0	.0	.0	.0
11.1 Medical malpractice - occurrence	.0	.0	.0	.0	.0	.0	.0	.0	.0
11.2 Medical malpractice - claims-made	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Earthquake	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Group accident and health	.0	.0	.0	.0	.0	.0	.0	(a)	.0
14. Credit accident and health (group and individual)	.0	.0	.0	.0	.0	.0	.0	.0	.0
15. Other accident and health	.0	.0	.0	.0	.0	.0	.0	(a)	.0
16. Workers' compensation	.0	7,248	.0	7,248	.0	20,100	.0	27,348	14,090
17.1 Other liability - occurrence	25,027	23,801	25,027	23,801	33,704	23,300	33,704	47,101	18,240
17.2 Other liability - claims-made	.0	.0	.0	.0	.0	.0	.0	.0	.0
18.1 Products liability - occurrence	.0	500	.0	500	.0	.0	.0	500	.0
18.2 Products liability - claims-made	.0	.0	.0	.0	.0	.0	.0	.0	.0
19.1,19.2 Private passenger auto liability	.0	1,479,192	.0	1,479,192	.0	603,750	.0	2,082,942	135,684
19.3,19.4 Commercial auto liability	.0	106,933	.0	106,933	.0	51,100	.0	158,033	13,452
21. Auto physical damage	.0	83,259	.0	83,259	.0	30,700	.0	113,959	35,986
22. Aircraft (all perils)	.0	.0	.0	.0	.0	.0	.0	.0	.0
23. Fidelity	.0	.0	.0	.0	.0	.0	.0	.0	.0
24. Surety	.0	.0	.0	.0	.0	.0	.0	.0	.0
26. Burglary and theft	.0	200	.0	200	.0	25	.0	225	12
27. Boiler and machinery	.0	.0	.0	.0	.0	.0	.0	.0	.0
28. Credit	.0	.0	.0	.0	.0	.0	.0	.0	.0
29. International	.0	.0	.0	.0	.0	.0	.0	.0	.0
30. Reinsurance - Nonproportional Assumed Property	XXX	735	.0	735	XXX	.0	.0	735	.0
31. Reinsurance - Nonproportional Assumed Liability	XXX	.0	.0	.0	XXX	.0	.0	.0	.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX	.0	.0	.0	XXX	.0	.0	.0	.0
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	65,354	2,152,675	65,354	2,152,675	49,336	942,269	49,355	3,094,925	364,400
DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	212,953			212,953
1.2 Reinsurance assumed				0
1.3 Reinsurance ceded	7,160			7,160
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	205,793	0	0	205,793
2. Commission and brokerage:				
2.1 Direct excluding contingent		1,129,122		1,129,122
2.2 Reinsurance assumed excluding contingent				0
2.3 Reinsurance ceded excluding contingent		19,387		19,387
2.4 Contingent-direct		100,901		100,901
2.5 Contingent-reinsurance assumed				0
2.6 Contingent-reinsurance ceded				0
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	1,210,636	0	1,210,636
3. Allowances to managers and agents		13,786		13,786
4. Advertising		2,858		2,858
5. Boards, bureaus and associations	1,194	21,814		23,008
6. Surveys and underwriting reports		86,894		86,894
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries	156,121	351,735	24,872	532,728
8.2 Payroll taxes	11,931	26,258	1,989	40,178
9. Employee relations and welfare	23,172	60,408	4,037	87,617
10. Insurance	2,759	2,759	0	5,518
11. Directors' fees	2,219	3,965	247	6,431
12. Travel and travel items	3,213	6,262	578	10,053
13. Rent and rent items	10,997	7,998	1,000	19,995
14. Equipment	14,065	18,331	1,199	33,595
15. Cost or depreciation of EDP equipment and software	32,250	42,002	4,408	78,660
16. Printing and stationery	4,906	18,910	1,226	25,042
17. Postage, telephone and telegraph, exchange and express	23,631	33,691	1,170	58,492
18. Legal and auditing	7,015	11,243	26,634	44,892
19. Totals (Lines 3 to 18)	293,473	708,914	67,360	1,069,747
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		81,271		81,271
20.2 Insurance department licenses and fees		34,946		34,946
20.3 Gross guaranty association assessments		520		520
20.4 All other (excluding federal and foreign income and real estate)		3,310		3,310
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	120,047	0	120,047
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured accident and health plans				0
24. Aggregate write-ins for miscellaneous expenses	0	2,068	0	2,068
25. Total expenses incurred	499,266	2,041,665	67,360	(a) 2,608,291
26. Less unpaid expenses - current year	364,400	260,665		625,065
27. Add unpaid expenses - prior year	354,400	190,073	0	544,473
28. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured accident and health plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	489,266	1,971,073	67,360	2,527,699
DETAILS OF WRITE-INS				
2401. Charitable Contributions		2,068		2,068
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	0	2,068	0	2,068

