



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

**American Family Insurance Company**

NAIC Group Code 0473 0473 NAIC Company Code 10386 Employer's ID Number 39-1835307  
(Current Period) (Prior Period)

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

Country of Domicile US

Incorporated November 21, 1995 Commenced Business January 1, 1996

Statutory Home Office 8415 Pulsar Place, Suite 400, Columbus, Ohio 43240-2028  
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 6000 American Parkway, Madison, Wisconsin 53783-0001 608-249-2111  
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 6000 American Parkway, Madison, Wisconsin 53783-0001  
(Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 6000 American Parkway, Madison, Wisconsin 53783-0001  
(Street and Number, City or Town, State and Zip Code)  
608-249-2111  
(Area Code) (Telephone Number)

Internet Website Address www.amfam.com

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(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

**OFFICERS**

Chairman and C.E.O. .... Harvey Randall Pierce  
President and C.O.O. .... David Ralph Anderson  
Exec. V.P., Legal; Sec. .... James Francis Eldridge  
Exec. V.P., Fin; Trea. .... John Brent Johnson  
Assistant Secretary .... James Walter Behrens  
Assistant Treasurer .... William Joseph Smith

**VICE PRESIDENTS**

Michael Jeffrey Bosco  
Thomas Syme King  
Daniel Robert Schultz

**DIRECTORS OR TRUSTEES**

David Ralph Anderson  
James Francis Eldridge  
John Brent Johnson  
Michael Jeffrey Bosco  
Harvey Randall Pierce

State of Wisconsin }  
County of Dane } 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.

\_\_\_\_\_  
David R. Anderson  
President and C.O.O.

\_\_\_\_\_  
James F. Eldridge  
Executive Vice President, Legal; Secretary

\_\_\_\_\_  
J. Brent Johnson  
Executive Vice President, Finance; Treasurer

a. Is this an original filing? Yes (X) No ( )

b. If no: 1. State the amendment number \_\_\_\_\_  
2. Date filed \_\_\_\_\_  
3. Number of pages attached \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_  
day of \_\_\_\_\_ 2003

**ASSETS**

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Columns 1 minus 2)	Net Admitted Assets
1. Bonds	8,848,837		8,848,837	8,871,890
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)				
2.2 Common stocks (Schedule D, Part 2, Section 2)				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances)				
4.2 Properties held for the production of income (less \$ ..... encumbrances)				
4.3 Properties held for sale (less \$ ..... encumbrances)				
5. Cash (\$ ..... 313,984 Schedule E, Part 1) and short-term investments (\$ ..... 13,545,000 Schedule DA, Part 2)	13,858,984		13,858,984	5,742,279
6. Other invested assets (Schedule BA)				
7. Receivable for securities				
8. Aggregate write-ins for invested assets				
9. Subtotals, cash and invested assets (Line 1 to Line 8)	22,707,821		22,707,821	14,614,169
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection	37,903		37,903	45,231
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums)	241,458		241,458	86,181
10.3 Accrued retrospective premiums				
11. Funds held by or deposited with reinsured companies				
12. Bills receivable, taken for premiums				
13. Amounts receivable under high deductible policies				
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Columns 7 and 8)	29,936,276		29,936,276	
15. Federal and foreign income tax recoverable and interest thereon (including \$ ..... 9,489 net deferred tax asset)	9,489		9,489	
16. Guaranty funds receivable or on deposit				
17. Electronic data processing equipment and software				
18. Interest, dividends and real estate income due and accrued	96,703		96,703	105,688
19. Net adjustments in assets and liabilities due to foreign exchange rates				
20. Receivable from parent, subsidiaries and affiliates	45,382,488		45,382,488	44,798,438
21. Amount due from/to protected cells				
22. Equities and deposits in pools and associations				
23. Amounts receivable relating to uninsured accident and health plans				
24. Other assets nonadmitted (Exhibit 1)				
25. Aggregate write-ins for other than invested assets	182	182		
26. Total assets excluding protected cell assets (Line 9 through Line 25)	98,412,320	182	98,412,138	59,649,707
27. Protected cell assets				
28. TOTALS (Line 26 and Line 27)	98,412,320	182	98,412,138	59,649,707
<b>DETAILS OF WRITE-INS</b>				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page				
0899. Totals (Line 0801 through Line 0803 plus Line 0898) (Line 8 above)				
2501. Cash Items	182	182		
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	182	182		

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8) .....		
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6) .....		
3. Loss adjustment expenses (Part 2A, Line 34, Column 9) .....		
4. Commissions payable, contingent commissions and other similar charges .....		
5. Other expenses (excluding taxes, licenses and fees) .....		
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....		
7. Federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) (including \$ ..... net deferred tax liability) .....		
8. Borrowed money \$ ..... and interest thereon \$ .....		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ ..... 42,823,517 and including warranty reserves of \$ .....)		
10. Advance premiums .....	1,009,008	657,873
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....		
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	30,968,822	
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....		
14. Amounts withheld or retained by company for account of others .....	44,447	37,133
15. Remittances and items not allocated .....		
16. Provision for reinsurance (Schedule F, Part 7) .....		
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....	12,558,616	8,034,041
19. Payable to parent, subsidiaries and affiliates .....	45,537,512	43,178,556
20. Payable for securities .....		
21. Liability for amounts held under uninsured accident and health plans .....		
22. Capital notes \$ ..... and interest thereon \$ .....		
23. Aggregate write-ins for liabilities .....	104,189	42,557
24. Total liabilities excluding protected cell liabilities (Line 1 through Line 23) .....	90,222,594	51,950,160
25. Protected cell liabilities .....		
26. Total liabilities (Line 24 and Line 25) .....	90,222,594	51,950,160
27. Aggregate write-ins for special surplus funds .....		
28. Common capital stock .....	100	100
29. Preferred capital stock .....		
30. Aggregate write-ins for other than special surplus funds .....		
31. Surplus notes .....		
32. Gross paid in and contributed surplus .....	5,241,233	5,241,233
33. Unassigned funds (surplus) .....	2,948,208	2,458,213
34. Less treasury stock, at cost:		
34.1 ..... shares common (value included in Line 28 \$ .....)		
34.2 ..... shares preferred (value included in Line 29 \$ .....)		
35. Surplus as regards policyholders (Line 27 to Line 33, less Line 34) (Page 4, Line 38) .....	8,189,541	7,699,546
36. TOTALS (Page 2, Line 28, Column 3) .....	98,412,135	59,649,706
<b>DETAILS OF WRITE-INS</b>		
2301. Suspense, Validations, and Clearing Accounts .....	38,346	(5,743)
2302. AP to vendors .....		3
2303. Liability for Checks and Drafts .....	63,805	47,593
2398. Summary of remaining write-ins for Line 23 from overflow page .....	2,038	704
2399. TOTALS (Line 2301 through Line 2303 plus Line 2398) (Line 23 above) .....	104,189	42,557
2701. ....		
2702. ....		
2703. ....		
2798. Summary of remaining write-ins for Line 27 from overflow page .....		
2799. TOTALS (Line 2701 through Line 2703 plus Line 2798) (Line 27 above) .....		
3001. ....		
3002. ....		
3003. ....		
3098. Summary of remaining write-ins for Line 30 from overflow page .....		
3099. TOTALS (Line 3001 through Line 3003 plus Line 3098) (Line 30 above) .....		

**UNDERWRITING AND INVESTMENT EXHIBIT**

STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 34, Column 4) .....		
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7) .....		
3. Loss expenses incurred (Part 3, Line 25, Column 1) .....		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....		
5. Aggregate write-ins for underwriting deductions .....		
6. Total underwriting deductions (Line 2 through Line 5) .....		
7. Net income of protected cells .....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....		
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	553,143	620,998
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses)) .....		137,236
11. Net investment gain (loss) (Line 9 plus Line 10) .....	553,143	758,234
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ ..... amount charged off \$ .....)		
13. Finance and service charges not included in premiums .....		
14. Aggregate write-ins for miscellaneous income .....		
15. Total other income (Line 12 through Line 14) .....		
16. Net income before dividends to policyholders and before federal and foreign income taxes (Line 8 plus Line 11 plus Line 15) .....	553,143	758,234
17. Dividends to policyholders .....		
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17) .....	553,143	758,234
19. Federal and foreign income taxes incurred .....	72,454	124,894
20. Net income (Line 18 minus Line 19) (to Line 22) .....	480,689	633,340
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2) .....	7,699,546	6,937,095
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20) .....	480,689	633,340
23. Net unrealized capital gains or (losses) .....		
24. Change in net unrealized foreign exchange capital gain (loss) .....		
25. Change in net deferred income tax .....	9,489	
26. Change in nonadmitted assets (Exhibit 1, Line 5, Column 3) .....	(182)	(1,889)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....		
28. Change in surplus notes .....		
29. Surplus (contributed to) withdrawn from protected cells .....		
30. Cumulative effect of changes in accounting principles .....		
31. Capital changes:		
31.1 Paid in .....		
31.2 Transferred from surplus (Stock Dividend) .....		
31.3 Transferred to surplus .....		
32. Surplus adjustments:		
32.1 Paid in .....		
32.2 Transferred to capital (Stock Dividend) .....		
32.3 Transferred from capital .....		
33. Net remittances from or (to) Home Office .....		
34. Dividends to stockholders .....		
35. Change in treasury stock (Page 3, Line 34.1 and 34.2, Column 2 minus Column 1) .....		
36. Aggregate write-ins for gains and losses in surplus .....		131,000
37. Change in surplus as regards policyholders for the year (Line 22 through Line 36) .....	489,996	762,451
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35) .....	8,189,542	7,699,546
DETAILS OF WRITE-INS		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....		
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above) .....		
1401. Overpayments and Underpayments .....		
1402. Other Income .....		
1403. Other Balances Charged Off .....		
1498. Summary of remaining write-ins for Line 14 from overflow page .....		
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above) .....		
3601. Prior Period Adjustment .....		131,000
3602. ....		
3603. ....		
3698. Summary of remaining write-ins for Line 36 from overflow page .....		
3699. Totals (Line 3601 through Line 3603 plus Line 3698) (Line 36 above) .....		131,000

**CASH FLOW**

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance .....	31,172,007	669,475
2. Loss and loss adjustment expenses paid (net of salvage and subrogation) .....	25,411,701	(2,681,112)
3. Underwriting expenses paid .....		
4. Other underwriting income (expenses) .....		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....	5,760,306	3,350,587
6. Net investment income .....	585,181	659,240
7. Other income (expenses):		
7.1 Agents' balances charged off .....		
7.2 Net funds held under reinsurance treaties .....		
7.3 Net amount withheld or retained for account of others .....	7,314	21,180
7.4 Aggregate write-ins for miscellaneous items .....		
7.5 Total other income (Line 7.1 to Line 7.4) .....	7,314	21,180
8. Dividends to policyholders on direct business, less \$..... dividends on reinsurance assumed or ceded (net) .....		
9. Federal and foreign income taxes (paid) recovered .....	(114,724)	(131,000)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9) .....	6,238,077	3,900,007
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds .....		4,097,840
11.2 Stocks .....		
11.3 Mortgage loans .....		
11.4 Real estate .....		
11.5 Other invested assets .....		
11.6 Net gains or (losses) on cash and short-term investments .....		
11.7 Miscellaneous proceeds .....		
11.8 Total investment proceeds (Line 11.1 to Line 11.7) .....		4,097,840
12. Cost of investments acquired (long-term only):		
12.1 Bonds .....		
12.2 Stocks .....		
12.3 Mortgage loans .....		
12.4 Real estate .....		
12.5 Other invested assets .....		
12.6 Miscellaneous applications .....		
12.7 Total investments acquired (Line 12.1 to Line 12.6) .....		
13. Net cash from investments (Line 11.8 minus Line 12.7) .....		4,097,840
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in .....		
14.2 Capital notes, \$..... less amounts repaid \$ .....		
14.3 Net transfers from affiliates .....	1,817,176	
14.4 Borrowed funds received .....		
14.5 Other cash provided .....	61,453	237,440
14.6 Total (Lines 14.1 to 14.5) .....	1,878,629	237,440
15. Cash applied:		
15.1 Dividends to stockholders paid .....		
15.2 Net transfers to affiliates .....		10,217,129
15.3 Borrowed funds repaid .....		
15.4 Other applications .....		
15.5 Total (Line 15.1 to Line 15.4) .....		10,217,129
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5) .....	1,878,629	(9,979,689)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10 plus Line 13 plus Line 16) .....	8,116,706	(1,981,842)
18. Cash and short-term investments:		
18.1 Beginning of year .....	5,742,279	7,724,118
18.2 End of year (Line 17 plus Line 18.1) .....	13,858,985	5,742,276
DETAILS OF WRITE-INS		
7.401 Overpayments and Underpayments .....		
7.402 Other Income .....		
7.403 Other Balances Charged Off .....		
7.498 Summary of remaining write-ins for Line 7.4 from overflow page .....		
7.499 Totals (Line 7.401 through Line 7.403 plus Line 7.498) (Line 7.4 above) .....		

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 1 - PREMIUMS EARNED

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

**NONE**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1A-RECAPITULATION OF ALL PREMIUMS**

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

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Columns 1 + 2 + 3 + 4
1. Fire					
2. Allied lines					
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril					
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine					
10. Financial guaranty					
11.1 Medical malpractice - occurrence					
11.2 Medical malpractice - claims-made					
12. Earthquake					
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation					
17.1 Other liability - occurrence					
17.2 Other liability - claims-made					
18.1 Products liability - occurrence					
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability					
19.3, 19.4 Commercial auto liability					
21. Auto physical damage					
22. Aircraft (all perils)					
23. Fidelity					
24. Surety					
26. Burglary and theft					
27. Boiler and machinery					
28. Credit					
29. International					
30. Reinsurance - Nonproportional Assumed Property					
31. Reinsurance - Nonproportional Assumed Liability					
32. Reinsurance - Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS					
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through Line 36)					
DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for Line 33 from overflow page					
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)					

**NONE**

(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 ( ) 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 Columns 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	296,907			296,907		
2. Allied lines	127,718			127,718		
3. Farmowners multiple peril						
4. Homeowners multiple peril	25,752,918			25,752,918		
5. Commercial multiple peril	6,769,019			6,769,019		
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	51,299			51,299		
10. Financial guaranty						
11.1 Medical malpractice - occurrence						
11.2 Medical malpractice - claims-made						
12. Earthquake	85,085			85,085		
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health	2,628,556			2,628,556		
16. Workers' compensation						
17.1 Other liability - occurrence	922,902			922,902		
17.2 Other liability - claims-made						
18.1 Products liability - occurrence	1,426			1,426		
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability	39,431,373			39,431,373		
19.3, 19.4 Commercial auto liability	1,179,172			1,179,172		
21. Auto physical damage	33,255,177			33,255,177		
22. Aircraft (all perils)						
23. Fidelity	579			579		
24. Surety						
26. Burglary and theft	75			75		
27. Boiler and machinery						
28. Credit						
29. International						
30. Reinsurance - Nonproportional Assumed Property	XXX					
31. Reinsurance - Nonproportional Assumed Liability	XXX					
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX					
33. Aggregate write-ins for other lines of business						
34. TOTALS	110,502,206			110,502,206		
DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page						
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes ( ) No (X)  
 If yes: 1. The amount of such installment premiums \$ .....  
 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ .....