(a) Includes management fees of \$ paid to affiliates and \$ paid to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 144,878	153,606
1.1 Bonds exempt from U.S. tax	(a) 96,334	98,814
1.2 Other bonds (unaffiliated)	(a) 27,038	27,943
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	109,001	105,705
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 80,399	80,156
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	457,650	466,224
11. Investment expenses		(g) 67,357
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		0
16. Total (Lines 11 through 15)		67,357
17. Net Investment Income - (Line 10 minus Line 16)		398,867
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ (3,797) accrual of discount less \$ 10,712 amortization of premium and less \$ 20,715 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds	56,033				56,033
1.1 Bonds exempt from U.S. tax	(511)				(511)
1.2 Other bonds (unaffiliated)					0
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)					0
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)	(33,546)		(918,129)		(951,675)
2.21 Common stocks of affiliates			1,122		1,122
3. Mortgage loans					0
4. Real estate					0
5. Contract loans					0
6. Cash/Short-term investments					0
7. Derivative instruments	2,450				2,450
8. Other invested assets					0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	24,426	0	(917,007)	0	(892,581)
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

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, Lines 10 to 17 and 19 to 23, Column 2	83	9,908	9,825
2. Other Nonadmitted Assets:			
2.1 Bills receivable		0	0
2.2 Furniture, equipment and supplies		0	0
2.3 Leasehold improvements		0	0
2.4 Loans on personal security, endorsed or not		0	0
3. Total (Lines 2.1 to 2.4)	0	0	0
4. Aggregate write-ins for other assets	0	0	0
5. Total (Line 1 plus Lines 3 and 4)	83	9,908	9,825
0401.			
0402.			
0403.			
0498. Summary of remaining write-ins for Line 4 from overflow page	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

- A. The accompanying financial statement of the company has been prepared in conformity with accounting practices prescribed by the National Association of Insurance Commissioner's *Accounting Practices and Procedures* manual and the state of Ohio.
- B. The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.
- C. Accounting policy disclosure for:
 - 1. Short-term investments are stated at cost.
 - 2. Bonds are stated at amortized cost (scientific amortization method).
 - 3. Common stocks are stated at market.
 - 4. Preferred stocks are stated at market.
 - 5. The company has no mortgage loans.
 - 6. The company has no Loan-backed securities.
 - 7. Investments in subsidiaries are stated at statutory equity value.
 - 8. The company has no joint ventures, partnerships, or limited liability companies.
 - 9. The Company wrote covered call options in 2002 to enhance income generation possibilities. These options were recorded as deferred income within a liability account. Expired or exercised options were recorded as capital gains. Market value of options was recorded as a charge to surplus in order to measure the potential economic impact if the company were to purchase options to offset all covered call options written.
 - 10. The company does not utilize anticipated investment income in the premium deficiency calculation.
 - 11. Management utilizes actuarial analyses of losses and loss adjustment expenses to determine reserve adequacy. The company has no exposure for toxic waste cleanup, asbestos-related illnesses or other environmental remediation exposures due to policy form exclusions.

02. Accounting Changes and Corrections of Errors.

No accounting changes or corrections of errors occurred.

03. Business Combinations and Goodwill

The company has no goodwill from business combinations.

04. Discontinued Operations

The company has no discontinued operations.

05. Investments

The company has no mortgage loans, debt restructuring loans, reverse mortgages, loan-backed securities, or stock repurchase agreements.

06. Joint Ventures, Partnerships and Limited Liability Companies

The company has no joint ventures, partnerships, or limited liability companies.

07. Investment Income

The company has no uncollectible accrued investment income.

8. Derivative Instruments

The Company wrote covered call options in 2002 to enhance income generation possibilities. These options were recorded as deferred income within a liability account. Expired or exercised options were recorded as capital gains. Capital gains on options in 2002 were \$2,450. Market value of options was recorded as a charge to surplus in order to measure the potential economic impact if the company were to purchase options to offset all covered call options written.

09. Income Taxes

The company files an individual federal income tax return.

	SMI <u>2002</u>	SMI <u>2001</u>	Increase <u>(Decrease)</u>
Pre-tax income	(56,300)	267,377	(323,677)
Deductible portion of tax-exempt interest	(105,570)	(115,713)	10,143
Dividends received deduction	(58,713)	(78,003)	19,290
Investment write-downs	(159,548)	140,663	(300,211)
Unearned premium adjustment	71,380	71,060	320
Other, net	<u>31,365</u>	<u>19,750</u>	<u>11,615</u>
Actual taxable income	<u>(277,386)</u>	<u>305,134</u>	<u>(582,520)</u>
Tax at 34%	(94,311)	103,746	(198,057)
Environmental tax	-	<u>1,882</u>	<u>(1,882)</u>
Total statutory rate tax	(94,311)	105,628	(199,939)
Underaccrual/(Overaccrual) prior	40,622		
Loss Carryforward benefit	-	<u>(105,628)</u>	<u>105,628</u>
Annual Statement Page 4	<u>(53,689)</u>	<u>0</u>	<u>(53,689)</u>

There would be available for recoupment, in the event of future loss, for income taxes incurred as follows:

Current year:	\$0
First preceding year:	\$0
Second preceding year:	\$0

Deferred Taxes

	<u>2002</u>	<u>2001</u>	<u>Change</u>
2002 Surplus Effect			
Change in Deferred Tax-unrealized	(133,276)	(376,449)	243,173
Change in Deferred Tax-unearned	187,231	162,974	24,257
Change in Deferred Tax-deferred comp*	57,477	43,236	14,241
Change in Deferred tax-loss discount	97,879	93,640	4,239
Change in Deferred Tax-sal/sub	(64,878)	(84,638)	19,760
Change in Deferred Tax-retiree health care accrual	17,272	10,064	7,208
Change in Deferred Tax-Deferred Options	(6,130)	-	(6,130)
Change in Deferred Tax-Deferred Options market change	2,460	-	2,460
Change in Loss Carryforward SMI	<u>53,689</u>	<u>105,329</u>	<u>(51,640)</u>
Total 2002 Surplus Effect Page 4 Line 25	211,724	(45,844)	257,568

All deferred tax assets were admitted; all deferred liabilities were recognized.

10. Information Concerning Parent, Subsidiaries and Affiliates

The company participates in a pooling agreement with Western Reserve Mutual Casualty Company, ("Western") and Lightning Rod Mutual Insurance Company ("Lightning" whereby net premiums, losses, underwriting expenses and related balance sheet amounts are shared on a 5%/40%/55% basis, respectively. Lightning Rod assumes 100% of the business from Western and Sonnenberg and cedes 40% to Western and 5% to Sonnenberg.

11. Debt

The company has no loans outstanding or surplus notes.

12. Retirement Plans, Deferred Compensation, and Other Postretirement Plans.

Employee Retirement: The company has a 401(k) plan that is available to all employees on entry dates after the completion of one year of continuous service. Deferred Compensation: The company has a non-qualified Voluntary Deferred Compensation plan for senior executive officers. The plan allows for deferral of annual base salaries, payouts under the annual incentive plan, and payouts under the "Performance Share Plan for Key Executives".

13. Capital and Surplus and Shareholders' and Policyholders' Dividend Restrictions.

The company is a mutual company, thus no stock or surplus dividends are applicable.

14. Contingencies

The company has no material contingent liabilities, has committed no reserves to cover any contingent liabilities, and has no pending legal proceedings beyond the ordinary course of business.

NOTES TO FINANCIAL STATEMENTS

15. Leases.
The company has no leases that would have a material financial effect.
16. Information about Financial Instruments With Off-Balance-Sheet Risk and Financial Instruments With Concentrations of Credit Risk.
The company has no off-balance-sheet risk or credit risk exposure.
17. Sale, Transfer, and Servicing of Financial Assets and Extinguishment of Liabilities
The company has no receivable transfer, financial asset servicing, or wash sale transactions.
18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans
The company has a fully insured accident and health plan.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
The company has no managing general agents or third party administrators.
20. Other Items
The company has no extraordinary items or unusual items.
21. Events Subsequent.
There were no events occurring subsequent to the close of the books as of December 31, 2001 that would have a material effect on the financial condition of the company.
22. Reinsurance
There were no uncollectible reinsurance balances written off and no commutations of ceded reinsurance. The company has no retroactive reinsurance agreements.
23. Retrospectively Rated Contracts and Contracts Subject to Redetermination
The company has no retrospectively rated contracts or contracts subject to redetermination.
24. Change in Incurred Losses and Loss Adjustment Expense
There were no changes to incurred losses or loss adjustment expenses ascribed to insured events of prior years nor retrospective premiums.
25. Intercompany Pooling Agreements.
Lightning Rod, NAIC number 26123, 55%, Western Reserve, NAIC number 26131, 40%, and Sonnenberg, NAIC number 10271, 5%, participate in a pooling agreement for all lines of business. Lightning Rod is the lead company.
26. Structured Settlements.
The company has no structured settlements.
27. Health Care Receivables
Not applicable.
28. Participating Policies
Not applicable.
29. Premium Deficiency Reserves
None.
30. High Deductibles
None.
31. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses.
The company does not discount any loss or adjustment expense reserves.
32. Asbestos/Environmental Reserves.
The company does not have asbestos or environmental reserves.
33. Subscriber Savings Accounts.
Not applicable.
34. Multiple Peril Crop Insurances.
The company does not write crop insurance.

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	3,067,689	23.070	3,067,689	23.070
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	565,008	4.249	565,008	4.249
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	1,336,071	10.048	1,336,071	10.048
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA		0.000		0.000
1.512 Issued by FNMA and FHLMC		0.000		0.000
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC		0.000		0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC		0.000		0.000
1.523 All other privately issued		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	1,047,788	7.880	1,047,788	7.880
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	33,616	0.253	33,616	0.253
3.32 Unaffiliated	3,039,745	22.860	3,039,745	22.860
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated	47,976	0.361	47,976	0.361
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash and short-term investments	4,159,408	31.280	4,159,408	31.280
9. Other invested assets		0.000		0.000
10. Total invested assets	13,297,301	100.000	13,297,301	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 [] 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 [] No [] NA []
- 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 []
- 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.12/31/2001
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/2001
- 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).09/15/2002
- 3.4 By what department or departments? Ohio.....
- 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 []
- 4.12 renewals? Yes [] No []
- 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 []
- 4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 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 []
- 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 []
- 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 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 or 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 Peat Marwick 191 W. Nationwide Blvd. Columbus, Ohio 43215.....
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Timothy A. Paddock, FCAS, MAAA, vice-president, Western Reserve Group.....
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 [] NA []

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 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 .. | \$0 |
| | 14.12 To stockholders not officers ... | \$0 |
| | 14.13 Trustees, supreme or grand (Fraternal only) | \$0 |
- 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 ... | \$0 |
| | 14.22 To stockholders not officers | \$0 |
| | 14.23 Trustees, supreme or grand (Fraternal only) | \$0 |
- 15.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this 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 of these obligations.
- 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	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred	0	0	0.000	0	[]	[]	[]	[]
Common	0	0	0.000	XXX	XXX	XXX	XXX	XXX

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

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

Custodial agreement with Merrill Lynch, Columbus, Ohio

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 other securities restricted as to sale ... \$
- 19.29 Other \$

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

19.31	19.35
19.32	19.36
19.33	19.37
19.34	19.38
	19.39

For categories (19.21) and (19.23) above, and for any other 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	2	3
Nature of Restriction	Description	Amount
.....
.....

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

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA [X]
If no, attach a description with this statement.

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

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

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

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

1	2
Name of Custodian(s)	Custodian's Address
Merrill Lynch.....	Columbus, Ohio.....
.....

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 []

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?..... \$.....0

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

1 Name	2 Amount Paid
	\$
	\$
	\$

24.1 Amount of payments for legal expenses, if any?..... \$.....0

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
	\$
	\$
	\$

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 departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & 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 Item (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 \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives \$0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives \$0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives \$0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives \$0
- 2.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]
- 2.2 If yes, state the amount of calendar year net premiums written on:
- 2.21 Participating policies \$
- 2.22 Non-participating policies \$
3. For Mutual Reporting Entities and Reciprocal Exchanges Only:
- 3.1 Does the reporting entity issue assessable policies? Yes [] No [X]
- 3.2 Does the reporting entity issue non-assessable policies? Yes [X] 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 [] NA []
- 4.22 As a direct expense of the Exchange Yes [] No [] NA []
- 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?
- The Company purchased clash cover for \$4 million excess of \$1 million. The Company avoids providing coverage to companies with large numbers of employees
- 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.
- Computer risk assessment models (RMS RiskLink and Guy Carpenter APOTH) were completed by the Company's reinsurance broker and have been utilized to measure the probable maximum loss impact on surplus for windstorm (\$3.7 million) and earthquake (\$1.7 million) for Western Reserve Group for a 100 year event. The groups coverage of the excess of \$2.5 million with an upper limit of \$35 million is subject to a 10% retention by the company
- 5.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
- The Company purchased catastrophe and aggregate stop loss coverage to limit losses
- 5.4 Does the reporting entity carry catastrophe reinsurance protection, with provision 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 uninsured catastrophic loss.
- 6.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer'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 provision)? Yes [] No [X]
- 6.2 If yes, indicate the number of reinsurance contracts containing such provisions:

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES (continued)

- 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 entity would have been required to charge had it retained the risks. Has this been done?..... Yes [] No [] NA [X]
- 9.1 Has this reporting entity guaranteed policies issued by any other entity and now in force?..... Yes [] No [X]
- 9.2 If yes, give full information

- 10.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
 10.11 Unpaid losses..... \$
 10.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$
- 10.2 Of the amount on Line 10.3 of the assets schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds..... \$
- 10.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [] NA []
- 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 []
- 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?..... \$0
- 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): \$175,000
- 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 this amount.7
- 13.1 Has this reporting entity guaranteed any financed 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:

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

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, Cols. 1, 2 & 3)					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	2,601,880	2,350,386	2,122,429	2,155,348	2,181,047
2. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	2,141,207	1,935,809	1,785,700	1,990,000	2,576,400
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	3,084,539	2,788,947	2,705,694	2,301,354	1,917,538
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
5. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
6. Total (Line 34)	7,827,626	7,075,142	6,613,823	6,446,702	6,674,985
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	2,596,332	2,342,566	2,109,794	2,059,401	2,089,120
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	2,025,392	1,788,631	1,571,074	1,465,619	1,468,251
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	2,313,731	1,959,418	1,797,771	1,524,865	1,493,105
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
11. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
12. Total (Line 34)	6,935,455	6,090,615	5,478,639	5,049,885	5,050,476
Statement of Income (Page 4)					
13. Net Underwriting Gain (Loss) (Line 8)	(486,389)	(582,630)	(387,227)	(223,179)	(315,481)
14. Net Investment Gain (Loss) (Line 11)	423,293	785,306	854,868	784,529	642,213
15. Total Other Income (Line 15)	6,796	64,701	(45,202)	(62,028)	(48,367)
16. Dividends to Policyholders (Line 17)	0	0	0	0	0
17. Federal and Foreign Income Taxes Incurred (Line 19)	(53,689)	0	0	0	(337,198)
18. Net Income (Line 20)	(2,611)	267,377	422,439	499,322	615,563
Balance Sheet Lines (Pages 2 and 3)					
19. Total Admitted Assets excluding Protected Cell (Page 2, Line 26, Col. 3)	14,108,518	15,017,574	14,735,046	13,648,320	14,147,330
20. Agents' Balances or Uncollected Premiums (Page 2, Col. 3)					
20.1 In Course of Collection (Line 10.1)	0	0	(72,686)	(65,442)	(62,114)
20.2 Deferred and not yet due (Line 10.2)	157,063	1,166,092	919,168	760,556	731,962
20.3 Accrued Retrospective Premiums (Line 10.3)	0	0	0	0	0
21. Total Liabilities excluding Protected Cell (Page 3, Line 24)	7,047,060	7,296,657	6,160,446	5,759,139	6,465,853
22. Losses (Page 3, Lines 1 and 2)	3,094,925	2,941,482	2,554,132	2,565,422	2,697,079
23. Loss Adjustment Expenses (Page 3, Line 3)	364,400	354,399	436,900	571,900	571,900
24. Unearned premiums (Page 3, Line 9)	2,753,403	2,396,669	2,041,202	1,824,594	1,743,241
25. Capital Paid Up (Page 3, Lines 28 & 29)	0	0	0	0	0
26. Surplus as Regards Policyholders (Page 3, Line 35)	7,061,458	7,720,917	8,574,600	7,889,181	7,681,477
Risk-Based Capital Analysis					
27. Total Adjusted Capital	7,061,458	7,720,917	8,574,600	7,889,181	7,681,477
28. Authorized Control Level Risk-Based Capital	639,537	711,337	723,428	723,716	800,555
Percentage Distribution of Cash and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 9, Col. 3) x 100.0					
29. Bonds (Line 1)	45.2	37.6	53.0	52.8	46.0
30. Stocks (Lines 2.1 & 2.2)	23.5	35.9	37.1	36.2	38.5
31. Mortgage Loans on Real Estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
32. Real Estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.2	0.2
33. Cash and Short-Term Investments (Line 5)	31.3	26.5	9.8	10.8	15.3
34. Other Invested Assets (Line 6)	0.0	0.0	0.0	0.0	0.0
35. Receivable for Securities (Line 7)	0.0	0.0	0.0	0.0	0.0
36. Aggregate Write-Ins for Invested Assets (Line 8)	0.0	0.0	0.0	0.0	0.0
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, Col. 1)	0	0	0	0	0
39. Affiliated Preferred Stocks (Schedule D, Summary, Line 39, Col. 1)	0	0	0	0	0
40. Affiliated Common Stocks (Schedule D, Summary, Line 53, Col. 2)	33,616	32,495	30,611	29,486	29,415
41. Affiliated Short-Term Investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
42. Affiliated Mortgage Loans on Real Estate	0	0	0	0	0
43. All Other Affiliated	0	0	0	0	0
44. Total of above Lines 38 to 43	33,616	32,495	30,611	29,486	29,415
45. Percentage of Investments in Parent, Subsidiaries and Affiliates to Surplus as Regards Policyholders (Line 44 above divided by Page 3, Col. 1, Line 35 x 100.0)	0.5	0.4	0.4	0.4	0.4

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)	(917,006)	(934,829)	262,439	(293,940)	324,820
47. Dividends to Stockholders (Line 34)	0	0	0	0	0
48. Change in surplus as regards policyholders for the year (Line 37)	(659,459)	(853,683)	685,419	207,704	948,250
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
49. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,597,505	1,654,351	1,412,774	1,871,535	1,599,671
50. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	1,290,627	1,119,477	1,441,345	1,249,195	1,601,696
51. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	1,924,380	1,949,750	1,589,640	1,125,990	1,723,704
52. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
53. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	11	220	100
54. Total (Line 34)	4,812,512	4,723,578	4,443,770	4,246,940	4,925,171
Net Losses Paid (Page 9, Part 2, Col. 4)					
55. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,594,710	1,492,143	1,391,012	1,505,867	1,562,120
56. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	1,237,623	1,081,405	1,114,012	869,129	940,051
57. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	1,538,403	1,272,805	1,338,159	959,988	1,132,988
58. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
59. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	11	220	100
60. Total (Line 34)	4,370,736	3,846,353	3,843,194	3,335,204	3,635,259
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)	68.8	73.8	72.8	64.5	66.3
63. Loss Expenses Incurred (Line 3)	7.6	5.9	6.2	8.6	10.0
64. Other Underwriting Expenses Incurred (Line 4)	31.0	30.4	28.3	31.4	30.0
65. Net Underwriting gain (loss) (Line 8)	(7.4)	(10.2)	(7.4)	(4.5)	(6.3)
Other Percentages					
66. Other Underwriting Expenses to Net Premiums Written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	29.3	27.6	28.0	32.1	30.8
67. Losses and Loss Expenses Incurred to Premiums Earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	76.4	79.8	79.0	73.1	76.3
68. Net Premiums Written to Policyholders' Surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	98.2	78.9	63.9	64.0	65.8
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, Col. 11)	(465)	(422)	(389)	(478)	(512)
70. Percent of Development of Loss and Loss Expenses Incurred to Policyholders' Surplus of Previous Year End (Line 69 above divided by Page 4, Line 21, Col. 1 x 100.0)	(6.0)	(4.9)	(4.9)	(6.2)	(7.6)
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, Col. 12)	(601)	(678)	(560)	(625)	(445)
72. Percent of Development of Loss and Loss Expenses Incurred to Reported Policyholders' Surplus of Second Previous Year End (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0)	(7.0)	(8.6)	(7.3)	(9.3)	(7.5)