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE American Family 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 Column 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Column 4 plus 5 minus 6)	8 Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 plus 2 minus 3)				
1. Fire	111,225		111,225					
2. Allied lines	138,653		138,653					
3. Farmowners multiple peril								
4. Homeowners multiple peril	21,376,619		21,376,619					
5. Commercial multiple peril	3,360,871		3,360,871					
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine	4,652		4,652					
10. Financial guaranty								
11.1 Medical malpractice - occurrence								
11.2 Medical malpractice - claims-made								
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health	2,582,583		2,582,583					
16. Workers' compensation								
17.1 Other liability - occurrence	16,556		16,556					
17.2 Other liability - claims-made								
18.1 Products liability - occurrence								
18.2 Products liability - claims-made								
19.1, 19.2 Private passenger auto liability	20,894,542		20,894,542					
19.3, 19.4 Commercial auto liability	452,325		452,325					
21. Auto physical damage	24,155,467		24,155,467					
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Reinsurance- Nonproportional Assumed Property	X X X							
31. Reinsurance- Nonproportional Assumed Liability	X X X							
32. Reinsurance- Nonproportional Assumed Financial Lines	X X X							
33. Aggregate write-ins for other lines of business								
34. TOTALS	73,093,493		73,093,493					
DETAILS OF WRITE-INS								
3301								
3302								
3303								
3398. Summary of remaining write-ins for Line 33 from overflow page								
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)								

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE American Family 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 (Columns 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred But Not Reported (Columns 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	175,700		175,700		66,246		66,246		
2. Allied lines	11,501		11,501						
3. Farmowners multiple peril									
4. Homeowners multiple peril	3,605,761		3,605,761		3,464,207		3,464,207		
5. Commercial multiple peril	1,285,573		1,285,573		1,536,400		1,536,400		
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine	700		700		2,441		2,441		
10. Financial guaranty									
11.1 Medical malpractice - occurrence									
11.2 Medical malpractice - claims-made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)									
15. Other accident and health	57,057		57,057		713,692		713,692	(a)	
16. Workers' compensation									
17.1 Other liability - occurrence	33,602		33,602		841,998		841,998		
17.2 Other liability - claims-made									
18.1 Products liability - occurrence									
18.2 Products liability - claims-made									
19.1, 19.2 Private passenger auto liability	13,693,245		13,693,245		9,640,482		9,640,482		
19.3, 19.4 Commercial auto liability	235,858		235,858		201,621		201,621		
21. Auto physical damage	2,443,170		2,443,170		(117,706)		(117,706)		
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Reinsurance- Nonproportional Assumed Property	XXX				XXX				
31. Reinsurance- Nonproportional Assumed Liability	XXX				XXX				
32. Reinsurance- Nonproportional Assumed Financial Lines	XXX				XXX				
33. Aggregate write-ins for other lines of business									
34. TOTALS	21,542,167		21,542,167		16,349,381		16,349,381		
DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page									
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)									

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

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - EXPENSES**

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	1,654,679			1,654,679
1.2 Reinsurance assumed				
1.3 Reinsurance ceded	1,654,679			1,654,679
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)				
2. Commission and brokerage:				
2.1 Direct excluding contingent		11,200,981		11,200,981
2.2 Reinsurance assumed excluding contingent				
2.3 Reinsurance ceded excluding contingent	9,634,442	35,279,392		44,913,834
2.4 Contingent - direct		570,909		570,909
2.5 Contingent - reinsurance assumed				
2.6 Contingent - reinsurance ceded		570,909		570,909
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	(9,634,442)	(24,078,411)		(33,712,853)
3. Allowances to manager and agents		5,156,494		5,156,494
4. Advertising		3,682,369		3,682,369
5. Boards, bureaus and associations	124,535	81,456		205,991
6. Surveys and underwriting reports	3,830	824,413		828,243
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	4,896,356	4,557,047	5,729	9,459,132
8.2 Payroll taxes	388,624	361,384	447	750,455
9. Employee relations and welfare	926,732	875,879	1,112	1,803,723
10. Insurance	78,344	48,828	46	127,218
11. Directors' fees				
12. Travel and travel items	556,748	388,260	466	945,474
13. Rent and rent items	1,048,880	843,455	913	1,893,248
14. Equipment	20,990	185,507	1	206,498
15. Cost or Depreciation of EDP equipment and software	252,664	2,804,485	1,818	3,058,967
16. Printing and stationery	186,165	306,825	262	493,252
17. Postage, telephone and telegraph, exchange and express	511,224	1,855,198	736	2,367,158
18. Legal and auditing		521,267	162	521,429
19. Totals (Lines 3 to 18)	8,995,092	22,492,867	11,692	31,499,651
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		1,113,467		1,113,467
20.2 Insurance department licenses and fees		77,897		77,897
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)	19,403	14,382	17,232	51,017
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	19,403	1,205,746	17,232	1,242,381
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured accident and health plans				
24. Aggregate write-ins for miscellaneous expenses	619,947	379,798		999,745
25. Total expenses incurred			28,924	(a) 28,924
26. Less unpaid expenses - current year				
27. Add unpaid expenses - prior year				
28. Amounts receivable relating to uninsured accident and health plans, prior year				
29. Amounts receivable relating to uninsured accident and health plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)			28,924	28,924
<b>DETAILS OF WRITE-INS</b>				
2401. All Other	619,947	379,798		999,745
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above)	619,947	379,798		999,745

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

**EXHIBIT OF NET INVESTMENT INCOME**

	1	2
	Collected During Year	Earned During Year
1. U. S. Government bonds	(a)	
1.1 Bonds exempt from U. S. tax	(a) 435,535	435,535
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 155,517	146,532
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	591,052	582,066
11. Investment expenses		(g) 28,924
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Totals deductions (Line 11 through Line 15)		28,924
17. Net investment income (Line 10 minus Line 16)		553,143
<b>DETAILS OF WRITE-INS</b>		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903 plus Line 0998 ) (Line 9 above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503 plus Line 1598 ) (Line 15 above)		
(a) Includes \$ ..... accrual of discount less \$ ..... 23,053 amortization of premium and less \$ ..... paid for accrued interest on purchases.	(f) Includes \$ ..... accrual of discount less \$ ..... amortization of premium.	
(b) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued dividends on purchases.	(g) Includes \$ ..... investment expenses and \$ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.	
(c) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.	(h) Includes \$ ..... interest on surplus notes and \$ ..... interest on capital notes.	
(d) Includes \$ ..... for company's occupancy of its own buildings; and excludes \$ ..... interest on encumbrances.	(i) Includes \$ ..... depreciation on real estate and \$ ..... depreciation on other invested assets.	
(e) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.		