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

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 3,067,689 2. Canada 0 3. Other Countries 0 4. Totals 3,067,689	3,287,596 0 0 3,287,596	3,072,409 0 0 3,072,409	3,050,000 0 0 3,050,000
States, Territories and Possessions (Direct and guaranteed)	5. United States 565,008 6. Canada 0 7. Other Countries 0 8. Totals 565,008	565,008 0 0 565,008	566,735 0 0 566,735	550,000 0 0 550,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States 1,336,071 10. Canada 0 11. Other Countries 0 12. Totals 1,336,071	1,336,071 0 0 1,336,071	1,357,207 0 0 1,357,207	1,315,000 0 0 1,315,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States 0 14. Canada 0 15. Other Countries 0 16. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Public Utilities (unaffiliated)	17. United States 0 18. Canada 0 19. Other Countries 0 20. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 1,047,788 22. Canada 0 23. Other Countries 0 24. Totals 1,047,788	1,101,003 0 0 1,101,003	1,050,936 0 0 1,050,936	1,077,652 0 0 1,077,652
Parent, Subsidiaries and Affiliates	25. Totals 0 26. Total Bonds 6,016,556	0 6,289,678	0 6,047,287	0 5,992,652
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States 0 28. Canada 0 29. Other Countries 0 30. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States 0 32. Canada 0 33. Other Countries 0 34. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	35. United States 0 36. Canada 0 37. Other Countries 0 38. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	39. Totals 0 40. Total Preferred Stocks 0	0 0	0 0	0 0
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States 214,673 42. Canada 0 43. Other Countries 0 44. Totals 214,673	214,673 0 0 214,673	180,470 0 0 180,470	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 784,438 46. Canada 0 47. Other Countries 0 48. Totals 784,438	784,438 0 0 784,438	324,263 0 0 324,263	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	49. United States 2,088,610 50. Canada 0 51. Other Countries 0 52. Totals 2,088,610	2,088,610 0 0 2,088,610	2,219,167 0 0 2,219,167	0 0 0 0
Parent, Subsidiaries and Affiliates	53. Totals 33,616 54. Total Common Stocks 3,121,337	33,616 3,121,337	5,450 2,729,350	0 2,729,350
	55. Total Stocks 3,121,337 56. Total Bonds and Stocks 9,137,893	3,121,337 9,411,015	2,729,350 8,776,637	0 0

(a) The aggregate value of bonds which are valued at other than actual fair value is \$2,002,651 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 10,111,109	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 9,475,440	6.1 Column 17, Part 1 0
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Sec. 1 0
3.1 Column 16, Part 1 (22,749)	6.3 Column 11, Part 2, Sec. 2 0
3.2 Column 12, Part 2, Sec. 1 0	6.4 Column 11, Part 4 0
3.3 Column 10, Part 2, Sec. 2 (416,621)	7. Book/adjusted carrying value at end of current period 9,137,892
3.4 Column 10, Part 4 (492,146) (931,516)	8. Total valuation allowance 0
4. Total gain (loss), Col. 14, Part 4 21,976	9. Subtotal (Lines 7 plus 8) 9,137,892
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 9,539,117	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 9,137,892

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 (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 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	9	4	2	1	1	0	1	7	XXX
2. 1993	3,571	736	2,835	3,541	607	300	20	161	0	145	3,375	XXX
3. 1994	3,880	415	3,465	3,892	309	343	9	191	0	139	4,108	XXX
4. 1995	4,509	374	4,135	4,369	250	350	7	212	0	188	4,674	XXX
5. 1996	4,542	378	4,164	4,690	369	361	7	259	0	174	4,934	XXX
6. 1997	4,112	336	3,776	3,953	282	249	8	259	0	138	4,171	XXX
7. 1998	3,837	275	3,562	3,515	186	74	2	348	0	123	3,749	XXX
8. 1999	3,817	305	3,512	3,281	155	61	0	192	0	123	3,379	XXX
9. 2000	5,560	299	5,261	4,120	549	57	2	378	1	158	4,003	XXX
10. 2001	6,130	269	5,861	3,900	238	20	0	313	3	145	3,992	XXX
11. 2002	7,053	475	6,578	3,266	79	10	0	268	1	75	3,464	XXX
12. Totals	XXX	XXX	XXX	38,536	3,028	1,827	56	2,582	5	1,409	39,856	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 and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded					
1.	9	1	16	7	0	0	0	0	0	0	0	17	XXX
2.	11	5	18	8	0	0	0	0	0	0	0	16	XXX
3.	4	0	23	9	0	0	0	0	0	0	0	18	XXX
4.	5	0	27	10	0	0	1	0	1	0	0	24	XXX
5.	24	3	28	10	2	0	1	0	1	0	0	43	XXX
6.	30	1	30	11	2	0	1	0	3	0	0	54	XXX
7.	25	2	33	11	3	0	2	0	3	0	0	53	XXX
8.	149	31	35	12	7	0	4	0	6	0	0	158	XXX
9.	307	60	63	20	21	2	11	1	17	0	0	336	XXX
10.	595	51	184	46	44	2	20	1	35	0	0	778	XXX
11.	1,297	143	804	181	82	4	43	3	67	0	0	1,962	XXX
12. Totals	2,456	297	1,261	325	161	8	83	5	133	0	0	3,459	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				
												Loss and Loss Expense Percentage (Incurred/Premiums Earned)		Nontabular Discount	
												Loss and Loss Expense Percentage (Incurred/Premiums Earned)		Nontabular Discount	
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	17	0				
2.	4,031	640	3,391	112.9	87.0	119.6	0	0		16	0				
3.	4,453	327	4,126	114.8	78.8	119.1	0	0		18	0				
4.	4,965	267	4,698	110.1	71.4	113.6	0	0		22	2				
5.	5,366	389	4,977	118.1	102.9	119.5	0	0		39	4				
6.	4,527	302	4,225	110.1	89.9	111.9	0	0		48	6				
7.	4,003	201	3,802	104.3	73.1	106.7	0	0		45	8				
8.	3,735	198	3,537	97.9	64.9	100.7	0	0		141	17				
9.	4,974	635	4,339	89.5	212.4	82.5	0	0		290	46				
10.	5,111	341	4,770	83.4	126.8	81.4	0	0		682	96				
11.	5,837	411	5,426	82.8	86.5	82.5	0	0		1,777	185				
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	3,095	364				

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.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

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	2	3	4	5	6	7	8	9	10	11	12
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	One Year	Two Year
1. Prior	.898	.880	.925	.885	.868	.889	.871	.877	.889	.888	(1)	11
2. 1993	3,709	3,163	3,203	3,233	3,227	3,218	3,226	3,232	3,231	3,230	(1)	(2)
3. 1994	XXX	4,282	3,965	3,921	3,915	3,915	3,924	3,936	3,932	3,935	3	(1)
4. 1995	XXX	XXX	4,806	4,580	4,540	4,524	4,510	4,499	4,486	4,485	(1)	(14)
5. 1996	XXX	XXX	XXX	5,146	4,858	4,774	4,760	4,750	4,720	4,717	(3)	(33)
6. 1997	XXX	XXX	XXX	XXX	4,562	4,138	4,054	4,029	3,971	3,963	(8)	(66)
7. 1998	XXX	XXX	XXX	XXX	XXX	3,972	3,607	3,547	3,465	3,451	(14)	(96)
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	3,792	3,485	3,372	3,339	(33)	(146)
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,199	4,066	3,945	(121)	(254)
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,711	4,425	(286)	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,092	XXX	XXX
12. Totals											(465)	(601)

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	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002		
1. Prior	.000	.435	.691	.789	.826	.854	.849	.854	.865	.871	XXX	XXX
2. 1993	1,952	2,551	2,880	3,075	3,165	3,202	3,209	3,214	3,213	3,214	XXX	XXX
3. 1994	XXX	2,330	3,162	3,566	3,757	3,849	3,886	3,911	3,911	3,917	XXX	XXX
4. 1995	XXX	XXX	2,775	3,693	4,089	4,342	4,422	4,450	4,460	4,462	XXX	XXX
5. 1996	XXX	XXX	XXX	3,162	4,014	4,385	4,590	4,659	4,675	4,675	XXX	XXX
6. 1997	XXX	XXX	XXX	XXX	2,650	3,387	3,706	3,857	3,892	3,912	XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX	2,321	2,922	3,207	3,337	3,401	XXX	XXX
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	2,205	2,792	3,063	3,187	XXX	XXX
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,801	3,386	3,626	XXX	XXX
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,881	3,682	XXX	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,197	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	2	3	4	5	6	7	8	9	10
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1. Prior	.237	.98	.49	.10	.0	.0	.9	.7	.7	.9
2. 1993	1,000	180	98	38	10	.0	.7	.8	.9	10
3. 1994	XXX	1,035	343	94	39	11	.9	12	13	14
4. 1995	XXX	XXX	.895	.327	.109	.39	.34	.19	.15	.18
5. 1996	XXX	XXX	XXX	.933	.342	.113	.65	.42	.23	.19
6. 1997	XXX	XXX	XXX	XXX	.921	.334	.118	.54	.26	.20
7. 1998	XXX	XXX	XXX	XXX	XXX	.885	.280	.152	.40	.24
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	.766	.276	.78	.27
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.602	.213	.53
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.585	.157
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.663