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	Total
1. U. S. Government bonds					
1.1 Bonds exempt from U. S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash/short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)					
<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 through 0903 plus Line 0998 ) (Line 9 above)					

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

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Line 10 to Line 17 and Line 19 to Line 23, Column 2 .....			
2. Other Nonadmitted Assets:			
2.1 Bills receivable .....			
2.2 Furniture, equipment and supplies .....			
2.3 Leasehold improvements .....			
2.4 Loans on personal security, endorsed or not .....			
3. Total (Line 2.1 to Line 2.4) .....			
4. Aggregate write-ins for other assets .....	182		(182)
5. Total (Line 1 plus Line 3 and Line 4) .....	182		(182)
<b>DETAILS OF WRITE-INS</b>			
0401. Cash Items .....	182		(182)
0402. ....			
0403. ....			
0498. Summary of remaining write-ins for Line 4 from overflow page .....			
0499. Totals (Line 0401 through Line 0403 plus Line 0498) (Line 4 above) .....	182		(182)

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

American Family Insurance Company (the Company) has completed this statement in accordance with the NAIC Accounting Practices and Procedures manual, subject to any deviations prescribed or permitted by the State of Ohio insurance commissioner.

- (1) The Company does not employ accounting practices that depart from the NAIC Accounting Practices and Procedures manual.

The preparation of financial statements in conformity with the Annual Statement Instructions and Accounting Practices and Procedures manual requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. It also requires estimates in the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Premiums, Reserves and expenses are accounted for in accordance with the NAIC Accounting Practices and Procedures manual, subject to deviations prescribed or permitted by the State of Wisconsin as described above.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized value using the interest method. Non-investment grade short-term investments are stated at the lower of amortized value or fair value.
- (2) Bonds not backed by other loans are stated at amortized value using the interest method. Non-investment grade bonds are stated at the lower of amortized value or fair value.
- (3) The Company holds no common stocks.
- (4) The Company holds no preferred stocks.
- (5) The Company holds no mortgage loans.
- (6) The Company holds no loan-backed securities.
- (7) Investments in subsidiary, controlled and affiliated companies are stated as follows: The Company is wholly owned by AMFAM, a holding company, which is wholly owned by American Family Mutual Insurance Company.
- (8) The Company has no investments in joint ventures, partnerships and limited liability.
- (9) The Company holds no derivatives.
- (10) The Company does not anticipate investment income as a factor in premium deficiency calculations.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates are continually reviewed and any adjustments are reflected in the period determined.

### 2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

- A. During the examination of the 2001 Financial Statements, the State of Wisconsin recommended a change in the reporting of inter-company reinsurance balances. The effect of applying the change to 2001 resulted in an understatement of total net admitted assets of \$14,384,671 and an understatement of total liabilities of \$14,384,671. The reclassification had no effect on policyholder surplus or net income. The specific line items on the 2001 Financial Statements were:

Liabilities	PageLine 11	understated	\$19,949,016
Assets	PageLine 20	overstated	\$ 6,363,211
Assets	Page Line 14	understated	\$20,747,882
Liabilities	PageLine 18	overstated	\$ 5,564,345

Current year financial statements have been corrected for the error.

- B. The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Ohio. Effective January 1, 2001, the State of Ohio required that insurance companies domiciled in the State of Ohio prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures manual Version effective January 1, 2001, subject to any deviations prescribed or permitted by the State of Ohio insurance commissioner.

Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures manual Version effective January 1, 2001, are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a change of accounting principle as an adjustment that decreased unassigned funds (surplus) by \$0 as of January 1, 2001.

### 3. BUSINESS COMBINATIONS AND GOODWILL

The Company had no business combinations during 2002.

## NOTES TO FINANCIAL STATEMENTS

### 4. DISCONTINUED OPERATIONS

The Company had no discontinued operations during 2002.

### 5. INVESTMENTS

- A. Mortgage Notes- None.
- B. Debt Restructuring - None.
- C. Reverse Mortgages - None.
- D. Loan-Backed Securities - None.
- E. Repurchase Agreements - None.

### 6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of admitted assets.
- B. The Company has no investments in impaired Joint Ventures, Partnerships and Limited Liability Companies.

### 7. INVESTMENT INCOME

- A. The Company nonadmits investment income due and accrued if amounts are over 90 days past due (except for mortgage loans in default).
- B. The total amount nonadmitted was \$0.

### 8. DERIVATIVE INSTRUMENTS

The Company holds no derivative instruments.

### 9. INCOME TAXES

#### A. Components of Deferred Tax Assets and Deferred Tax Liabilities

(1) Gross Deferred Tax Assets	\$9,489
(2) Gross Deferred Tax Liabilities	0
(3) Nonadmitted Deferred Tax Assets	0
(4) Total of all DTA Admitted	<u>\$9,489</u>
(5) Increase (Decrease) in Nonadmitted Deferred Tax Assets	0

#### B. Unrecognized DTLs

N/A

#### C. Current Tax and Change in Deferred Tax

##### *Current Income Taxes Incurred*

	<u>12/31/2002</u>	<u>1/1/2002</u>
Current Income Tax Expense	\$73,464	\$124,734
Taxes Incurred for Audit	0	0
Prior Year Underaccrual (Overaccrual)	<u>(1,010)</u>	<u>160</u>
Current Income Taxes Incurred	<u>\$72,454</u>	<u>\$124,894</u>

##### *DTAs*

	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
Asset Basis Differences			151	\$ 53
AMT Credit Carryforward				<u>9,436</u>
Gross DTAs				<u>9,489</u>
Nonadmitted DTAs				<u>\$ 0</u>

## NOTES TO FINANCIAL STATEMENTS

### 9. INCOME TAXES, CONTINUED

DTLs

N/A

DTAs Resulting from Book/Tax  
Differences in:

	<u>12/31/02</u>	<u>1/1/02</u>	<u>Change</u>
Asset Basis Differences	\$ 53	\$ 0	\$ 53
AMT Credit Carryforward	<u>9,436</u>	<u>0</u>	<u>9,436</u>
Gross DTAs	<u>\$9,489</u>	<u>\$ 0</u>	<u>\$9,489</u>
Nonadmitted DTAs	<u>0</u>	<u>0</u>	<u>0</u>

DTLs Resulting from Book/Tax  
Differences in:

N/A

The change in gross DTAs of \$9,489 and gross DTLs of \$0 is the change in net deferred income taxes of \$9,489 before consideration of nonadmitted DTAs.

#### D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

<u>Description</u>	<u>Amount</u>	<u>Tax Effect at 35%</u>
Income Before Taxes	\$553,143	\$193,600
Tax Exempt Interest	(435,535)	(152,437)
T.E. Interest Proration	65,330	22,866
AMT Credit Carryforward	<u>          </u>	<u>9,436</u>
Taxable Income	<u>\$182,938</u>	<u>\$ 73,464</u>

#### E. Operating Loss and Tax Credit Carryforwards

(1) At December 31, 2002, the Company did not have any unused operating loss carryforwards available to offset against future taxable income. The Company did have \$9,436 of AMT credit carryforwards available to offset against future tax.

(2) The following is income tax expense for 2002 and 2001 that is available for recoupment in the event of future net losses.

<u>Year</u>	<u>Amount</u>
2002	\$64,253
2001	\$110,583

#### F. Consolidated Federal Income Tax Return

(1) The Company's federal income tax return is consolidated with the following entities:

American Family Mutual Insurance Company (Parent Company)  
American Standard Insurance Company of Wisconsin  
American Family Life Insurance Company  
American Family Financial Services, Inc.  
AmFam, Inc.  
American Family Brokerage, Inc.  
American Family Insurance Company  
American Standard Insurance Company of Ohio

(2) The consolidated federal income tax is allocated to each member company in the following manner:

- a. Companies having tax profits on a separate return basis will incur federal tax expense based on their separate return taxable incomes.
- b. Companies with tax losses on a separate return basis will be compensated (at the current federal tax rate) for the reduction in the consolidated tax liability resulting from their losses. Such compensation shall come directly from profitable companies that utilize those tax losses to reduce their taxable incomes. A loss company may have to repay this current year compensation back to the profitable company if the profitable company later incurs losses that, on a separate return basis, may be carried back to offset its current year income.
- c. The reduction of the consolidated tax liability due to tax credits shall be allocated to the individual corporations producing such credits. Special additional taxes are similarly allocated to each member company.
- d. The amount of regular federal income taxes available for recoupment on a consolidated basis in the event of future regular tax losses is: current year \$0, first preceding year \$0. The amount of alternative minimum taxes available for recoupment on a consolidated basis in the event of future alternative minimum tax losses is:

## NOTES TO FINANCIAL STATEMENTS

current year \$34,894,695, first

### 9. INCOME TAXES, CONTINUED

preceding year \$18,349,540. The amount of net losses carried forward and available to offset future net income subject to federal income taxes is zero. The alternative minimum tax credit carried to future years is \$7,303,774.

### 10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

A. B. & C. The Company had no reportable related party transactions.

As of December 31, 2002, the Company reported \$45,382,488 due from affiliates, and \$45,537,512 due to affiliates. Terms of the settlement require that these amounts be settled within 30 days.

The Company does not have any guaranty or undertaking, written or otherwise, for the benefit of an affiliate or related party that result in a material contingent exposure of the reporting entity's or any related party's assets or liabilities.

F. AFMIC has agreed to provide certain management and information systems services to the Company.

G. (Refer to Schedule Y)

The Company owns:

100% of American Family Securities, LLC

100% of American Family Brokerage, Incorporated

100% of AMFAM, Incorporated, a holding company, which owns:

100% of American Family Life Insurance Company

100% of American Standard Insurance Company of Wisconsin

100% of American Family Financial Services, Incorporated

100% of American Family Insurance Company

100% of American Standard Insurance Company of Ohio

H. Upstream/Downstream intermediaries – N/A

I. Investment in SCA entity that exceeds 10% of admitted assets – N/A

J. Impaired SCA investments – N/A

### 11. DEBT

The Company has no debt.

### 12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT PLANS

A. Defined Benefit Plans- Refer to Note 12.D.

B. Defined Contribution Plans – Refer to Note 12.D.

C. Multi-employer Plans – N/A

D. Consolidated/Holding Company Plans

The Company and its affiliates (herein referred to as the "Companies") have non-contributory defined benefit pension plans covering substantially all employees and district managers. The benefits are based on years of credited service and highest average compensation (as defined in the Plans). The Companies' funding policy is based on the frozen entry age actuarial method as limited by the Pension Protection Act of 1987.

Additionally, the Companies provide certain health care benefits to substantially all agents and employees. The Companies also provide most employees with a life insurance benefit. Upon retirement, agents and employees are eligible to continue certain of these benefits. Except for certain grandfathered individuals, retired agents and employees contribute to the health care plan an amount intended to fully provide for the covered benefits. For those grandfathered retirees in the health care plan, the Companies absorb a portion of the annual cost. For the life insurance program, the Companies absorb substantially all of the cost. The Companies' portions of these costs of these programs are unfunded. The Companies sponsor no other significant postretirement benefit plan.

The following table reflects the pension plan's funded status. The Companies' accrued postretirement benefits liability, and amounts recognized in the Companies' consolidated balance sheet at December 31 (in thousands).

## NOTES TO FINANCIAL STATEMENTS

### 12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT PLANS, CONTINUED

	<b>Pension Benefits <u>2002</u></b>	<b>Pension Benefits <u>2001</u></b>	<b>Other Benefits <u>2002</u></b>	<b>Other Benefits <u>2001</u></b>
<b>Change in Benefit Obligation</b>				
Projected Benefit Obligation, Beginning of Year	\$487,922	\$449,178	\$17,047	\$14,159
Service Cost	27,859	25,628	928	877
Interest Cost	35,388	33,688	1,198	1,062
Plan Participant Contributions	0	0	531	513
Amendments	5,466	19	0	0
Actuarial (Gain)/Loss	(29,072)	4,990	1,304	1,776
Acquisition	0	0	0	0
Benefits Paid	(21,029)	(25,581)	(1,401)	(1,340)
Projected Benefit Obligation, End of Year	\$506,534	\$487,922	\$19,607	\$17,047
<b>Change in Plan Assets</b>				
Fair Value of Plan Assets, Beginning of Year	\$425,164	\$456,999	\$0	\$0
Actual Return on Plan Assets	(71,378)	(10,482)	0	0
Acquisition	0	0	0	0
Employer Contribution	21,407	4,228	870	827
Plan Participant Contributions	0	0	531	513
Benefits Paid	(21,030)	(25,581)	(1,401)	(1,340)
Fair Value of Plan Assets, End of Year	\$354,163	\$425,164	\$0	\$0
Funded Status	(\$152,371)	(\$62,758)	(\$19,607)	(\$17,047)
Unrecognized Net Actuarial (Gain)/Loss	141,300	59,742	53	(1,848)
Unrecognized Prior Service Cost	11,504	6,698	71	81
Unrecognized Transition (Asset)/Obligation	(75,134)	(79,309)	-	0
Net Amount Recognized	(\$74,701)	(\$75,627)	(\$19,483)	(\$18,814)
<b>Non-Vested Employees</b>				
Projected Benefit Obligation, End of Year	\$12,509	\$12,358	\$0	\$0
<b>Net Periodic Cost</b>				
Service Cost	\$27,859	\$25,628	\$928	\$877
Interest Cost	35,388	33,688	1,198	1,062
Expected Return on Assets	(39,493)	(38,845)	0	0
Amortization of:				
Transition (Asset) Obligation	(4,174)	(4,155)	0	0
Prior Service Cost	660	697	10	10
Actuarial (Gain)/Loss	241	432	(147)	(205)
Settlement/Curtailment (Gain)/Loss	0	0	-	0
Net Periodic Cost	\$20,481	\$17,445	\$1,989	\$1,744
<b>Other Comprehensive Income</b>	(\$383)	\$225	\$0	\$0
Weighted-average assumptions as of December 31:				
Discount Rate	<u>2002</u> 6.75%	<u>2001</u> 7.25%	<u>2002</u> 6.75%	<u>2001</u> 7.25%
Expected return on plan assets	8.00%	8.50%	-	-
Rate of Compensation increase	5.00%	6.00%	5.00%	6.00%

Annual rates of increase in the per capita costs of 10.0% and 7% of covered health care benefits were assumed for 2002 and 2001, respectively. These annual rates drop to 9.5% in 2003 and gradually decrease to 6% by 2010.

## NOTES TO FINANCIAL STATEMENTS

### 12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT PLANS, CONTINUED

Impact of 1% Increase in Medical Trend Rate on:	
Total of Service and Interest Cost Components	\$30,361
Benefit Obligation	\$449,788

Impact of 1% Decrease in Medical Trend Rate on:	
Total of Service and Interest Cost Components	(\$27,577)
Benefit Obligation	(\$408,558)

A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. The minimum liability adjustment, less allowable intangible asset, is reportable as income in the income statement. At December 31, 2002, the additional minimum liability was \$2,169,168, increased from \$1,785,772 at December 31, 2001.

The Companies also participate in a qualified contributory Incentive and Thrift and 401(k) plan. All employees are eligible to enter into the plan. Employee participation in the plan is optional; participants contribute at least one percent, but no more than 30 percent of base compensation subject to Internal Revenue Service limitations. The Companies are required to make annual contributions, as defined, to a trust fund. The plan matches the first 3% of eligible contributions made by employees. The amount of the match is based on the profits of the Companies, with a minimum contribution of 33 1/3% and a maximum of 300% of eligible contributions. The Companies contributed \$7,838,096 and \$2,626,781 to the plan for 2002 and 2001, respectively.

Liabilities for earned but untaken vacation and earned but unused sick leave have been accrued.

E. Postemployment Benefits and Compensated Absences – Refer to Note 12.D.

### 13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

- (1) The Company has 850 shares authorized, 100 shares issued, and 100 shares outstanding. All shares are Class A shares.
- (2) The Company has no preferred stock outstanding.
- (3) The Company's surplus may be available for transfer to its policyholders and/or stockholders. Such distributions as dividends may be subject to prior regulatory approval. No dividends were paid in 2001.
- (4) Ordinary Dividends to stockholders - N/A
- (5) There were no restrictions on the Company's surplus, including for whom the surplus is being held.
- (6) The Company has no advances to surplus.
- (7) The Company holds no stock for special purposes.
- (8) The Company does not have any changes in the balances of any special surplus funds from prior period.
- (9) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:
 

a. gross unrealized gains and losses:	\$ 0
b. nonadmitted asset values:	\$182
c. separate account business:	\$ 0
d. asset valuation reserve:	\$ 0
e. provision for reinsurance:	\$ 0
- (10) The Company has no surplus debentures or similar obligations.
- (11) Restatement due to prior quasi-reorganizations - N/A
- (12) Effective date(s) of quasi-reorganizations - N/A

### 14. CONTINGENCIES

- A. The Company does not have any commitment or contingent to a SCA entity, joint venture, partnership, or limited liability company.

## NOTES TO FINANCIAL STATEMENTS

### 14. CONTINGENCIES, CONTINUED

- B. Assessments  
No liabilities were established for mandatory assessments. Any liabilities related to these items are recorded in the Parent Company as all business is reinsured to the Parent Company.
- C. The Company doesnot have anygain contingencies.
- D. Loss Contigencies  
Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company.

### 15. LEASES

- A. The Company doesnot have anymaterial lease obligations.
- B. The Company doesnot have any significantactivity from leasing.

### 16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

N/A

### 17. SALE, TRANSFER ANDSERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENT OF LIABILITIES

- A. Transfer of Receivables reported as sales– The proceeds from the transferfor the years ending 12/31/2002 and 12/31/2001 are \$100,027,311 and \$62,515,782, respectively. There is no gain or loss from this transaction.
- B. Transfer and servicingof Financial Assets- N/A
- C. Wash Sales- N/A

### 18. GAIN OR LOSS TO THEREPORTING ENTITY FROM UNINSURED A&H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

N/A

### 19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/ THIRD PARTY ADMINISTRATORS

N/A

### 20. OTHER ITEMS

- A. ExtraordinaryItems -None
- B. Troubled DebtRestructuring: Debtors - None
- C. Other Disclosures – None
- D. Uncollectible Premiums Receivable – Asthe Company sells its premiumreceivable balances to the Parent Company (See Note 17A), no uncollectible premium receivable balances are reflected in the Company’s financial statements.
- E. Reinsurance Accounted foras a Deposit– N/A
- F. Multiple PerilCrop Insurance– N/A
- G. Mezzanine Real EstateLoans –N/A
- H. Health CareReceivables –N/A
- I. September 11 Events – TheCompany incurred no losses asa result of the September11, 2001 terrorist attacks.

### 21. EVENTS SUBSEQUENT

There were no events occurring subsequent to December 31, 2002 meriting disclosure.

**NOTES TO FINANCIAL STATEMENTS****22. REINSURANCE**

A. REINSURANCE –UNSECURED REINSURANCE RECOVERABLES

N/A

B. REINSURANCE –REINSURANCE RECOVERABLES IN DISPUTE

N/A

C. REINSURANCE – REINSURANCE ASSUMED AND CEDED

1. The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2002:

	ASSUMED		CEDED		ASSUMED LESS CEDED	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates	\$0	\$0	\$42,823,517	\$11,433,730	(\$42,823,517)	(\$11,433,730)
b. All Other	0	0	0	0	0	0
c. Totals	\$0	\$0	\$42,823,517	\$11,433,730	(\$42,823,517)	(\$11,433,730)
d. Direct Unearned Premium Reserve	\$42,823,516					

2. Certain agency agreements and ceded reinsurance contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business.

Amounts accrued at December 31, 2001 are as follows:

DESCRIPTION	DIRECT	ASSUMED	CEDED	NET
a. Contingent Commissions	\$0	\$0	\$0	\$0
b. Sliding Scale Adjustments	0	0	0	0
c. Other Profit Commissions	0	0	0	0
d. Totals	\$0	\$0	\$0	\$0

D. UNCOLLECTIBLE REINSURANCE

N/A

E. COMMUTATION OF CEDED REINSURANCE

N/A

F. RETROACTIVE REINSURANCE

N/A

**23. RETROSPECTIVE RATED CONTRACTS**

N/A

**24. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES**

N/A

**25. INTERCOMPANY POOLING ARRANGEMENTS**

N/A

**26. STRUCTURED SETTLEMENTS**

N/A

**27. HIGH DEDUCTIBLES**

N/A

**28. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES AND UNPAID LOSS ADJUSTMENT EXPENSES**

N/A

**NOTES TO FINANCIAL STATEMENTS**

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**29. ASBESTOS/ENVIRONMENTAL RESERVES**

N/A

**30. SUBSCRIBERS SAVINGS ACCOUNT**

N/A

**31. FINANCIAL GUARANTY INSURANCE EXPOSURES**

N/A

## SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities				
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations	8,848,837	38.968	8,848,837	38.968
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA				
1.512 Issued by FNMA and FHLMC				
1.513 Privately issued				
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC				
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523 All other privately issued				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (includes \$ ..... of property acquired in satisfaction of debt)				
5.3 Property held for sale (\$ ..... including property acquired in satisfaction of debt)				
6. Policy loans				
7. Receivables for securities				
8. Cash and short-term investments	13,858,984	61.032	13,858,984	61.032
9. Other invested assets				
10. Total invested assets	22,707,821	100.000	22,707,821	100.000

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

#### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes (X) No ( )
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes (X) No ( ) N/A ( )
- 1.3 State Regulating? Wisconsin
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes ( ) No (X)
- 2.2 If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended. .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made: 12/31/2001
- 3.2 State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .....
- 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). .....
- 3.4 By what department or departments?  
Ohio Department of Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
     4.11 sales of new business? Yes ( ) No (X)  
     4.12 renewals? Yes ( ) No (X)
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
     4.21 sales of new business? Yes ( ) No (X)  
     4.22 renewals? Yes ( ) No (X)
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes ( ) No (X)
- 5.2 If yes, provide name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any reporting entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes ( ) No (X)
- 6.2 If yes, give full information:  
.....  
.....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes ( ) No (X)
- 7.2 If yes,  
     7.21 State the percentage of foreign control; ..... %  
     7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the reporting entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g.; individual, corporation, government, manager or attorney-in-fact).

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

**GENERAL INTERROGATORIES (continued)**

- 8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Pricewaterhouse Coopers,  
203 N LaSalle, Chicago IL 60601
- 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?  
Dennis Loper, FCAS, MAAA  
Madison, WI - Employee of American Family Ins 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?  
N/A
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States branch, on risks wherever located? Yes ( ) No ( )
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes ( ) No ( )
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes ( ) No ( ) N/A (X)

**BOARD OF DIRECTORS**

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

**FINANCIAL**

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

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

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

## GENERAL INTERROGATORIES (Continued)

### INVESTMENT

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

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price if Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred					Yes ( ) No ( )	Yes ( ) No ( )
Common	850	100	1.00	XXX	XXX ( ) XXX ( )	XXX ( ) XXX ( )

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

18.2 If no, give full and complete information relating thereto:  
All bonds and other securities are held for safekeeping by US Bank, Milwaukee, WI.

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

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

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

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

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

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

19.4 For category (19.28) provide the following:

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

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
US Bank	Madison, WI
.....	.....
.....	.....

**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 (X) No ( )

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Firststar .....	US Bank .....	06/01/2002	Name Change .....
.....	.....	.....	.....
.....	.....	.....	.....

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? \$ .....

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? \$ .....

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 department of government during the period covered by this statement.

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE American Family Insurance Company  
**GENERAL INTERROGATORIES (continued)**  
**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes (X) No ( )
- 1.2 If yes, indicate premium earned on U. S. business only. \$ ..... 1,155,413
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ .....
- 1.31 Reason for excluding:  
.....  
.....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Line (1.2) above. \$ .....
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ ..... 1,399,958
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$ ..... 451,679
- 1.62 Total incurred claims \$ ..... 491,587
- 1.63 Number of covered lives ..... 283
- All years prior to most current three years:
- 1.64 Total premium earned \$ ..... 703,734
- 1.65 Total incurred claims \$ ..... 908,371
- 1.66 Number of covered lives ..... 236
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$ .....
- 1.72 Total incurred claims \$ .....
- 1.73 Number of covered lives .....
- All years prior to most current three years:
- 1.74 Total premium earned \$ .....
- 1.75 Total incurred claims \$ .....
- 1.76 Number of covered lives .....
- 2.1 Does the reporting entity issue both participating and non-participating policies? Yes ( ) No (X)
- 2.2 If yes, state the amount of calendar year premiums written on:
- 2.21 Participating \$ .....
- 2.22 Non-participating policies \$ .....
3. For Mutual Reporting Entities and Reciprocal Exchange only:
- 3.1 Does the reporting entity issue assessable policies? Yes ( ) No (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 ( ) N/A (X)
- 4.22 As a direct expense of the exchange Yes ( ) No ( ) N/A (X)
- 4.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?  
.....  
.....
- 4.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred? Yes ( ) No ( )
- 4.5 If yes, give full information.  
.....  
.....
- 5.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?  
N/A  
.....
- 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 models developed by AIR and Benfield Blanch project PMLs for earthquakes and tornadoes. These models use historical regional data and American Family Insurance's data. Exposure are mainly personal lines property risks located in the Midwest U. S.
- 5.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?  
The Company is 100% reinsured by the parent. The parent has purchased adequate property catastrophe reinsurance to cover its direct writings as well as that of its subsidiaries.
- 5.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes ( ) No (X)
- 5.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.  
American Family Insurance Company is 100% reinsured by American Family Mutual Insurance Company.  
.....
- 6.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurers's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provisions)? Yes ( ) No (X)
- 6.2 If yes, indicate the number of reinsurance contracts containing such provisions. .....

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

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

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

## FIVE-YEAR HISTORICAL DATA

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

	1 2002	2 2001	3 2000	4 1999	5 1998
Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	41,534,873	26,165,998	17,366,877	11,514,685	6,442,779
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)	33,816,261	21,446,490	13,898,455	8,283,507	4,266,021
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	32,521,937	19,845,566	13,178,091	7,791,845	4,253,545
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)	2,629,135	1,946,008	1,431,536	1,002,757	488,249
5. Nonproportional reinsurance lines (Lines 30, 31 and 32)					
6. Total (Line 34)	110,502,206	69,404,052	45,874,959	28,592,794	15,450,594
Net Premiums Written (Page 8, Part 1B, Column 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)					
11. Nonproportional reinsurance lines (Line 30, 31 and 32)					
12. Total (Line 34)					
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)					
14. Net investment gain (loss) (Line 11)	553,143	758,234	877,211	481,125	313,479
15. Total other income (Line 15)				(200,863)	32,345
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	72,454	124,894	227,240	24,271	47,206
18. Net income (Line 20)	480,689	633,340	649,971	255,991	298,618
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding Protected Cell (Page 2, Line 26, Column 3)	98,412,137	59,649,707	55,472,583	36,574,676	24,473,642
20. Agents' balances or uncollected premiums (Page 2, Column 3)					
20.1 In course of collection (Line 10.1)	37,903	45,231	4,588	268,444	62,701
20.2 Deferred and not yet due (Line 10.2)	241,458	86,181	138,424	5,236,973	2,623,838
20.3 Accrued retrospective premiums (Line 10.3)					
21. Total liabilities excluding Protected Cell (Page 3, Line 24)	90,222,594	51,950,158	48,535,487	30,374,556	18,472,913
22. Losses (Page 3, Line 1 and Line 2)					
23. Loss adjustment expenses (Page 3, Line 3)					
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Line 28 and Line 29)	100	100	100	100	100
26. Surplus as regards policyholders (Page 3, Line 35)	8,189,541	7,699,546	6,937,096	6,200,120	6,000,729
Risk-Based Capital Analysis					
27. Total adjusted capital	8,189,541	7,699,546	6,937,096	6,200,120	6,000,729
28. Authorized control level risk-based capital	1,138,419	1,121,784	869,741	170,810	368,932
Percentage Distribution of Cash and Invested Assets (Page 2, Column 3) (Item divided by Page 2, Line 9, Column 3) x 100.0					
29. Bonds (Line 1)	39.0	60.7	62.5	20.3	73.5
30. Stocks (Line 2.1 and Line 2.2)					
31. Mortgage loans on real estate (Line 3.1 and Line 3.2)					
32. Real estate (Lines 4.1, 4.2 and 4.3)					
33. Cash and short-term investments (Line 5)	61.0	39.3	37.5	79.7	26.5
34. Other invested assets (Line 6)					
35. Receivable for securities (Line 7)					
36. Aggregate write-ins for invested assets (Line 8)					
37. Cash and invested assets (Line 9)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
38. Affiliated bonds (Schedule D, Summary, Line 25, Column 1)					
39. Affiliated preferred stocks (Schedule D, Summary, Line 39, Column 1)					
40. Affiliated common stocks (Schedule D, Summary, Line 53, Column 2)					
41. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Column 5 Line 11)					
42. Affiliated mortgage loans on real estate					
43. All other affiliated					
44. Total of above Line 38 through Line 43					
45. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 44 above divided by Page 3, Column 1, Line 34 x 100.0)					

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
Capital and Surplus Accounts (Page 4)					
46. Net unrealized capital gains (losses) (Line 23) .....					
47. Dividends to stockholders (Line 34) .....					
48. Change in surplus as regards policyholders for the year (Line 37) .....	489,996	762,452	736,975	199,391	276,134
Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)					
49. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4) .....	21,363,423	13,381,862	8,363,833	4,888,475	2,529,173
50. Property lines (Lines 1, 2, 9, 12, 21 and 26) .....	24,409,997	17,213,308	11,790,321	6,362,081	3,651,894
51. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27) .....	24,737,490	17,870,555	10,812,345	7,038,186	3,119,805
52. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33) .....	2,582,583	2,563,910	2,575,843	1,722,090	923,762
53. Nonproportional reinsurance lines (Lines 30, 31, and 32) .....					
54. Total (Line 34) .....	73,093,493	51,029,635	33,542,342	20,010,832	10,224,634
Net Losses Paid (Page 9, Part 2, Column 4)					
55. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4) .....					
56. Property lines (Lines 1, 2, 9, 12, 21 and 26) .....					
57. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27) .....					
58. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33) .....					
59. Nonproportional reinsurance lines (Lines 30, 31, and 32) .....					
60. Total (Line 34) .....					
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) .....					
63. Loss expenses incurred (Line 3) .....					
64. Other underwriting expenses incurred (Line 4) .....					
65. Net underwriting gain (loss) (Line 8) .....					
Other Percentages					
66. Other underwriting expenses to net premiums written (Page 4, Lines 4 plus 5 minus 15 divided by Page 8, Part 1B, Column 6, Line 34 x 100.0) .....					
67. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 plus Line 3 divided by Page 4, Line 1 x 100.0) .....					
68. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 34 divided by Page 3, Line 35, Column 1 x 100.0) .....					
One Year Loss Development (000 omitted)					
69. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11) .....					
70. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 69 above divided by Page 4, Line 21, Column 1 x 100.0) .....					
Two Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12) .....					
72. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 71 above divided by Page 4, Line 21, Column 2 x 100.0) .....					

**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
<b>BONDS</b>					
Governments (Including all obligations guaranteed by governments)	1. United States				
	2. Canada				
	3. Other Countries				
	4. Totals				
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals				
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	8,848,837	8,848,837	8,969,207	8,735,000
	14. Canada				
	15. Other Countries				
	16. Totals	8,848,837	8,848,837	8,969,207	8,735,000
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States				
	22. Canada				
	23. Other Countries				
	24. Totals				
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	8,848,837	8,848,837	8,969,207	8,735,000
<b>PREFERRED STOCKS</b>					
Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks				
<b>COMMON STOCKS</b>					
Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals				
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks				
	55. Total Stocks				
	56. Total Bonds and Stocks	8,848,837	8,848,837	8,969,207	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ 8,848,837 .

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

1. Book/adjusted carrying value of bonds and stocks, prior year	8,871,890	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3		6.1 Column 17, Part 1	
3. Increase (decreased) by adjustment:		6.2 Column 13, Part 2, Section 1	
3.1 Column 16, Part 1	(23,053)	6.3 Column 11, Part 2, Section 2	
3.2 Column 12, Part 2, Section 1		6.4 Column 11, Part 4	
3.3 Column 10, Part 2, Section 2		7. Book/adjusted carrying value at end of current period	8,848,837
3.4 Column 10, Part 4	(23,053)	8. Total valuation allowance	
4. Total gain (loss), Column 14, Part 4		9. Subtotal (Line 7 plus Line 8)	8,848,837
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4		10. Total nonadmitted amounts	
		11. Statement value of bonds and stocks, current period	8,848,837

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

**SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						12 Number of Claims Reported - Direct and Assumed		
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments			10 Salvage and Subrogation Received	11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX								XXX	
2. 1993											XXX	
3. 1994											XXX	
4. 1995											XXX	
5. 1996	849	849		1,229	1,229	38	38	77	77		XXX	
6. 1997	4,796	4,796		5,062	5,062	123	123	817	817		XXX	
7. 1998	12,217	12,217		12,580	12,580	214	214	1,420	1,420		XXX	
8. 1999	23,845	23,845		22,796	22,796	368	368	2,638	2,638		XXX	
9. 2000	39,669	39,669		41,145	41,145	310	310	4,288	4,288		XXX	
10. 2001	60,039	60,039		52,810	52,810	133	133	5,743	5,743		XXX	
11. 2002	93,921	93,921		56,493	56,493	(18)	(18)	7,933	7,933		XXX	
12. Totals	XXX	XXX	XXX	192,115	192,115	1,168	1,168	22,916	22,916		XXX	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct & Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.													XXX
2.													XXX
3.													XXX
4.													XXX
5.	1	1					2	2					XXX
6.			(3)	(3)			7	7					XXX
7.	107	107	5	5			49	49	4	4			XXX
8.	396	396	4	4			396	396	14	14			XXX
9.	1,594	1,594	210	210			964	964	72	72			XXX
10.	3,728	3,728	2,053	2,053			2,119	2,119	224	224			XXX
11.	15,716	15,716	14,077	14,077			2,944	2,944	1,457	1,457			XXX
12.	21,542	21,542	16,346	16,346			6,481	6,481	1,771	1,771			XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter - Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		
2.											
3.											
4.											
5.	1,347	1,347		158.7	158.7						
6.	6,006	6,006		125.2	125.2						
7.	14,379	14,379		117.7	117.7						
8.	26,612	26,612		111.6	111.6						
9.	48,583	48,583		122.5	122.5						
10.	66,810	66,810		111.3	111.3						
11.	98,602	98,602		105.0	105.0						
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		

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

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	No							
2. Alaska	AK	No							
3. Arizona	AZ	No							
4. Arkansas	AR	No							
5. California	CA	No							
6. Colorado	CO	No							
7. Connecticut	CT	No							
8. Delaware	DE	No							
9. Dist. Columbia	DC	No							
10. Florida	FL	No							
11. Georgia	GA	No							
12. Hawaii	HI	No							
13. Idaho	ID	No							
14. Illinois	IL	No							
15. Indiana	IN	No							
16. Iowa	IA	No							
17. Kansas	KS	No							
18. Kentucky	KY	No							
19. Louisiana	LA	No							
20. Maine	ME	No							
21. Maryland	MD	No							
22. Massachusetts	MA	No							
23. Michigan	MI	No							
24. Minnesota	MN	No							
25. Mississippi	MS	No							
26. Missouri	MO	No							
27. Montana	MT	No							
28. Nebraska	NE	No							
29. Nevada	NV	No							
30. New Hampshire	NH	No							
31. New Jersey	NJ	No							
32. New Mexico	NM	No							
33. New York	NY	No							
34. North Carolina	NC	No							
35. North Dakota	ND	No							
36. Ohio	OH	Yes	110,502,205	93,922,196	73,093,494	83,678,598	37,891,548		
37. Oklahoma	OK	No							
38. Oregon	OR	No							
39. Pennsylvania	PA	No							
40. Rhode Island	RI	No							
41. South Carolina	SC	No							
42. South Dakota	SD	No							
43. Tennessee	TN	No							
44. Texas	TX	No							
45. Utah	UT	No							
46. Vermont	VT	No							
47. Virginia	VA	No							
48. Washington	WA	No							
49. West Virginia	WV	No							
50. Wisconsin	WI	No							
51. Wyoming	WY	No							
52. American Samoa	AS	No							
53. Guam	GU	No							
54. Puerto Rico	PR	No							
55. U.S. Virgin Islands	VI	No							
56. Canada	CN	No							
57. Aggregate other alien	OT	X X X							
58. Totals	(a) 1	110,502,205	93,922,196		73,093,494	83,678,598	37,891,548		
DETAILS OF WRITE-INS									
5701.		X X X							
5702.		X X X							
5703.		X X X							
5798. Summary of remaining write-ins for Line 57 from overflow page		X X X							
5799. Totals (Line 5701 through Line 5703 plus Line 5798) (Line 57 above)		X X X							

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

Premiums are allocated where risk are domiciled.

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