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 Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	No	0	0	0	0	0	0	0
2. Alaska	AK	No	0	0	0	0	0	0	0
3. Arizona	AZ	No	0	0	0	0	0	0	0
4. Arkansas	AR	No	0	0	0	0	0	0	0
5. California	CA	No	0	0	0	0	0	0	0
6. Colorado	CO	No	0	0	0	0	0	0	0
7. Connecticut	CT	No	0	0	0	0	0	0	0
8. Delaware	DE	No	0	0	0	0	0	0	0
9. District of Columbia	DC	No	0	0	0	0	0	0	0
10. Florida	FL	No	0	0	0	0	0	0	0
11. Georgia	GA	No	0	0	0	0	0	0	0
12. Hawaii	HI	No	0	0	0	0	0	0	0
13. Idaho	ID	No	0	0	0	0	0	0	0
14. Illinois	IL	No	0	0	0	0	0	0	0
15. Indiana	IN	No	0	0	0	0	0	0	0
16. Iowa	IA	No	0	0	0	0	0	0	0
17. Kansas	KS	No	0	0	0	0	0	0	0
18. Kentucky	KY	No	0	0	0	0	0	0	0
19. Louisiana	LA	No	0	0	0	0	0	0	0
20. Maine	ME	No	0	0	0	0	0	0	0
21. Maryland	MD	No	0	0	0	0	0	0	0
22. Massachusetts	MA	No	0	0	0	0	0	0	0
23. Michigan	MI	No	0	0	0	0	0	0	0
24. Minnesota	MN	No	0	0	0	0	0	0	0
25. Mississippi	MS	No	0	0	0	0	0	0	0
26. Missouri	MO	No	0	0	0	0	0	0	0
27. Montana	MT	No	0	0	0	0	0	0	0
28. Nebraska	NE	No	0	0	0	0	0	0	0
29. Nevada	NV	No	0	0	0	0	0	0	0
30. New Hampshire	NH	No	0	0	0	0	0	0	0
31. New Jersey	NJ	No	0	0	0	0	0	0	0
32. New Mexico	NM	No	0	0	0	0	0	0	0
33. New York	NY	No	0	0	0	0	0	0	0
34. North Carolina	NC	No	0	0	0	0	0	0	0
35. North Dakota	ND	No	0	0	0	0	0	0	0
36. Ohio	OH	Yes	892,171	934,654	441,776	439,533	114,709	11,371	0
37. Oklahoma	OK	No	0	0	0	0	0	0	0
38. Oregon	OR	No	0	0	0	0	0	0	0
39. Pennsylvania	PA	No	0	0	0	0	0	0	0
40. Rhode Island	RI	No	0	0	0	0	0	0	0
41. South Carolina	SC	No	0	0	0	0	0	0	0
42. South Dakota	SD	No	0	0	0	0	0	0	0
43. Tennessee	TN	No	0	0	0	0	0	0	0
44. Texas	TX	No	0	0	0	0	0	0	0
45. Utah	UT	No	0	0	0	0	0	0	0
46. Vermont	VT	No	0	0	0	0	0	0	0
47. Virginia	VA	No	0	0	0	0	0	0	0
48. Washington	WA	No	0	0	0	0	0	0	0
49. West Virginia	WV	No	0	0	0	0	0	0	0
50. Wisconsin	WI	No	0	0	0	0	0	0	0
51. Wyoming	WY	No	0	0	0	0	0	0	0
52. American Samoa	AS	No	0	0	0	0	0	0	0
53. Guam	GU	No	0	0	0	0	0	0	0
54. Puerto Rico	PR	No	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	No	0	0	0	0	0	0	0
56. Canada	CN	No	0	0	0	0	0	0	0
57. Aggregate Other Aliens	OT	XXX	0	0	0	0	0	0	0
58. Totals	(a) 1		892,171	934,654	441,776	439,533	114,709	11,371	0
DETAILS OF WRITE-INS									
5701.	XXX								
5702.	XXX								
5703.	XXX								
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX		0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX		0	0	0	0	0	0	0

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

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

Sonnenberg Mutual
Insurance Company

Lightning Rod Mutual
Insurance Company

Western Reserve Mutual
Casualty Company

SMIC, LRMIC and WRMCC are the three participants within Western Reserve Group. All business written is subject to pooling whereby all underwriting and related balance sheet amounts are pooled on a 5/55/40 percent basis.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART