



ANNUAL STATEMENT

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

LEADER INSURANCE COMPANY

NAIC Group Code..... 0084, 0084 NAIC Company Code..... 11738 Employer's ID Number..... 34-0927698
(Current Period) (Prior Period)

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

Country of Domicile USA

Incorporated..... March 20, 1963

Commenced Business..... December 1, 1963

Statutory Home Office	580 Walnut Street Cincinnati OH 45202 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	4100 Harry Hines Boulevard Dallas TX 75219 <i>(Street and Number) (City or Town, State and Zip Code)</i>	214-526-3876 <i>(Area Code) (Telephone Number)</i>
Mail Address	4100 Harry Hines Boulevard Dallas TX 75219 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	4100 Harry Hines Boulevard Dallas TX 75219 <i>(Street and Number) (City or Town, State and Zip Code)</i>	214-526-3876 <i>(Area Code) (Telephone Number)</i>
Internet Website Address	www.LeaderInsurance.com	
Statement Contact	William Joseph Herm <i>(Name)</i> BHerm@LeaderInsurance.com <i>(E-Mail Address)</i>	214-526-3876-4573 <i>(Area Code) (Telephone Number) (Extension)</i> 214-520-4529 <i>(Fax Number)</i>
Policyowner Relations Contact	4100 Harry Hines Boulevard Dallas TX 75219 <i>(Street and Number) (City or Town, State and Zip Code)</i>	214-526-3876-5739 <i>(Area Code) (Telephone Number) (Extension)</i>

OFFICERS

President James Randall Gober Treasurer Donald Alan Baker Secretary Tommy Joe Stone

VICE PRESIDENTS

Ronald Charles Hayes	Karen Holley Horrell	Tracy Lea McGovern	Judy Regis Metoyer
Thomas Edward Mischell	Scott Christopher Pitrone	Eve Cutler Rosen	Fred Joseph Runk
Virginia Ann Ward	John Joseph Whalin	David John Witzgall	Robert Jude Zbacnik

DIRECTORS OR TRUSTEES

James Randall Gober	Karen Holley Horrell	Keith Alan Jensen	John Raymond Miner #
Roger Hubert Prestridge	Eve Cutler Rosen	Tommy Joe Stone	

State of..... Texas
County of..... Dallas

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

_____ (Signature) James Randall Gober _____ (Printed Name) President	_____ (Signature) Tommy Joe Stone _____ (Printed Name) Secretary	_____ (Signature) Donald Alan Baker _____ (Printed Name) Treasurer
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Subscribed and sworn to before me this

.....14th.....day ofFebruary....., 2003

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds.....	119,738,638		119,738,638	141,426,730
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1).....			.0	
2.2 Common stocks (Schedule D, Part 2, Section 2).....	20,959,100		20,959,100	20,857,955
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	1,463,955		1,463,955	1,578,950
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....717,048 Schedule E, Part 1) and short-term investments (\$.....6,380,232 Schedule DA, Part 2).....	7,097,280		7,097,280	4,610,408
6. Other invested assets (Schedule BA).....			.0	
7. Receivable for securities.....			.0	
8. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
9. Subtotals, cash and invested assets (Lines 1 to 8).....	149,258,973	.0	149,258,973	168,474,043
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection.....	6,056,303	637,325	5,418,978	4,775,016
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	22,570,856		22,570,856	21,888,442
10.3 Accrued retrospective premiums.....			.0	
11. Funds held by or deposited with reinsured companies.....			.0	
12. Bills receivable, taken for premiums.....			.0	
13. Amounts receivable under high deductible policies.....			.0	
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8).....	1,705,000		1,705,000	2,127,944
15. Federal and foreign income tax recoverable and interest thereon (including \$.....4,214,394 net deferred tax asset) - American Financial Corporation.....	7,525,080	2,531,905	4,993,175	4,444,794
16. Guaranty funds receivable or on deposit.....			.0	
17. Electronic data processing equipment and software.....	49,762		49,762	210,787
18. Interest, dividends and real estate income due and accrued.....	1,793,150		1,793,150	2,389,456
19. Net adjustments in assets and liabilities due to foreign exchange rates.....			.0	
20. Receivable from parent, subsidiaries and affiliates.....	2,139,053		2,139,053	2,016,243
21. Amount due from/to protected cells.....			.0	
22. Equities and deposits in pools and associations.....			.0	
23. Amounts receivable relating to uninsured accident and health plans.....			.0	
24. Other assets nonadmitted (Exhibit 1).....	79,799	79,799	.0	
25. Aggregate write-ins for other than invested assets.....	146,692	146,692	.0	174,529
26. Total assets excluding protected cell assets (Lines 9 through 25).....	191,324,668	3,395,721	187,928,947	206,501,254
27. Protected cell assets.....			.0	
28. TOTALS (Lines 26 and 27).....	191,324,668	3,395,721	187,928,947	206,501,254

DETAILS OF WRITE-INS

0801. ....			.0	
0802. ....			.0	
0803. ....			.0	
0898. Summary of remaining write-ins for Line 8 from overflow page.....	.0	.0	.0	.0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above).....	.0	.0	.0	.0
2501. Other assets.....	146,692	146,692	.0	174,529
2502. ....			.0	
2503. ....			.0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	146,692	146,692	.0	174,529

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	70,004,092	72,307,602
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6).....	848	848
3. Loss adjustment expenses (Part 2A, Line 34, Column 9).....	16,522,297	16,908,872
4. Commissions payable, contingent commissions and other similar charges.....	97,000	72,750
5. Other expenses (excluding taxes, licenses and fees).....	2,555,744	2,269,054
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	1,938,295	1,607,298
7. Federal and foreign income taxes (including \$.....0 on realized capital gains (losses)) (including \$.....0 net deferred tax liability).....		384,838
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....14,062,679 and including warranty reserves of \$.....0).....	30,181,599	29,926,297
10. Advance premiums.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	53,940	214,398
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	12,391,134	12,006,208
14. Amounts withheld or retained by company for account of others.....	199,711	334,137
15. Remittances and items not allocated.....		
16. Provision for reinsurance (Schedule F, Part 7).....	231,600	5,400
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....	7,502,637	8,005,763
19. Payable to parent, subsidiaries and affiliates.....	1,292,616	1,425,659
20. Payable for securities.....		
21. Liability for amounts held under uninsured accident and health plans.....		
22. Capital notes \$.....0 and interest thereon \$.....0.....		
23. Aggregate write-ins for liabilities.....	1,075,463	0
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	144,046,976	145,469,124
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	144,046,976	145,469,124
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	3,000,000	3,000,000
29. Preferred capital stock.....		
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....		
32. Gross paid in and contributed surplus.....	27,906,420	47,906,420
33. Unassigned funds (surplus).....	12,975,551	10,125,710
34. Less treasury stock, at cost:		
34.1 .....0.000 shares common (value included in Line 28 \$.....0).....		
34.2 .....0.000 shares preferred (value included in Line 29 \$.....0).....		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38).....	43,881,971	61,032,130
36. TOTALS (Page 2, Line 28, Col. 3).....	187,928,947	206,501,254

DETAILS OF WRITE-INS

2301. Other liabilities.....	1,075,463	
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	1,075,463	0
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

	1 Current Year	2 Prior Year
STATEMENT OF INCOME		
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4).....	90,307,549	118,496,043
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).....	55,460,769	86,265,052
3. Loss expenses incurred (Part 3, Line 25, Column 1).....	19,836,072	18,819,241
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	9,449,021	14,115,927
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	84,745,862	119,200,220
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	5,561,687	(704,177)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	7,154,760	10,163,395
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses)).....	(701,321)	(1,624,407)
11. Net investment gain (loss) (Lines 9 + 10).....	6,453,439	8,538,988
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$...2,214,674).....	(2,214,674)	(2,269,734)
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	(6,146,987)	0
15. Total other income (Lines 12 through 14).....	(8,361,661)	(2,269,734)
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15).....	3,653,465	5,565,077
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17).....	3,653,465	5,565,077
19. Federal and foreign income taxes incurred.....	1,530,438	281,348
20. Net income (Line 18 minus Line 19) (to Line 22).....	2,123,027	5,283,729
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2).....	61,032,130	59,729,787
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20).....	2,123,027	5,283,729
23. Net unrealized capital gains or (losses).....	374,760	1,685,848
24. Change in net unrealized foreign exchange capital gains (loss).....		
25. Change in net deferred income tax.....	814,606	(2,041,234)
26. Change in nonadmitted assets (Exhibit 1, Line 5, Column 3).....	(236,352)	(430,631)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	(226,200)	(5,400)
28. Change in surplus notes.....		
29. Surplus (contributed to) withdrawn from protected cells.....		
30. Cumulative effect of changes in accounting principles.....		6,810,031
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.....	(20,000,000)	(10,000,000)
32.2 Transferred to capital (Stock Dividend).....		
32.3. Transferred from capital.....		
33. Net remittances from or (to) Home Office.....		
34. Dividends to stockholders.....		
35. Change in treasury stock (Page 3, Line 34.1 and 34.2, Column 2 minus Column 1).....		
36. Aggregate write-ins for gains and losses in surplus.....	0	0
37. Change in surplus as regards policyholders for the year (Lines 22 through 36).....	(17,150,159)	1,302,343
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35).....	43,881,971	61,032,130

DETAILS OF WRITE-INS

0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Miscellaneous income (expense).....	(6,146,987)	
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(6,146,987)	0
3601.		
3602.		
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page.....	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	89,126,544	103,329,324
2. Loss and loss adjustment expenses paid (net of salvage and subrogation).....	78,067,108	106,455,303
3. Underwriting expenses paid.....	8,782,166	14,434,740
4. Other underwriting income (expenses).....		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4).....	2,277,270	(17,560,719)
6. Net investment income.....	8,096,569	10,386,207
7. Other income (expenses):		
7.1 Agents' balances charged off.....	(2,214,674)	(2,269,734)
7.2 Net funds held under reinsurance treaties.....	384,926	12,006,208
7.3 Net amount withheld or retained for account of others.....	(134,426)	(265,929)
7.4 Aggregate write-ins for miscellaneous items.....	(6,146,987)	(234,592)
7.5 Total other income (Lines 7.1 to 7.4).....	(8,111,161)	9,235,953
8. Dividends to policyholders on direct business, less \$.....0 dividends on reinsurance assumed or ceded (net).....		
9. Federal and foreign income taxes (paid) recovered.....	(2,694,057)	3,048,000
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9).....	(431,379)	5,109,441
CASH FROM INVESTMENTS		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds.....	49,137,464	47,672,319
11.2 Stocks.....	5,171	145,852
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.....		84,241
11.8 Total investment proceeds (Lines 11.1 to 11.7).....	49,142,635	47,902,412
12. Cost of investments acquired (long-term only):		
12.1 Bonds.....	27,439,104	60,763,913
12.2 Stocks.....	4,171	145,580
12.3 Mortgage loans.....		
12.4 Real estate.....		99,834
12.5 Other invested assets.....		
12.6 Miscellaneous applications.....		
12.7 Total investments acquired (Lines 12.1 to 12.6).....	27,443,275	61,009,327
13. Net cash from investments (Line 11.8 minus Line 12.7).....	21,699,360	(13,106,915)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in.....	(20,000,000)	(10,000,000)
14.2 Capital notes \$.....0 less amounts repaid \$.....0.....		
14.3 Net transfers from affiliates.....		1,425,659
14.4 Borrowed funds received.....		
14.5 Other cash provided.....	1,474,743	518,572
14.6 Total (Lines 14.1 to 14.5).....	(18,525,257)	(8,055,769)
15. Cash applied:		
15.1 Dividends to stockholders paid.....		
15.2 Net transfers to affiliates.....	255,852	524,585
15.3 Borrowed funds repaid.....		
15.4 Other applications.....		13,582
15.5 Total (Lines 15.1 to 15.4).....	255,852	538,167
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5).....	(18,781,109)	(8,593,936)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10 plus Line 13 plus Line 16).....	2,486,872	(16,591,410)
18. Cash and short-term investments:		
18.1 Beginning of year.....	4,610,408	21,201,818
18.2 End of year (Line 17 plus Line 18.1).....	7,097,280	4,610,408
DETAILS OF WRITE-INS		
7.401 Miscellaneous income (expense).....	(6,146,987)	
7.402 Change in other assets and liabilities.....		(234,592)
7.403		
7.498 Summary of remaining write-ins for Line 7.4 from overflow page.....	0	0
7.499 Total (Lines 7.401 thru 7.403 plus 7.498) (Line 7.4 above).....	(6,146,987)	(234,592)

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums December 31 Prior Year- per Col. 3 Last Year's Part 2	Unearned Premiums December 31 Current Year- per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....				0
2. Allied lines.....				0
3. Farmowners multiple peril.....				0
4. Homeowners multiple peril.....				0
5. Commercial multiple peril.....				0
6. Mortgage guaranty.....				0
8. Ocean marine.....				0
9. Inland marine.....				0
10. Financial guaranty.....				0
11.1 Medical malpractice - occurrence.....				0
11.2 Medical malpractice - claims-made.....				0
12. Earthquake.....				0
13. Group accident and health.....				0
14. Credit accident and health (group and individual).....				0
15. Other accident and health.....				0
16. Workers' compensation.....				0
17.1 Other liability - occurrence.....				0
17.2 Other liability - claims-made.....				0
18.1 Products liability - occurrence.....				0
18.2 Products liability - claims-made.....				0
19.1, 19.2 Private passenger auto liability.....	77,956,878	24,001,459	25,072,101	76,886,236
19.3, 19.4 Commercial auto liability.....	6,119,071	2,805,298	2,704,190	6,220,179
21. Auto physical damage.....	6,486,902	3,119,540	2,405,308	7,201,134
22. Aircraft (all perils).....				0
23. Fidelity.....				0
24. Surety.....				0
26. Burglary and theft.....				0
27. Boiler and machinery.....				0
28. Credit.....				0
29. International.....				0
30. Reinsurance - nonproportional assumed property.....				0
31. Reinsurance - nonproportional assumed liability.....				0
32. Reinsurance - nonproportional assumed financial lines.....				0
33. Aggregate write-ins for other lines of business.....	0	0	0	0
34. TOTALS.....	90,562,851	29,926,297	30,181,599	90,307,549

DETAILS OF WRITE-INS

3301.				0
3302.				0
3303.				0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running more than One Year from Date of Policy) (b)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
Line of Business					
1. Fire.....					.0
2. Allied lines.....					.0
3. Farmowners multiple peril.....					.0
4. Homeowners multiple peril.....					.0
5. Commercial multiple peril.....					.0
6. Mortgage guaranty.....					.0
8. Ocean marine.....					.0
9. Inland marine.....					.0
10. Financial guaranty.....					.0
11.1 Medical malpractice - occurrence.....					.0
11.2 Medical malpractice - claims-made.....					.0
12. Earthquake.....					.0
13. Group accident and health.....					.0
14. Credit accident and health (group and individual).....					.0
15. Other accident and health.....					.0
16. Workers' compensation.....					.0
17.1 Other liability - occurrence.....					.0
17.2 Other liability - claims-made.....					.0
18.1 Products liability - occurrence.....					.0
18.2 Products liability - claims-made.....					.0
19.1, 19.2 Private passenger auto liability.....	25,072,101				25,072,101
19.3, 19.4 Commercial auto liability.....	2,704,190				2,704,190
21. Auto physical damage.....	2,405,308				2,405,308
22. Aircraft (all perils).....					.0
23. Fidelity.....					.0
24. Surety.....					.0
26. Burglary and theft.....					.0
27. Boiler and machinery.....					.0
28. Credit.....					.0
29. International.....					.0
30. Reinsurance - nonproportional assumed property.....					.0
31. Reinsurance - nonproportional assumed liability.....					.0
32. Reinsurance - nonproportional assumed financial lines.....					.0
33. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0
34. TOTALS.....	30,181,599	.0	.0	.0	30,181,599
35. Accrued retrospective premiums based on experience.....					
36. Earned but unbilled premiums.....					
37. Balance (sum of Lines 34 through 36).....					30,181,599

DETAILS OF WRITE-INS

3301. ....					.0
3302. ....					.0
3303. ....					.0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	.0	.0	.0	.0	.0
3399. TOTALS (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	.0	.0	.0	.0	.0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....						.0
2. Allied lines.....						.0
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....						.0
5. Commercial multiple peril.....						.0
6. Mortgage guaranty.....						.0
8. Ocean marine.....						.0
9. Inland marine.....						.0
10. Financial guaranty.....						.0
11.1 Medical malpractice - occurrence.....						.0
11.2 Medical malpractice - claims-made.....						.0
12. Earthquake.....						.0
13. Group accident and health.....						.0
14. Credit accident and health (group and individual).....						.0
15. Other accident and health.....						.0
16. Workers' compensation.....						.0
17.1 Other liability - occurrence.....						.0
17.2 Other liability - claims-made.....						.0
18.1 Products liability - occurrence.....						.0
18.2 Products liability - claims-made.....						.0
19.1, 19.2 Private passenger auto liability.....	66,348,530	14,055,910		2,411,037	36,525	77,956,878
19.3, 19.4 Commercial auto liability.....	2,808,039	4,240,015	10,518	189,250	750,251	6,119,071
21. Auto physical damage.....	36,144,734	9,553,359		200,626	39,010,565	6,486,902
22. Aircraft (all perils).....						.0
23. Fidelity.....						.0
24. Surety.....						.0
26. Burglary and theft.....						.0
27. Boiler and machinery.....						.0
28. Credit.....						.0
29. International.....						.0
30. Reinsurance - nonproportional assumed property.....	XXX					.0
31. Reinsurance - nonproportional assumed liability.....	XXX					.0
32. Reinsurance - nonproportional assumed financial lines.....	XXX					.0
33. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
34. TOTALS.....	105,301,303	27,849,284	10,518	2,800,913	39,797,341	90,562,851

DETAILS OF WRITE-INS

3301. ....						.0
3302. ....						.0
3303. ....						.0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	.0	.0	.0	.0	.0	.0
3399. TOTALS (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	.0	.0	.0	.0	.0	.0

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

If yes: 1. The amount of such installment premiums \$....N/A.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$....N/A.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....				0			.0	
2. Allied lines.....				0			.0	
3. Farmowners multiple peril.....				0			.0	
4. Homeowners multiple peril.....				0			.0	
5. Commercial multiple peril.....				0			.0	
6. Mortgage guaranty.....				0			.0	
8. Ocean marine.....				0			.0	
9. Inland marine.....				0			.0	
10. Financial guaranty.....				0			.0	
11.1 Medical malpractice - occurrence.....				0			.0	
11.2 Medical malpractice - claims-made.....				0			.0	
12. Earthquake.....				0			.0	
13. Group accident and health.....				0			.0	
14. Credit accident and health (group and individual).....				0			.0	
15. Other accident and health.....				0			.0	
16. Workers' compensation.....				0			.0	
17.1 Other liability - occurrence.....				0			.0	
17.2 Other liability - claims-made.....				0			.0	
18.1 Products liability - occurrence.....				0			.0	
18.2 Products liability - claims-made.....				0			.0	
19.1, 19.2 Private passenger auto liability.....	40,839,864	14,314,643	2,933,435	52,221,072	62,727,270	59,696,326	55,252,016	.71.9
19.3, 19.4 Commercial auto liability.....	965,050	2,427,317	(195,538)	3,587,905	5,297,751	4,408,157	4,477,499	.72.0
21. Auto physical damage.....	19,096,896	5,513,181	22,654,776	1,955,301	1,979,071	8,203,119	(4,268,747)	(59.3)
22. Aircraft (all perils).....				0			.0	
23. Fidelity.....				0			.0	
24. Surety.....				0			.0	
26. Burglary and theft.....				0			.0	
27. Boiler and machinery.....				0			.0	
28. Credit.....				0			.0	
29. International.....				0			.0	
30. Reinsurance - nonproportional assumed property.....	XXX			0			.0	
31. Reinsurance - nonproportional assumed liability.....	XXX			0			.0	
32. Reinsurance - nonproportional assumed financial lines.....	XXX			0			.0	
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	.0	
34. TOTALS.....	60,901,810	22,255,141	25,392,673	57,764,278	70,004,092	72,307,602	55,460,768	.61.4

DETAILS OF WRITE-INS

3301.				0			.0	
3302.				0			.0	
3303.				0			.0	
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0	.0	
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	0	0	0	0	0	.0	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....				.0				.0	
2. Allied lines.....				.0				.0	
3. Farmowners multiple peril.....				.0				.0	
4. Homeowners multiple peril.....				.0				.0	
5. Commercial multiple peril.....				.0				.0	
6. Mortgage guaranty.....				.0				.0	
8. Ocean marine.....				.0				.0	
9. Inland marine.....				.0				.0	
10. Financial guaranty.....				.0				.0	
11.1 Medical malpractice - occurrence.....				.0				.0	
11.2 Medical malpractice - claims-made.....				.0				.0	
12. Earthquake.....				.0				.0	
13. Group accident and health.....				.0				.0	
14. Credit accident and health (group and individual).....				.0				.0	
15. Other accident and health.....				.0				.0	
16. Workers' compensation.....				.0				.0	
17.1 Other liability - occurrence.....				.0				.0	
17.2 Other liability - claims-made.....				.0				.0	
18.1 Products liability - occurrence.....				.0				.0	
18.2 Products liability - claims-made.....				.0				.0	
19.1, 19.2 Private passenger auto liability.....	32,924,123	17,278,840	6,999,964	43,202,999	16,045,640	4,082,475	603,844	62,727,270	13,831,527
19.3, 19.4 Commercial auto liability.....	1,248,407	2,752,754	329,065	3,672,096	533,430	1,142,503	50,278	5,297,751	1,488,376
21. Auto physical damage.....	1,749,168	472,013	1,595,627	625,554	2,951,927	969,353	2,567,763	1,979,071	1,202,394
22. Aircraft (all perils).....				.0				.0	
23. Fidelity.....				.0				.0	
24. Surety.....				.0				.0	
26. Burglary and theft.....				.0				.0	
27. Boiler and machinery.....				.0				.0	
28. Credit.....				.0				.0	
29. International.....				.0				.0	
30. Reinsurance - nonproportional assumed property.....	XXX			.0	XXX			.0	
31. Reinsurance - nonproportional assumed liability.....	XXX			.0	XXX			.0	
32. Reinsurance - nonproportional assumed financial lines.....	XXX			.0	XXX			.0	
33. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS.....	35,921,698	20,503,607	8,924,656	47,500,649	19,530,997	6,194,331	3,221,885	70,004,092	16,522,297

DETAILS OF WRITE-INS

3301. ....				.0				.0	
3302. ....				.0				.0	
3303. ....				.0				.0	
3398. Summary of remaining write-ins for Line 33 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0

(a) Including \$.....0 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.....	2,622,865			2,622,865
1.2 Reinsurance assumed.....	2,800,130			2,800,130
1.3 Reinsurance ceded.....	906,894			906,894
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	4,516,101	0	0	4,516,101
2. Commission and brokerage:				
2.1 Direct excluding contingent.....		10,511,134		10,511,134
2.2 Reinsurance assumed excluding contingent.....		2,679,975		2,679,975
2.3 Reinsurance ceded excluding contingent.....		16,075,109		16,075,109
2.4 Contingent - direct.....		146,184		146,184
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....		4,386		4,386
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	(2,742,202)	0	(2,742,202)
3. Allowances to managers and agents.....		9,253		9,253
4. Advertising.....		101,157		101,157
5. Boards, bureaus and associations.....	26,411	498,144		524,555
6. Surveys and underwriting reports.....		1,265,356		1,265,356
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	8,521,123	6,604,518		15,125,641
8.2 Payroll taxes.....	670,203	478,243		1,148,446
9. Employee relations and welfare.....	1,235,972	1,038,998		2,274,970
10. Insurance.....	24,094	21,907		46,001
11. Directors' fees.....				0
12. Travel and travel items.....	838,202	125,968		964,170
13. Rent and rent items.....	853,870	317,577		1,171,447
14. Equipment.....	461,788	97,211		558,999
15. Cost or depreciation of EDP equipment and software.....	688,842	802,392		1,491,234
16. Printing and stationery.....	251,933	269,796		521,729
17. Postage, telephone and telegraph, exchange and express.....	837,869	1,464,126		2,301,995
18. Legal and auditing.....	32,618	444,884	252,670	730,172
19. Totals (Lines 3 to 18).....	14,442,925	13,539,530	252,670	28,235,125
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		2,513,829		2,513,829
20.2. Insurance department licenses and fees.....	7,935	417,076		425,011
20.3. Gross guaranty association assessments.....		88,282		88,282
20.4. All other (excluding federal and foreign income and real estate).....	(24,707)	124,675		99,968
20.5. Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	(16,772)	3,143,862	0	3,127,090
21. Real estate expenses.....			460,340	460,340
22. Real estate taxes.....			44,233	44,233
23. Reimbursements by uninsured accident and health plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	893,818	(4,492,169)	(10)	(3,598,361)
25. Total expenses incurred.....	19,836,072	9,449,021	757,233	(a) 30,042,326
26. Less unpaid expenses - current year.....	16,522,297	4,486,900	104,139	21,113,336
27. Add unpaid expenses - prior year.....	16,908,872	3,820,045	129,057	20,857,974
28. Amounts receivable relating to uninsured accident and health plans, prior year.....				0
29. Amounts receivable relating to uninsured accident and health plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	20,222,647	8,782,166	782,151	29,786,964

DETAILS OF WRITE-INS

2401. Special services.....		(5,066,432)		(5,066,432)
2402. Services purchased.....	34,501	742,447		776,948
2403. Other.....	859,317	(168,184)	(10)	691,123
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	893,818	(4,492,169)	(10)	(3,598,361)

(a) Includes management fees of \$.....3,720,119 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....437,798	.....355,867
1.1 Bonds exempt from U.S. tax.....	(a).....45,381	.....45,381
1.2 Other bonds (unaffiliated).....	(a).....8,747,340	.....8,240,033
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....5,863	.....5,920
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....230,400	.....230,400
5. Contract loans.....	.....	.....
6. Cash/short-term investments.....	(e).....104,044	.....96,919
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....9,570,826	.....8,974,520
11. Investment expenses.....	.....	(g).....757,233
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....947,532
14. Depreciation on real estate and other invested assets.....	.....	(i).....114,995
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....1,819,760
17. Net investment income (Line 10 minus Line 16).....	.....	.....7,154,760

DETAILS OF WRITE-INS

0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page.....		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		0

- (a) Includes \$.....138,351 accrual of discount less \$.....393,777 amortization of premium and less \$.....192,926 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....230,400 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....114,995 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4 Net Gain or (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment		
1. U.S. government bonds.....	(4,314)				(4,314)
1.1 Bonds exempt from U.S. tax.....	(135,786)				(135,786)
1.2 Other bonds (unaffiliated).....	1,209,128	(840,349)	37,015		405,794
1.3 Bonds of affiliates.....					0
2.1 Preferred stocks (unaffiliated).....					0
2.11 Preferred stocks of affiliates.....					0
2.2 Common stocks (unaffiliated).....		(930,000)	211,377		(718,623)
2.21 Common stocks of affiliates.....			820,769		820,769
3. Mortgage loans.....					0
4. Real estate.....					0
5. Contract loans.....					0
6. Cash/short-term investments.....					0
7. Derivative instruments.....					0
8. Other invested assets.....					0
9. Aggregate write-ins for capital gains (losses).....	0	0	0	0	0
10. Total capital gains (losses).....	1,069,028	(1,770,349)	1,069,161	0	367,840

DETAILS OF WRITE-INS

0901.					0
0902.					0
0903.					0
0998. Summary of remaining write-ins for Line 9 from overflow page..	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	0	0

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Lines 10 to 17 and 19 to 23, Column 2.....	3,169,230	2,869,151	(300,079)
2. Other Nonadmitted Assets:			
2.1 Bills receivable.....			.0
2.2 Furniture, equipment and supplies.....	79,799	290,217	210,418
2.3 Leasehold improvements.....			.0
2.4 Loans on personal security, endorsed or not.....			.0
3. Total (Lines 2.1 to 2.4).....	79,799	290,217	210,418
4. Aggregate write-ins for other assets.....	146,692	0	(146,692)
5. Total (Line 1 plus Lines 3 and 4).....	3,395,721	3,159,368	(236,353)

DETAILS OF WRITE-INS

0401. Other assets.....	146,692		(146,692)
0402. ....			.0
0403. ....			.0
0498. Summary of remaining write-ins for Line 4 from overflow page.....	0	0	.0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above).....	146,692	0	(146,692)

NOTES TO FINANCIAL STATEMENTS

1.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

The financial statements of Leader Insurance Company ("the Company") are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for purposes of determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed or permitted practices by the state of Ohio.

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

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

C. Accounting Policies

Investments – Invested asset values are generally stated as follows:

Bonds, including issuer obligations, mortgage-backed securities and asset-backed securities rated 1 and 2 are stated at amortized cost using the interest method; all others are stated at the lower of amortized cost or market. For mortgage-backed securities, dealer modeled prepayment assumptions are used at the date of purchase to determine effective yields; significant changes in estimated cash flows from the original purchase assumptions are accounted for on a prospective basis.

Common stocks are stated at market except investment in subsidiaries.

Investments in insurance subsidiaries are stated at the statutory equity in net assets. Investments in non-insurance subsidiaries are stated at NAIC specific values.

Real estate or property acquired in satisfaction of debt are stated at the lower of depreciated cost or market.

Short-term investments are stated at cost.

Unpaid Losses and Loss Adjustment Expense Reserves - The net liabilities stated for unpaid claims and for expenses of investigation and adjustment of unpaid claims are based upon (a) the accumulation of case estimates for losses reported prior to the close of the accounting period on the direct business written; (b) estimates received from ceding reinsurers and insurance pools and associations; (c) estimates of unreported losses and development on reported losses based on past experience; (d) estimates based on experience of expenses for investigating and adjusting claims, the total being reduced for portions ceded to other insurers; (e) the current state of the law and coverage litigation; and (f) estimates based on experience of receipts from salvage and subrogation. These liabilities are subject to the impact of changes in claim amounts and frequency and other factors. In spite of the variability inherent in such estimates, management believes that the liabilities for unpaid losses and loss adjustment expenses are adequate. Changes in estimates of the liabilities for losses and loss adjustment expenses are reflected in the statement of income in the period in which determined.

Premium Recognition - Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

Underwriting Expense Recognition - Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

NOTES TO FINANCIAL STATEMENTS

2.) ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

- A. The Company did not have any material changes in accounting principles and/or corrections of errors.
- B. The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the state of Ohio. Effective 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 Procedure Manual* subject to any deviation prescribed by the State of Ohio insurance director.

3.) BUSINESS COMBINATIONS AND GOODWILL

A. Statutory Purchase Method

The Company was not a party to any business combinations during 2002.

B. Merger

The Company was not a party to any merger transactions during 2002.

C. Impairment Loss

The Company did not recognize an impairment loss during 2002.

4.) DISCONTINUED OPERATIONS

The Company does not have any discontinued operations.

5.) INVESTMENTS

A. The Company does not have any investment in either mortgage loans or mezzanine real estate loans.

B. Debt Restructuring - No debt has been restructured.

C. The Company does not invest in reverse mortgages.

D. Loan-Backed Securities

The Company uses dealer-modeled prepayment assumptions for mortgage-backed and asset-backed securities at the date of purchase to determine effective yields; significant changes in estimated cash flows from the original purchase assumptions are accounted for on a prospective basis. In determining the market value of its loan-backed securities, the Company obtains the majority of its pricing from dealer quotes. When dealer quotes are unavailable, the Company uses EJV Partners, L.P. pricing service or management estimates.

E. The Company does not invest in repurchase agreements.

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 its admitted assets.

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7.) INVESTMENT INCOME

The Company did not exclude any due and accrued income from surplus at December 31, 2002.

8.) DERIVATIVE INSTRUMENTS

The Company's investment objectives do not include holding or issuing derivative financial instruments.

9.) INCOME TAXES

A. The components of the net deferred tax assets/liabilities at December 31 are as follows:

	2001	2002
1. Total of all deferred tax assets (admitted and nonadmitted)	\$6,826,674	\$6,855,415
2. Total of all deferred tax liabilities	200,581	109,116
3. Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	2,181,299	2,531,905
4. Total of all deferred tax assets admitted	\$4,444,794	\$4,214,394
5. Increase (decrease) in deferred tax assets nonadmitted	\$762,515	\$350,606

B. The Company has recognized all deferred tax liabilities.

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

	2001	2002
Current year income tax	\$210,708	\$1,566,443
Prior period tax adjustment	70,640	(36,005)
Current income tax incurred	\$281,348	\$1,530,438

The changes in main components of deferred tax assets and deferred tax liabilities are as follows:

Deferred tax assets resulting from book/tax differences in:	2001	2002	Difference
Loss and LAE reserves	\$2,824,587	\$2,719,164	(\$105,423)
Unearned premium reserves	2,094,841	2,112,712	17,871
Expense reserves	632,653	679,942	47,289
Securities	0	769,650	769,650
Depreciable assets	165,768	148,535	(17,233)
Nonadmitted assets	342,325	294,162	(48,163)
Unrealized losses	766,500	131,250	(635,250)
Total deferred tax assets	\$6,826,674	\$6,855,415	\$28,741
Deferred tax assets nonadmitted	\$2,181,299	\$2,531,905	(\$350,606)

Deferred tax liabilities resulting from book/tax differences in:	2001	2002	Difference
Salvage and subrogation reserves	\$50,983	\$49,448	\$1,535
Securities	149,100	0	149,100
Accrued dividends	498	518	(20)
Unrealized gains	0	59,150	(59,150)
Total deferred tax liabilities	\$200,581	\$109,116	\$91,465
Net deferred tax assets	\$6,626,093	\$6,746,299	\$120,206

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

The significant book tax adjustments are as follows:

	Amount	Tax Effect at 35%
Income before taxes	\$3,653,465	\$1,278,713
Securities adjustments	(1,775,507)	(621,427)
Other items	167,274	58,546
Taxable income	\$2,045,232	\$715,832
Federal and foreign income taxes incurred		\$1,530,438
Change in net deferred income taxes excluding unrealized		(814,606)
Total statutory income taxes		\$715,832

E. Operating Loss Carryforwards and Income Taxes Available for Recoupment:

The Company does not have any loss carryforwards at December 31, 2002.

The amount of federal income taxes incurred and available for recoupment in the event of future net losses: Current year \$1,566,443; first preceding year \$200,013; second preceding year \$0.

NOTES TO FINANCIAL STATEMENTS

F. The Company's federal income tax returns consolidated.

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

AAG Holding Company, Inc.
 AAG Insurance Agency of Alabama, Inc.
 AAG Insurance Agency of Texas, Inc.
 AFC Coal Properties, Inc.
 American DataSolutions International, Inc.
 American Empire Insurance Company
 American Empire Underwriters, Inc.
 American Financial Corporation (Inactive)
 American Insurance Agency, Inc.
 American Money Management Corporation
 American Premier Insurance Company
 American Retirement Life Insurance Company
 American Special Risk, Inc.
 Annuity Investors Life Insurance Company
 Atlanta Casualty Company
 Atlanta Casualty Group, Inc.
 Atlanta Reserve Insurance Company
 Aviation Specialty Managers, Inc.
 Brothers Port Richey Corporation
 Brothers Property Management Corporation
 Budget Insurance Premiums, Inc.
 Charleston Harbor Marina, Inc.
 Chatham Enterprises, Inc.
 Coventry Insurance Company
 CSW Management Services, Inc.
 Dempsey & Siders Agency, Inc.
 Dixie Terminal Corporation
 Dudley L. Moore Insurance, Inc.
 ESC, Inc.
 FCIA Management Company, Inc.
 FlexTech Holding Co., Inc.
 GAI Warranty Company
 Gains Group, Inc. (The)
 GALIC Disbursing Company
 Granite Finance Co., Inc.
 Great American Agency of Texas, Inc.
 Great American Assurance Company
 Great American Contemporary Insurance Company
 Great American Custom Insurance Services Illinois, Inc.
 Great American Custom Insurance Services Massachusetts, Inc.
 Great American E & S Insurance Company
 Great American Financial Resources, Inc.
 Great American Insurance Agency, Inc.
 Great American Insurance Company of New York
 Great American Life Insurance Company
 Great American Lloyd's Insurance Company
 Great American Protection Insurance Company
 Great American Security Insurance Company
 Great Southwest Corporation
 Hangar Acquisition Corp.
 Infinity Agency of Texas, Inc.
 Infinity Insurance Company
 Infinity Property and Casualty Corporation
 Instech Corporation
 Key Largo Group, Inc.
 Laurentian Credit Services Corporation
 Laurentian Securities Corporation
 Leader Insurance Company
 Leader National Agency, Inc.
 Leader Specialty Insurance Company
 Lifestyle Financial Investments, Inc.
 Lifestyle Financial Investments of Indiana, Inc.
 Loyal American Life Insurance Company
 Marathon Manufacturing Companies, Inc.
 Mid-Continent Casualty Company
 Money-Plan International, Inc.
 New York and Harlem Railroad Company (The)
 One East Fourth, Inc.
 PCC 38 Corp.
 PCC Gun Hill Realty Corp.
 PCC Michigan Realty, Inc.
 PCC Scarsdale Realty Corp.
 Penn Camarillo Realty Corp.
 Penn Towers, Inc.
 Pioneer Carpet Mills, Inc.
 PLLS, Ltd.
 Premier Dealer Services, Inc.
 AAG Insurance Agency, Inc.
 AAG Insurance Agency of Massachusetts, Inc.
 ADL Financial Services, Inc.
 American Commonwealth Development Company
 American Deposit Insurance Company
 American Empire Surplus Lines Insurance Company
 American Financial Corporation
 American Financial Enterprises, Inc.
 American Memorial Marketing Services, Inc.
 American Payroll Services, Inc.
 American Premier Underwriters, Inc.
 American Signature Underwriters, Inc.
 Ann Arbor Railroad Company (The)
 Associates of the Jersey Company (The)
 Atlanta Casualty General Agency, Inc.
 Atlanta Insurance Brokers, Inc.
 Atlanta Specialty Insurance Company
 Brothers Pennsylvanian Corporation
 Brothers Property Corporation
 Brothers Railyard Corporation
 Cal Coal, Inc.
 CHATBAR, Inc.
 Consolidated Financial Corporation
 Crop Managers Insurance Agency, Inc.
 Delbay Corporation
 Detroit Manufacturers Railroad Company
 Driskill Holdings, Inc.
 Eden Park Insurance Brokers, Inc.
 Fairmont Holdings, Inc.
 Fidelity Excess and Surplus Insurance Company
 FWC Corporation
 GAI Warranty Company of Florida
 GALIC Brothers, Inc.
 Global Premier Finance Company
 Great American Advisors, Inc.
 Great American Alliance Insurance Company
 Great American Claims Services, Inc.
 Great American Custom Insurance Services California, Inc.
 Great American Custom Insurance Services, Inc.
 Great American Custom Solutions, Inc.
 Great American Fidelity Insurance Company
 Great American Holding, Inc.
 Great American Insurance Company
 Great American Life Assurance Company
 Great American Lloyd's, Inc.
 Great American Management Services, Inc.
 Great American Re Inc.
 Great American Spirit Insurance Company
 Grizzly Golf Center, Inc.
 Indianapolis Union Railway Company (The)
 Infinity Group, Inc. (The)
 Infinity National Insurance Company
 Infinity Select Insurance Company
 Integrated Display Systems, Inc.
 Keyes-Graham Insurance Agency, Inc.
 Laurentian Marketing Services, Inc.
 Leader Group, Inc.
 Leader Managing General Agency, Inc.
 Leader Preferred Insurance Company
 Lehigh Valley Railroad Company
 Lifestyle Financial Investments Agency of Ohio, Inc.
 Lifestyle Financial Investments of the Northwest, Inc.
 Loyal Marketing Services, Inc.
 Marathon Manufacturing Company
 Mid-Continent Insurance Company
 Moore Group Inc.
 Oklahoma Surety Company
 Owasco River Railway, Inc. (The)
 PCC Chicago Realty Corp.
 PCC Maryland Realty Corp.
 PCC Real Estate, Inc.
 PCC Technical Industries, Inc.
 Penn Central Energy Management Company
 Pennsylvania Company
 Pittsburgh and Cross Creek Railroad Company
 Pointe Apartments, Inc.
 Premier Lease & Loan Services Insurance Agency, Inc.

NOTES TO FINANCIAL STATEMENTS

Premier Lease & Loan Services of Canada, Inc.	Professional Risk Brokers of Connecticut, Inc.
Professional Risk Brokers, Inc.	Professional Risk Brokers of Ohio, Inc.
Purity Financial Corporation	Regal Insurance Company
Republic Indemnity Company of America	Republic Indemnity Company of California
Republic Indemnity Medical Management, Inc.	Risico Management Corporation
Skipjack Marina Corp.	Solid State Scientific Hi-Rel, Inc.
Solid State Scientific International, Inc.	Stone Mountain Professional Liability Agency, Inc.
Superior NWWN of Ohio, Inc.	SWTC, Inc.
TEJ Holdings, Inc.	Terminal Realty Penn Co.
Texas Windsor Group, Inc.	Three East Fourth, Inc.
TICO Insurance Company	Transport Insurance Company
Treaty House, Ltd. (d/b/a Mr. Budget)	United Railroad Corp.
United Teacher Associates, Ltd.	Waynesburg Southern Railroad Company
Windsor Group, Inc.	Windsor Insurance Company
World Houston, Inc.	Worldwide Casualty Insurance Company
Worldwide Direct Auto Insurance Company	Worldwide Insurance Company

2. Tax payments and the recoupment (in the event of future losses) of tax paid pursuant to the tax allocation agreement are computed on a separate company basis as determined in accordance with generally accepted accounting principles, based upon the rules provided by the Internal Revenue Code of 1986 as amended.

10.) INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- A. The Company is an indirect 100% owned subsidiary of American Financial Group, Inc.; 100% of the outstanding common stock of the Company is directly owned by Infinity Property and Casualty Corporation. See Schedule Y, Part 1, Organizational Chart.

- B. Detail of Transactions Greater than 1/2% of Admitted Assets

The Company paid a return of capital distribution to the Pennsylvania Company of \$10,000,000 on April 5, 2002. The Company paid a return of capital distribution to American Premier Underwriters, Inc. of \$10,000,000 on December 20, 2002.

- C. Change in terms of Intercompany Arrangements –None

- D. Amounts Due to or from Related Parties - The Company has receivables due from and/or payables due to the following companies:

Company	Receivable	Payable
Leader Specialty Insurance Company	\$0	\$66,150
Leader Preferred Insurance Company	0	66,158
TICO Insurance Company	118,193	0
Leader Managing General Agency, Inc.	2,066	0
American Commonwealth Development Company	6,000	0
Leader Group, Inc.	1,944,719	0
Budget Insurance Premiums, Inc.	0	2,500
Leader National Agency, Inc.	0	500
Transport Insurance Agency	0	6,500
Moore Group, Inc.	0	1,150,807
Great American Insurance Company	901	0
Transport Insurance Company	67,173	0
Total	<u>\$2,139,052</u>	<u>\$1,292,615</u>

- E. Guarantees or Contingencies for Related Parties - The Company guarantees that its wholly-owned subsidiary, Leader Specialty Insurance Company, will maintain its capital and surplus levels commensurate with Iowa's statutory minimums.

- F. Management or service contracts and all cost sharing arrangements involving the Company or any affiliated insurer:

- The Company and affiliated insurance companies have contracts with American Money Management Corporation (an affiliate) which, subject to the direction of the Finance Committees of the companies, provide for management and accounting services related to the investment portfolios.
- Certain administrative, consultative, printing, office duplicating, telecommunications, purchasing, personnel, data processing and other services are provided under General Services Agreements between the Company and insurance and non-insurance affiliates for which actual costs are allocated on the basis of usage.
- Certain administrative, management, accounting, data processing, underwriting, claim, collection and investment services are provided under agreements between the Company and affiliates at charges not unfavorable to the Company or insurance affiliates.

- G. The Company is an indirect 100% owned subsidiary of American Financial Group, Inc.; 100% of the outstanding common stock of the Company is directly owned by Infinity Property and Casualty Corporation. See Schedule Y, Part 1, Organizational Chart.

- H. The Company owns no shares, either directly or indirectly, of an upstream intermediate or ultimate parent.

NOTES TO FINANCIAL STATEMENTS

- I. Investments in Affiliates Greater than 10% of Admitted Assets - None
- J. The Company did not recognize any impairment write down for investments in Subsidiary, Controlled or Affiliated Companies during 2002.

11.) DEBT

The Company does not have any outstanding liability for borrowed money.

12.) RETIREMENT PLAN, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

A. Defined Benefit Plans

The Company does not have any defined benefit plans.

B. Defined Contribution Plans

The Company does not have any defined contribution plans.

C. Multiemployer Plans

The Company does not have any multiemployer plans.

D. Consolidated/Holding Company Plans

Employee Retirement Plan

All employees meeting minimum requirements regarding service are eligible to participate in the American Financial Group Retirement and Savings Plan established by American Financial Group, Inc. (Parent) for the benefit of employees of American Financial Group, Inc. and its participating subsidiaries. The Plan is a defined contribution plan in which participating employees are entitled to share in contributions made by the Company on their behalf. The Plan has three types of contributions, including (1) Retirement Contributions made by the Company, (2) 401(k) Contributions made by participating employees, and (3) Matching Contributions made by the Company. The benefits for the Retirement Contributions Account are based on eligible compensation for each year of participation. Funding is determined annually. Each employer contributes an amount for the Retirement Contributions Account based upon the relationship of its total eligible compensation to total eligible compensation under the Plan. In addition, participating employees are permitted to make 401(k) Contributions to the Plan. Matching Contributions may be made by the Company based on the amount of 401(k) Contributions made by the participating employees. Plan costs are funded as they accrue and vested benefits are fully funded. Both Retirement Contributions and Matching Contributions to the Plan are subject to the discretion of the Board of Directors of the Company, and the Company has no liability for future contributions to the Plan. At December 31, 2002, the fair market value of the Plan's Retirement Contributions Account assets was \$243,364,068 and the fair market value of the Plan's Matching Contributions Account assets was \$12,764,826. The Company's share of the expense for the Plan during 2002 was \$343,719.

Postretirement Benefit Plan

The Company provides postretirement health care and life insurance benefits to employees meeting age and service requirements through plans sponsored by American Financial Group, Inc. The retiree medical care plan is a contributory plan covering all eligible employees hired prior to 1993; employees hired after 1992 pay the full cost of retiree medical coverage. The Company currently pays the full cost of life insurance coverage for eligible retirees. The medical plan is funded by monthly payments to a trust. Life insurance benefits are provided by insurance contracts. American Financial Group, Inc. has the right to modify or terminate either of these plans in the future. The Company has the right to terminate its participation at any time in the future.

The Company accrues its postretirement benefits over the period the employees qualify for such benefits. At December 31, 2002, the Company's accumulated postretirement benefit obligation was \$262,385 using a discount rate of 6.75% of which \$234,750 is currently accrued. Net postretirement benefits costs for the year ended December 31, 2002, were \$2,321 which includes service cost, interest cost and amortization of the transition obligation.

The weighted average annual assumed rate of increase in the health care cost trend rate is 10% for 2003 and is assumed to decrease gradually to 5% over 5 years and to remain at that level thereafter. The effect of a 1% increase in the assumed health care cost trend rate for each year would increase the accumulated postretirement benefit obligation at December 31, 2002 by \$20,703.

E. Postemployment Benefits and Compensated Absences

The Company has accrued for postemployment benefits and compensated absences in accordance with SSAP No. 11.

NOTES TO FINANCIAL STATEMENTS

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

- A. The Company has 1,000 shares of common stock authorized, issued and outstanding with a par value of \$3,000.00.
- B. The Company has no preferred stock outstanding.
- C. The maximum amount of dividends or distributions which may be paid to stockholders by property/casualty insurance companies domiciled in the State of Ohio without (i) prior approval or (ii) expiration of a 30 day waiting period without disapproval of the Director of Insurance is the greater of net income or 10% of policyholders' surplus as of the preceding December 31, but only to the extent of earned surplus as of the preceding December 31. The maximum amount of ordinary dividends or distributions which may be paid in 2003 based on policyholders' surplus is \$4,388,197.
- D. Within the limitations of (C) above, there are no specific restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- E. There were no restrictions placed on the Company's unassigned funds.
- F. Mutual Surplus Advances - Not applicable.
- G. No stock of the Company or its affiliates is held by it for special purposes.
- H. Changes in Balances of Special Surplus Funds - Not applicable.
- I. The portion of unassigned funds represented or reduced by each item below is as follows:

Description	Cumulative Increase (Decrease) in Surplus	Current Year Increase (Decrease) in Surplus
1. Unrealized gain or loss	\$2,053,324	\$1,069,160
2. Nonadmitted assets	(3,395,721)	(236,352)
3. Provision for reinsurance	(231,600)	(226,200)
Net increase or decrease	(\$1,573,997)	\$606,608

- J. The Company does not have any surplus debentures or similar obligations.
- K. Quasi-Reorganizations - Not applicable.

14.) CONTINGENCIES

A. Contingent Commitments

The Company does not have any contingent commitments.

B. Assessments

The Company has received notifications of insolvency of a number of insurance companies. It is expected that these insolvencies will result in guaranty fund assessments against the Company at some future date. The Company has accrued for these assessments.

C. Gain Contingencies

The Company does not have any gain contingencies.

D. All Other Contingencies

Various lawsuits against the Company have arisen in the ordinary course of the Company's business. The Company's management believes that contingent liabilities arising from such litigation and other matters will not have a material effect on the financial position or results of operations of the Company.

NOTES TO FINANCIAL STATEMENTS15.) LEASES

A. Lessee Operating Lease

- The Company leases office equipment under various noncancelable operating lease agreements that expire through December 2007. Rental expense for 2002 and 2001 was approximately \$245,416 and \$857,191, respectively. A portion of these expenses was for shared facilities paid directly by affiliates.
- Basic rental commitments as of December 31, 2002 are:

	2003	2004	2005	2006	2007
Office facilities	\$0	\$0	\$0	\$0	\$0
Office equipment	107,674	47,965	21,685	12,925	1,077
Total long-term leases	<u>\$107,674</u>	<u>\$47,965</u>	<u>\$21,685</u>	<u>\$12,925</u>	<u>\$1,077</u>

- The Company is not involved in any sales – leaseback transactions.

B. Lessor Leases

The Company has no income generated from leasing activities.

C. Leveraged Leases

The Company does not invest in leveraged leases.

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

The Company does not have any financial instruments with off-balance sheet or concentrations of credit risk.

17.) SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

- The Company did not sell any receivable balances during 2002.
- Transfer and Servicing of Financial Assets- Not applicable.
- The Company was not involved in any wash sale transactions during 2002.

18.) GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

The Company does not serve as an administrator for uninsured plans or uninsured portions of partially insured plans.

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

The Company did not have any direct premium written by a managing general agent or third party administrator.

20.) OTHER ITEMS

- Extraordinary Items – Not applicable.
- Troubled Debt Restructuring for Debtors – Not applicable.
- Other Disclosures
 - Effective April 1, 2001, the Company entered into a quota share reinsurance agreement with Inter-Ocean Reinsurance (Ireland) Limited whereby the Company will cede 90% of all Private Passenger Automobile Physical Damage policies written from 4/1/2001 to 12/31/2001. This quota share reinsurance agreement was renewed effective 1/1/2002 for policies written from 1/1/2002 to 12/31/2002 and again effective 1/1/2003 for policies written from 1/1/2003 to 12/31/2003.
 - On December 31, 2002, the Company's capital stock as well as Atlanta Casualty Company, Infinity Insurance Company and Windsor Insurance Company were contributed to Infinity Property and Casualty Corporation ("IPCC") (see Schedule Y- Part 1). IPCC was formed to own all of the personal lines agency business of American Financial Group ("AFG") for the purpose of spinning it off in an Initial Public Offering ("IPO"). On February 12, 2003, AFG offered approximately 61% of IPCC in an IPO.
- At December 31, 2002 and 2001, the Company had admitted assets of \$27,989,834 and \$26,663,458 respectively in premiums receivables. Based on Company experience, any uncollectible premiums receivable are not expected to exceed the nonadmitted amounts and therefore, no additional provision has been recorded. Any potential for additional loss is not believed to be material to the Company's financial condition.
- Reinsurance Accounted for as a Deposit – Not applicable.
- Multiple Peril Crop Insurance – The Company does not write multiple peril crop insurance.
- Mezzanine Real Estate Loans – The Company does not have any investment in mezzanine real estate loans.

NOTES TO FINANCIAL STATEMENTS

- H. Health Care Receivables –Not applicable.
- I. September 11 Events – The Company had no exposure to losses resulting from the September 11, 2001 events.
- J. Real Estate -Not applicable.
- K. Participating Policies - Notapplicable.
- L. Premium Deficiency Reserve -Not applicable.
- M. Non-cash Transactions - The Company reported the following non-cash transactions during 2002:

Exchange of equity securities	\$4,171
Securities transferred as dividends / return of capital distribution	\$5,613,400

21.) EVENTS SUBSEQUENT

There have not been any events subsequent to December 31, 2002, which may have a material effect on the financial condition of the Company.

22.) REINSURANCE**A. Unsecured Reinsurance Recoverable**

The Company's unsecured aggregate reinsurance recoverables from any individual reinsurer that exceeds 3% of its policyholders' surplus are:

<u>Company</u>	<u>NAIC Company Code</u>	<u>Federal Employer or ISI Identification Number</u>	<u>Amount</u>
Michigan Catastrophic Claims Association	24767	41-0406690	4,781,660

B. Reinsurance Recoverable in Dispute

The Company does not have any reinsurance recoverables on losses in dispute that individually exceed 5% or in the aggregate exceed 10% of its policyholders' surplus.

C. Reinsurance Assumed and Ceded

1. The Company's maximum amount of return commission due as a result of cancellation as of December 31, 2002, of all reinsurance agreements would be:

	<u>ASSUMED REINSURANCE</u>		<u>CEDED REINSURANCE</u>		<u>NET</u>	
	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>
Affiliates: Pooling	\$7,441,140	\$702,170	\$933,453	(\$29,685)	\$6,507,687	\$731,855
Affiliates: Non-Pooling	619,432	66,968	0	0	619,432	66,968
All Other	5,292	342	13,129,227	5,327,031	(13,123,935)	(5,326,689)
Total	\$8,065,864	\$769,480	\$14,062,680	\$5,297,346	(\$5,996,816)	(\$4,527,866)

Direct Unearned Premium Reserve \$36,178,414

2. Additional or return commission resulting from existing contractual arrangements are accrued as follows:

	<u>DIRECT</u>	<u>REINSURANCE</u>		<u>NET</u>
		<u>Assumed</u>	<u>Ceded</u>	
Contingent Commission	\$100,000	\$0	\$3,000	\$97,000
Sliding Scale Adjustments	0	0	0	0
Other Profit Commission Arrangements	0	0	0	0
Total	\$100,000	\$0	\$3,000	\$97,000

3. The Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance

The Company did not write off any uncollectible reinsurance in 2002.

E. Commutation of Reinsurance Ceded

The Company did not have any commutation of ceded reinsurance during 2002.

F. Retroactive Reinsurance

The Company does not have any retroactive reinsurance agreements in force.

NOTES TO FINANCIAL STATEMENTS**23.) RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION**

The Company does not issue any retrospectively rated contracts nor contracts subject to redetermination.

24.) CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

The following table provides an analysis of the change in loss and loss adjustment expense reserves net of reinsurance recoverables for the past two years:

	2001	2002
Balance at beginning of period	\$89,765,353	\$89,216,474
Loss and loss adjustment expense incurred:		
Current accident year	96,992,378	75,186,374
Prior accident years	8,091,915	110,467
	<u>105,084,293</u>	<u>75,296,841</u>
Loss and loss adjustment expense payments made for:		
Current accident year	(54,187,138)	(33,034,241)
Prior accident years	(51,446,034)	(44,952,684)
	<u>(105,633,172)</u>	<u>(77,986,925)</u>
Balance at end of period	\$89,216,474	\$86,526,390

The estimated cost of incurred losses and loss adjustment expenses attributable to insured events of prior years increased by \$110,467 during 2002. Of this amount, (\$126,102) was attributable to personal lines and \$236,569 was attributable to commercial lines. The decrease in personal lines was due to favorable development on claim settlements and the evaluation of open claims at the end of the period.

25.) INTERCOMPANY POOLING ARRANGEMENTS

The Company maintains an intercompany reinsurance pooling agreement with certain subsidiaries. All private passenger automobile and commercial automobile business written by the pool participants is subject to the terms of the pooling agreement. The effect is to transfer all direct insurance liabilities of these subsidiaries to the Company and to cede specified percentages of the net underwriting results of the Company to the participating subsidiaries as follows:

Company	NAIC Company Code Number	Participation Percentage
Leader Insurance Company	11738	97.0%
Leader Specialty Insurance Company	10061	1.0%
Leader Preferred Insurance Company	10195	1.0%
TICO Insurance Company	39497	1.0%
		<u>100.0%</u>

Leader Insurance Company's net underwriting results are determined after making cessions to various other affiliated and non-affiliated reinsurers under terms of other reinsurance agreements. These cessions are made subsequent to the pooling of business from the affiliated pool members to Leader Insurance Company. There are no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the lead company and the corresponding entries on the assumed and ceded reinsurance schedules of other pool participants. The Provision for Reinsurance (Schedule F, Part 7) is recorded by Leader Insurance Company and is not shared with the other pool participants. Uncollectible reinsurance balances which are written off are subject to the terms of the pooling agreement.

26.) STRUCTURED SETTLEMENTS

A. The Company has not purchased any annuities under which it is owner and payee to fund future payments that are fixed.

B. The Company has not purchased any annuities due from any life insurer exceeding 1% of the Company's policyholders' surplus.

27.) HIGH DEDUCTIBLES

The Company does not write any policies under high deductible plans.

28.) DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES

The Company does not discount liabilities for unpaid losses or unpaid loss adjustment expenses.

29.) ASBESTOS/ENVIRONMENTAL RESERVES

The Company does not have any exposure for asbestos or environmental claims.

30.) SUBSCRIBER SAVINGS ACCOUNTS

The Company is not a reciprocal exchange and, accordingly, has nothing to report.

31.) FINANCIAL GUARANTY INSURANCE EXPOSURES

The Company does not have any financial guaranty insurance exposures.

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.....	6,479,208	4.3	6,479,208	4.3
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....		0.0		0.0
1.22 Issued by U.S. government sponsored agencies.....		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....		0.0		0.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....		0.0		0.0
1.43 Revenue and assessment obligations.....	7,652,555	5.1	7,652,555	5.1
1.44 Industrial development and similar obligations.....		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA.....		0.0		0.0
1.512 Issued by FNMA and FHLMC.....		0.0		0.0
1.513 Privately issued.....		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC.....	4,023,498	2.7	4,023,498	2.7
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA or FHLMC.....		0.0		0.0
1.523 All other privately issued.....	6,054,103	4.1	6,054,103	4.1
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	91,914,518	61.6	91,914,518	61.6
2.2 Unaffiliated foreign securities.....	3,614,756	2.4	3,614,756	2.4
2.3 Affiliated securities.....		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds.....		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated.....		0.0		0.0
3.22 Unaffiliated.....		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....		0.0		0.0
3.32 Unaffiliated.....	407,926	0.3	407,926	0.3
3.4 Other equity securities:				
3.41 Affiliated.....	20,551,174	13.8	20,551,174	13.8
3.42 Unaffiliated.....		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....		0.0		0.0
3.52 Unaffiliated.....		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development.....		0.0		0.0
4.2 Agricultural.....		0.0		0.0
4.3 Single family residential properties.....		0.0		0.0
4.4 Multifamily residential properties.....		0.0		0.0
4.5 Commercial loans.....		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company.....	1,463,955	1.0	1,463,955	1.0
5.2 Property held for production of income (includes \$.....0 of property acquired in satisfaction of debt).....		0.0		0.0
5.3 Property held for sale (\$.....0 including property acquired in satisfaction of debt).....		0.0		0.0
6. Policy loans.....		0.0		0.0
7. Receivables for securities.....		0.0		0.0
8. Cash and short-term investments.....	7,097,280	4.8	7,097,280	4.8
9. Other invested assets.....		0.0		0.0
10. Total invested assets.....	149,258,973	100.0	149,258,973	100.0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A

1.3 State regulating? Ohio

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No

2.2 If yes, date of change: _____
If not previously filed, furnish herewith a certified copy of the instrument as amended.

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2001

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1996

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). 10/11/1998

3.4 By what department or departments? Ohio, Delaware, Mississippi

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 a common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes No

4.12 renewals? Yes No

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes No

4.22 renewals? Yes No

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No

5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
Not Applicable		

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes No

6.2 If yes, give full information:
Not Applicable

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes No

7.2 If yes,
7.21 State the percentage of foreign control.0.000 %

7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity
Not Applicable	

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?
Ernst & Young LLP, 1300 Chiquita Center, 250 East Fifth Street, Cincinnati, Ohio 45202
-
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?
John L. Doellman, F.C.A.S., M.A.A.A., Vice President and Actuary of Great American Insurance Company, an affiliate of Leader Insurance Company, located at 580 Walnut Street, Cincinnati, Ohio 45202-3180
-
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

-
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

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 \$.....0
- 14.12 To stockholders not officers \$.....0
- 14.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 14.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.21 To directors or other officers \$.....0
- 14.22 To stockholders not officers \$.....0
- 14.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 15.1 Were any 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 \$.....0
- 15.22 Borrowed from others \$.....0
- 15.23 Leased from others \$.....0
- 15.24 Other \$.....0
- Disclose in the Notes to Financial 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 \$.....0
- 16.22 Amount paid as expenses \$.....0
- 16.23 Other amounts paid \$.....0

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.....	.....1,000,000	.....1,000,000	.....3,000.00	.....XXX.....	.....XXX.....XXX.....	.....XXX.....XXX.....

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

18.2 If no, give full and complete information relating thereto.
Not Applicable

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 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	\$.....0
19.22 Subject to repurchase agreements	\$.....0
19.23 Subject to reverse repurchase agreements	\$.....0
19.24 Subject to dollar repurchase agreements	\$.....0
19.25 Subject to reverse dollar repurchase agreements	\$.....0
19.26 Pledged as collateral	\$.....0
19.27 Placed under option agreements	\$.....0
19.28 Letter stock or securities restricted as to sale	\$.....0
19.29 Other	\$.....0

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

- 19.31 Not Applicable
- 19.32 Not Applicable
- 19.33 Not Applicable
- 19.34 Not Applicable
- 19.35 Not Applicable
- 19.36 Not Applicable
- 19.37 Not Applicable
- 19.38 Not Applicable
- 19.39 Not Applicable

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
Not Applicable		

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: \$.....0

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of New York	One Wall Street, New York, New York 10286

GENERAL INTERROGATORIES (continued)

INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Not Applicable		

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

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Not Applicable			

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
Not Applicable	American Money Management Corporation	One East Fourth Street, Cincinnati, Ohio 45202

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$.....205,225

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
National Association of Independent Insurers	91,311
National Insurance Crime Bureau	63,555

24.1 Amount of payments for legal expenses, if any? \$.....2,336

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
Jay N. Applebaum	1,475

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0

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

1 Name	2 Amount Paid
Not Applicable	

GENERAL INTERROGATORIES (continued)

Part 2 - Property and Casualty Interrogatories

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes [<input type="checkbox"/>]		No [<input checked="" type="checkbox"/>]
1.2	If yes, indicate premium earned on U.S. business only.			\$.....0
1.3	What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?			\$.....0
1.31	Reason for excluding:			
	<u>Not Applicable</u>			
<hr/>				
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.			\$.....0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.			\$.....0
1.6	Individual policies:			
	Most current three years:			
1.61	Total premium earned			\$.....0
1.62	Total incurred claims			\$.....0
1.63	Number of covered lives			.....0
	All years prior to most current three years:			
1.64	Total premium earned			\$.....0
1.65	Total incurred claims			\$.....0
1.66	Number of covered lives			.....0
1.7	Group policies:			
	Most current three years:			
1.71	Total premium earned			\$.....0
1.72	Total incurred claims			\$.....0
1.73	Number of covered lives			.....0
	All years prior to most current three years:			
1.74	Total premium earned			\$.....0
1.75	Total incurred claims			\$.....0
1.76	Number of covered lives			.....0
2.1	Does the reporting entity issue both participating and non-participating policies?			Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
2.2	If yes, state the amount of calendar year premiums written on:			
2.21	Participating			\$.....0
2.22	Non-participating policies			\$.....0
3.	For Mutual Reporting Entities and Reciprocal Exchange only:			
3.1	Does the reporting entity issue assessable policies?			Yes [<input type="checkbox"/>] No [<input type="checkbox"/>]
3.2	Does the reporting entity issue non-assessable policies?			Yes [<input type="checkbox"/>] No [<input type="checkbox"/>]
3.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?			.....0.0 %
3.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.			\$.....0
4.	For Reciprocal Exchanges only:			
4.1	Does the exchange appoint local agents?			Yes [<input type="checkbox"/>] No [<input type="checkbox"/>]
4.2	If yes, is the commission paid:			
4.21	Out of Attorney's-in-fact compensation	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	N/A [<input type="checkbox"/>]
4.22	As a direct expense of the exchange	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	N/A [<input type="checkbox"/>]
4.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?			
<hr/>				
4.4	Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred?			Yes [<input type="checkbox"/>] No [<input type="checkbox"/>]
4.5	If yes, give full information:			
<hr/>				
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?			
	<u>Not Applicable - Line of business not written</u>			
<hr/>				
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:			
	<u>The Company utilizes historical catastrophe loss data to estimate the Company's probable maximum loss (PML) in areas where there is a concentration of automobiles insured. The Company's PML is limited since auto comprehensive is the primary property coverage sold. The Company does not use an outside model in its estimation.</u>			
<hr/>				
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 property insurance loss?			
	<u>The Company has a 90% Physical Damage Quota Share Treaty that provides coverage for three occurrences per year which further limits the Company's PML.</u>			
<hr/>				
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 [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
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.			
	<u>The Company is covered by a Property Catastrophe Excess Contract, but the Company's PML is less than the Company's retention.</u>			
<hr/>				
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 reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?			Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
6.2	If yes, indicate the number of reinsurance contracts containing such provisions.			.....

GENERAL INTERROGATORIES (continued)

Part 2 - Property and Casualty Interrogatories (continued)

7.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]

7.2 If yes, give full information:
Not Applicable

8. If the reporting entity has assumed risks from another entity, there should be a charge on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []

9.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [] No [X]

9.2 If yes, give full information:
Not Applicable

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 \$.....0

10.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0

10.2 Of the amount on Line 10.3 of the asset schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds: \$.....0

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 From0.0 %

10.42 To0.0 %

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 a 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 \$.....0

10.62 Collateral and other funds \$.....0

11.1 What amount of installment notes is owned and now held by the reporting entity? \$.....0

11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year? Yes [] No [X]

11.3 If yes, what amount? \$.....0

12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....1,067,000

12.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]

12.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount.3

13.1 Has the reporting entity guaranteed any financed premium accounts? Yes [] No [X]

13.2 If yes, give full information:
Not Applicable

14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [X] No []

14.11 Name of real estate holding company American Commonwealth Development Company

14.12 Number of parcels involved0

14.13 Total book/adjusted carrying value \$.....0

14.2 If yes, provide explanation
American Commonwealth Development Company does not currently own any real estate.

15.1 Does the reporting entity write any warranty business? Yes [] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
15.11 Home.....
15.12 Products.....
15.13 Automobile.....
15.14 Other*.....

* Disclose type of coverage: Not Applicable

FIVE-YEAR HISTORICAL DATA

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

	1 2002	2 2001	3 2000	4 1999	5 1998
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	87,463,012	76,692,315	94,895,687	81,703,838	117,679,636
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	45,698,093	44,168,967	57,134,248	44,281,803	55,890,157
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....					
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....					
6. Total (Line 34).....	133,161,105	120,861,282	152,029,935	125,985,641	173,569,793
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	84,075,949	73,077,443	91,194,311	78,424,770	114,929,960
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	6,486,902	15,558,186	55,420,221	42,953,349	54,876,017
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....					
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....					
12. Total (Line 34).....	90,562,851	88,635,629	146,614,532	121,378,119	169,805,977
Statement of Income (Page 4)					
13. Net underwriting gain (Loss) (Line 8).....	5,561,687	(704,177)	(18,317,206)	(1,797,741)	(2,841,842)
14. Net investment gain (loss) (Line 11).....	6,453,439	8,538,988	8,938,170	10,983,094	10,280,252
15. Total other income (Line 15).....	(8,361,661)	(2,269,734)	(1,675,843)	(1,276,678)	(2,043,821)
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	1,530,438	281,348	(3,428,298)	2,712,580	5,874,574
18. Net income (Line 20).....	2,123,027	5,283,729	(7,626,581)	5,196,095	(479,986)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding Protected Cell (Page 2, Line 26, Col. 3).....	187,928,947	206,501,254	222,308,469	192,044,141	207,512,116
20. Agents' balances or uncollected premiums (Page 2, Col. 3):					
20.1 In course of collection (Line 10.1).....	5,418,978	4,775,016	6,570,901	4,668,263	6,454,983
20.2 Deferred and not yet due (Line 10.2).....	22,570,856	21,888,442	34,447,445	30,019,566	23,655,646
20.3 Accrued retrospective premiums (Line 10.3).....					
21. Total liabilities excluding Protected Cell (Page 3, Line 24).....	144,046,976	145,469,124	162,578,682	143,327,744	142,766,124
22. Losses (Page 3, Lines 1 & 2).....	70,004,940	72,308,450	72,483,393	61,140,759	66,329,618
23. Loss adjustment expenses (Page 3, Line 3).....	16,522,297	16,908,872	17,281,960	15,143,291	14,652,269
24. Unearned premiums (Page 3, Line 9).....	30,181,599	29,926,297	59,786,711	54,500,589	48,522,419
25. Capital paid up (Page 3, Lines 28 & 29).....	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
26. Surplus as regards policyholders (Page 3, Line 35).....	43,881,971	61,032,130	59,729,787	48,716,397	64,745,992
Risk-Based Capital Analysis					
27. Total adjusted capital.....	43,881,971	61,032,130	59,729,787	48,716,397	64,745,992
28. Authorized control level risk-based capital.....	7,675,600	7,992,942	8,662,733	9,251,191	12,270,787
Percentage Distribution of Cash and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 9, Col. 3) x 100.0					
29. Bonds (Line 1).....	80.2	83.9	74.5	78.5	84.2
30. Stocks (Lines 2.1 & 2.2).....	14.0	12.4	12.2	18.6	14.8
31. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
32. Real estate (Lines 4.1, 4.2 & 4.3).....	1.0	0.9	0.9	1.0	0.9
33. Cash and short-term investments (Line 5).....	4.8	2.7	12.3	1.9	0.1
34. Other invested assets (Line 6).....					
35. Receivable for securities (Line 7).....			0.0		
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 (Sch. D, Summary, Line 25, Col. 1).....					
39. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1).....					
40. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2).....	20,551,174	19,731,405	19,302,939	18,979,275	19,369,982
41. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11).....					
42. Affiliated mortgage loans on real estate.....					
43. All other affiliated.....					
44. Total of above lines 38 to 43.....	20,551,174	19,731,405	19,302,939	18,979,275	19,369,982
45. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 44 above divided by Page 3, Col. 1, Line 35 x 100.0).....	46.8	32.3	32.3	39.0	29.9

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2002	2001	2000	1999	1998
Capital and Surplus Accounts (Page 4)					
46. Net unrealized capital gains (losses) (Line 23).....	374,760	1,685,848	(1,748,233)	(509,080)	647,182
47. Dividends to stockholders (Line 34).....				(6,400,000)	
48. Change in surplus as regards policyholders for the year (Line 37).....	(17,150,159)	1,302,343	11,013,390	(16,029,595)	32,586,471
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
49. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	58,546,874	60,380,821	64,955,398	56,012,321	23,971,212
50. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	24,610,077	38,056,358	38,688,519	26,984,567	23,917,178
51. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
52. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....					
53. Nonproportional reinsurance lines (Lines 30, 31 & 32).....					
54. Total (Line 34).....	83,156,951	98,437,179	103,643,917	82,996,888	47,888,390
Net Losses Paid (Page 9, Part 2, Col. 4)					
55. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	55,808,977	56,877,812	61,137,715	53,592,031	19,369,571
56. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	1,955,301	29,563,031	37,527,863	26,175,030	22,994,389
57. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
58. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....					
59. Nonproportional reinsurance lines (Lines 30, 31 & 32).....					
60. Total (Line 34).....	57,764,278	86,440,843	98,665,578	79,767,061	42,363,960
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).....	61.4	72.8	77.8	64.6	59.7
63. Loss expenses incurred (Line 3).....	22.0	15.9	16.5	15.2	15.8
64. Other underwriting expenses incurred (Line 4).....	10.5	11.9	18.6	21.8	26.6
65. Net underwriting gain (loss) (Line 8).....	6.2	(0.6)	(13.0)	(1.6)	(2.1)
Other Percentages					
66. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0).....	19.7	18.5	19.1	21.7	22.7
67. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	83.4	88.7	94.3	79.8	75.5
68. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34, divided by Page 3, Line 35, Col. 1 x 100.0).....	206.4	145.2	245.5	249.2	262.3
One Year Loss Development (000 omitted)					
69. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(67)	7,437	885	(930)	(3,919)
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, Col. 1 x 100).....	(0.1)	12.5	1.8	(1.4)	(12.2)
Two Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	6,508	642	(3,192)	(2,954)	228
72. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second year end (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0).....	10.9	1.3	(4.9)	(9.2)	0.7

SCHEDULE D - SUMMARY BY COUNTRY

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States.....6,479,208	.....6,645,742	.....6,507,651	.....6,365,000
	2. Canada.....	.....	.....	.....
	3. Other Countries.....	.....	.....	.....
	4. Totals.....6,479,208	.....6,645,742	.....6,507,651	.....6,365,000
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	.....	.....	.....
	6. Canada.....	.....	.....	.....
	7. Other Countries.....	.....	.....	.....
	8. Totals.....0	.....0	.....0	.....0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	.....	.....	.....
	10. Canada.....	.....	.....	.....
	11. Other Countries.....	.....	.....	.....
	12. Totals.....0	.....0	.....0	.....0
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....11,676,053	.....12,877,114	.....11,625,123	.....11,617,320
	14. Canada.....	.....	.....	.....
	15. Other Countries.....	.....	.....	.....
	16. Totals.....11,676,053	.....12,877,114	.....11,625,123	.....11,617,320
Public Utilities (unaffiliated)	17. United States.....14,093,598	.....14,593,825	.....14,204,104	.....14,000,000
	18. Canada.....	.....	.....	.....
	19. Other Countries.....	.....	.....	.....
	20. Totals.....14,093,598	.....14,593,825	.....14,204,104	.....14,000,000
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....83,875,023	.....88,113,159	.....85,604,263	.....84,465,367
	22. Canada.....3,614,756	.....3,735,900	.....3,762,905	.....3,500,000
	23. Other Countries.....	.....	.....	.....
	24. Totals.....87,489,779	.....91,849,059	.....89,367,168	.....87,965,367
Parent, Subsidiaries and Affiliates	25. Totals.....	.....	.....	.....
	26. Total Bonds.....119,738,638	.....125,965,740	.....121,704,046	.....119,947,687
PREFERRED STOCKS				
Public Utilities (Unaffiliated)	27. United States.....	.....	.....	.....
	28. Canada.....	.....	.....	.....
	29. Other Countries.....	.....	.....	.....
	30. Totals.....0	.....0	.....0	.....0
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....	.....	.....	.....
	32. Canada.....	.....	.....	.....
	33. Other Countries.....	.....	.....	.....
	34. Totals.....0	.....0	.....0	.....0
Industrial and Miscellaneous (Unaffiliated)	35. United States.....	.....	.....	.....
	36. Canada.....	.....	.....	.....
	37. Other Countries.....	.....	.....	.....
	38. Totals.....0	.....0	.....0	.....0
Parent, Subsidiaries and Affiliates	39. Totals.....	.....	.....	.....
	40. Total Preferred Stocks.....0	.....0	.....0	.....0
COMMON STOCKS				
Public Utilities (Unaffiliated)	41. United States.....	.....	.....	.....
	42. Canada.....	.....	.....	.....
	43. Other Countries.....	.....	.....	.....
	44. Totals.....0	.....0	.....0	.....0
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....161,060	.....161,060	.....145,580	.....
	46. Canada.....	.....	.....	.....
	47. Other Countries.....	.....	.....	.....
	48. Totals.....161,060	.....161,060	.....145,580	.....
Industrial and Miscellaneous (Unaffiliated)	49. United States.....246,866	.....246,866	.....1,735,296	.....
	50. Canada.....	.....	.....	.....
	51. Other Countries.....	.....	.....	.....
	52. Totals.....246,866	.....246,866	.....1,735,296	.....
Parent, Subsidiaries and Affiliates	53. Totals.....20,551,174	.....20,551,174	.....18,291,940	.....
	54. Total Common Stocks.....20,959,100	.....20,959,100	.....20,172,816	.....
	55. Total Stocks.....20,959,100	.....20,959,100	.....20,172,816	.....
	56. Total Bonds and Stocks.....140,697,738	.....146,924,840	.....141,876,862	.....

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....0.

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year.....	162,284,684	6. Foreign exchange adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	27,443,275	6.1 Column 17, Part 1.....
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....
3.1 Column 16, Part 1.....	(1,045,705)	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.....	101,146	
3.4 Column 10, Part 4.....	(12,055) (956,614)	7. Book/adjusted carrying value at end of current period.....
4. Total gain (loss), Column 14, Part 4.....	1,069,028	
5. Deduct consideration for bonds and stocks disposed of, Column 6, Part 4...	49,142,635	8. Total valuation allowance.....
		9. Subtotal (Lines 7 plus 8).....
		10. Total nonadmitted amounts.....
		11. Statement value of bonds and stocks, current period.....
		140,697,738
		140,697,738
		140,697,738

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported-Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX	(9)		16		2		9	9	XXX
2. 1993.....	80,806	2,089	78,717	47,744	1,074	3,269	253	4,965		1,843	54,651	XXX
3. 1994.....	66,783	(283)	67,066	43,345	195	2,793	42	5,361		1,628	51,262	XXX
4. 1995.....	67,401	(420)	67,821	47,123	395	2,194	111	5,869		2,015	54,680	XXX
5. 1996.....	60,370	663	59,707	42,787	1,046	2,858	931	6,637	8	2,068	50,298	XXX
6. 1997.....	51,551	690	50,861	27,727	1,218	(48)	138	8,587	45	3,121	34,865	XXX
7. 1998.....	137,989	800	137,189	78,190	923	3,368	57	13,837		3,695	94,414	XXX
8. 1999.....	116,261	860	115,401	78,687	2,797	3,452	53	13,667		3,005	92,956	XXX
9. 2000.....	142,110	781	141,329	104,510	1,199	3,546	12	18,889		6,198	125,732	XXX
10. 2001.....	134,806	16,310	118,496	73,643	10,520	1,318	34	12,969	141	3,879	77,235	XXX
11. 2002.....	128,624	38,316	90,308	41,867	18,891	262	29	10,044	219	1,768	33,034	XXX
12. Totals.....	XXX	XXX	XXX	585,613	38,257	23,026	1,661	100,827	413	29,230	669,135	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	9				3				1			13	XXX
2. 1993.....	14				5				2			21	XXX
3. 1994.....	77				27				3			108	XXX
4. 1995.....	352				116				6			474	XXX
5. 1996.....	423		0		109		1		23			556	XXX
6. 1997.....	893		1		234				49			1,178	XXX
7. 1998.....	1,926	147	7		444		2		96		4	2,329	XXX
8. 1999.....	7,709	4,501	103		734		40		224		66	4,309	XXX
9. 2000.....	11,628	557	939		2,202		184		782		197	15,179	XXX
10. 2001.....	13,311	298	3,661		1,836		536		1,162		729	20,208	XXX
11. 2002.....	18,389	1,729	20,242	2,450	1,649		1,817		4,234		1,945	42,152	XXX
12. Totals..	54,733	7,232	24,954	2,450	7,360	0	2,579	0	6,583	0	2,943	86,526	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. Prior..	XXX	XXX	XXX	XXX	XXX	XXX			XXX	9	3
2. 1993.	55,999	1,327	54,672	69.3	63.5	69.5				14	7
3. 1994.	51,606	237	51,369	77.3	(83.7)	76.6				77	30
4. 1995.	55,661	506	55,155	82.6	(120.5)	81.3			85.00	352	123
5. 1996.	52,838	1,985	50,853	87.5	299.4	85.2			85.00	423	132
6. 1997.	37,443	1,401	36,043	72.6	203.0	70.9			85.00	895	283
7. 1998.	97,870	1,128	96,743	70.9	140.9	70.5			97.00	1,787	543
8. 1999.	104,616	7,351	97,265	90.0	854.8	84.3			97.00	3,311	998
9. 2000.	142,680	1,768	140,911	100.4	226.4	99.7			97.00	12,010	3,169
10. 2001.	108,435	10,993	97,442	80.4	67.4	82.2			97.00	16,674	3,534
11. 2002.	98,505	23,318	75,186	76.6	60.9	83.3			97.00	34,452	7,701
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	70,004	16,522

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	One Year	Two Year
1. Prior.....	22,887	19,768	18,490	19,219	19,496	18,983	18,996	19,286	19,325	19,283	(42)	(4)
2. 1993.....	58,289	50,791	50,045	49,680	49,478	49,650	49,703	49,666	49,680	49,705	24	39
3. 1994.....	XXX	48,717	45,873	45,763	45,920	45,834	45,882	45,917	45,917	46,005	88	88
4. 1995.....	XXX	XXX	50,955	49,481	50,041	48,974	49,098	49,219	49,259	49,279	20	60
5. 1996.....	XXX	XXX	XXX	42,644	43,272	43,573	44,111	44,509	44,297	44,201	(96)	(308)
6. 1997.....	XXX	XXX	XXX	XXX	31,475	28,745	28,936	28,120	27,428	27,452	24	(668)
7. 1998.....	XXX	XXX	XXX	XXX	XXX	87,261	85,365	83,110	82,688	82,810	122	(300)
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	80,097	83,244	84,236	83,374	(863)	130
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	113,770	121,446	121,240	(206)	7,471
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	82,592	83,453	861	XXX
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	61,127	XXX	XXX
12. Totals.....											(67)	6,508

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002		
1. Prior.....	.000	11,886	16,287	18,156	18,789	18,897	18,948	19,211	19,264	19,271	XXX	XXX
2. 1993.....	25,011	38,245	46,094	48,041	49,056	49,328	49,517	49,631	49,650	49,686	XXX	XXX
3. 1994.....	XXX	23,329	37,780	42,389	44,171	45,016	45,613	45,765	45,825	45,901	XXX	XXX
4. 1995.....	XXX	XXX	27,978	40,664	45,855	46,057	47,870	48,641	48,804	48,811	XXX	XXX
5. 1996.....	XXX	XXX	XXX	23,808	34,451	32,600	38,764	42,040	43,420	43,668	XXX	XXX
6. 1997.....	XXX	XXX	XXX	XXX	17,517	9,499	18,558	23,926	25,593	26,323	XXX	XXX
7. 1998.....	XXX	XXX	XXX	XXX	XXX	46,304	67,088	75,917	78,511	80,577	XXX	XXX
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	44,988	67,893	74,808	79,289	XXX	XXX
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	60,958	94,376	106,844	XXX	XXX
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	44,137	64,407	XXX	XXX
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	23,209	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										
	1	2	3	4	5	6	7	8	9	10	
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	
1. Prior.....	4,730	1,785	294	376	115					2	
2. 1993.....	9,727	3,147	982	379	19	32				2	
3. 1994.....	XXX	6,615	1,584	910	244	79			5	17	
4. 1995.....	XXX	XXX	6,007	2,218	1,233	682	340	15		36	
5. 1996.....	XXX	XXX	XXX	4,705	2,719	1,923	1,162	279	115		1
6. 1997.....	XXX	XXX	XXX	XXX	4,689	6,057	4,250	1,281	283		1
7. 1998.....	XXX	XXX	XXX	XXX	XXX	14,657	6,646	1,800	763		9
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	6,237	4,865	2,797		143
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	20,363	10,463		1,123
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	18,023		4,197
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		19,609

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 Premiums Written for Federal Pur- chasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	YES								
2. Alaska.....AK	YES	12,283,085	10,557,245		4,612,828	5,758,817	4,583,388		
3. Arizona.....AZ	YES	422,806	516,882		579,605	393,183	464,530		
4. Arkansas.....AR	YES								
5. California.....CA	YES	31,033,583	29,824,960		17,333,393	17,095,566	14,668,694		
6. Colorado.....CO	YES								
7. Connecticut.....CT	NO								
8. Delaware.....DE	YES								
9. District of Columbia.....DC	YES								
10. Florida.....FL	YES	549,361	62,533		2,554	37,804	35,250		
11. Georgia.....GA	YES								
12. Hawaii.....HI	NO								
13. Idaho.....ID	YES								
14. Illinois.....IL	YES								
15. Indiana.....IN	YES	1,268,617	1,351,013		825,673	848,388	843,905		
16. Iowa.....IA	YES				1,000	(8,148)			
17. Kansas.....KS	YES								
18. Kentucky.....KY	YES								
19. Louisiana.....LA	YES								
20. Maine.....ME	YES								
21. Maryland.....MD	YES	(138)	3,762		139,018	46,777	64,889		
22. Massachusetts.....MA	NO								
23. Michigan.....MI	YES	(51,326)	526,364		1,900,646	(1,775,844)	1,784,646		
24. Minnesota.....MN	YES								
25. Mississippi.....MS	YES								
26. Missouri.....MO	YES	2,052,481	2,050,165		664,090	1,114,566	1,399,659		
27. Montana.....MT	YES								
28. Nebraska.....NE	YES				5,420	(3,775)	29,648		
29. Nevada.....NV	YES								
30. New Hampshire.....NH	NO								
31. New Jersey.....NJ	NO								
32. New Mexico.....NM	YES								
33. New York.....NY	YES	2,213,950	2,543,006		4,574,867	3,823,631	6,313,933		
34. North Carolina.....NC	NO								
35. North Dakota.....ND	YES								
36. Ohio.....OH	YES				(12,402)	(27,769)	23,033		
37. Oklahoma.....OK	YES								
38. Oregon.....OR	YES	1,224,573	1,275,904		744,032	746,390	754,563		
39. Pennsylvania.....PA	YES	53,630,109	52,645,686		27,539,966	30,234,144	22,212,474		
40. Rhode Island.....RI	YES								
41. South Carolina.....SC	YES								
42. South Dakota.....SD	YES								
43. Tennessee.....TN	YES				1,898	(49,752)	10,798		
44. Texas.....TX	YES								
45. Utah.....UT	YES								
46. Vermont.....VT	NO								
47. Virginia.....VA	YES	552,648	687,679		898,721	480,897	687,286		
48. Washington.....WA	YES	121,554	256,150		1,030,909	(711)	1,543,857		
49. West Virginia.....WV	YES								
50. Wisconsin.....WI	YES				59,592	(47,441)	32,142		
51. Wyoming.....WY	YES								
52. American Samoa.....AS	NO								
53. Guam.....GU	NO								
54. Puerto Rico.....PR	NO								
55. US Virgin Islands.....VI	NO								
56. Canada.....CN	NO								
57. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
58. Totals.....	(a).....44	105,301,303	102,301,349	0	60,901,810	58,666,723	55,452,695	0	0

DETAILS OF WRITE-INS

5701.	XXX								
5702.	XXX								
5703.	XXX								
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	0	0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 + Line 5798) (Line 57 above)	XXX	0	0	0	0	0	0	0	0

Explanation of Basis of Allocation of Premiums by States, etc.
All premiums recorded by state in accordance with domicile of risk.

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

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS
OF A HOLDING COMPANY**

PART 1 – ORGANIZATIONAL CHART

	<u>FEIN Number</u>	<u>NAIC Co. Code</u>	<u>Domiciliary State</u>
AMERICAN FINANCIAL GROUP, INC.	31-1544320		
AFC HOLDING COMPANY	31-1422526		
AMERICAN FINANCIAL CORPORATION	31-0624874		
One East Fourth, Inc.	31-0686194		
American Premier Underwriters, Inc.	23-6000765		
GAI (Bermuda) Ltd. (Bermuda)			
GAI Insurance Company, Ltd. (Bermuda)*			
Infinity Property and Casualty Corporation	03-0483872		
Atlanta Casualty Company*	58-1132392	21792	OH
American Premier Insurance Company*	31-1287689	37001	IN
Atlanta Casualty Group, Inc.	58-1293110		
Atlanta Reserve Insurance Company*	31-1627506	10968	OH
Atlanta Specialty Insurance Company*	42-1019055	31925	OH
Penn Central U.K. Limited (United Kingdom)			
Insurance (GB) Limited (United Kingdom)*			
Infinity Insurance Company*	31-0943862	22268	IN
The Infinity Group, Inc.	31-1357130		
Infinity National Insurance Company*	31-1358834	10068	IN
Infinity Select Insurance Company*	31-1333017	20260	IN
Leader Insurance Company*	34-0927698	11738	OH
Leader Preferred Insurance Company*	34-1785809	10195	OH
Leader Specialty Insurance Company*	34-1767787	10061	IN
TICO Insurance Company*	75-1227771	39497	OH
Windsor Insurance Company*	58-1806189	12599	IN
American Deposit Insurance Company*	73-0772113	16802	OK
Coventry Insurance Company*	31-1277903	35211	OH
El Aguila Compañía de Seguros, S.A. de C.V. (Mexico)*			
Moore Group Inc.	58-1080659		
Regal Insurance Company*	58-1806192	38873	IN
Republic Indemnity Company of America*	95-2801326	22179	CA
Republic Indemnity Company of California*	31-1054123	43753	CA
Great American Holding, Inc.	Applied For		
Great American Security Insurance Company*	31-1209419	31135	OH
Great American Spirit Insurance Company*	31-1237970	33723	IN
Great American Insurance Company *	31-0501234	16691	OH
AFC Coal Properties, Inc.	31-1487015		
AmericanEmpire Surplus Lines Insurance Company*	31-0912199	35351	DE
American Empire Insurance Company*	31-0973761	37990	OH
FidelityExcess and Surplus Insurance Company*	22-2824607	12203	OH
Brothers Property Corporation	59-2840291		
FCIA Management Company, Inc.	13-3628555		
GAI Warranty Company	31-1753938		
Great American Alliance Insurance Company*	95-1542353	26832	OH
Great American Assurance Company*	15-6020948	26344	OH
GreatAmerican Contemporary Insurance Company*	36-4079497	10646	OH
Great American E & S Insurance Company*	31-0954439	37532	DE
Great American Fidelity Insurance Company*	31-1036473	41858	DE
Great American Insurance Company of New York*	13-5539046	22136	NY
Great American Lloyd's Insurance Company*@	31-0974853	38024	TX
Great American Management Services, Inc.	31-0856644		
Great American Protection Insurance Company*	31-1288778	38580	IN
GreatTexas County Mutual Insurance Company*@	43-6030348	13820	TX
Mid-Continent Casualty Company*	73-0556513	23418	OK
Mid-Continent Insurance Company*	73-1406844	15380	OK
Oklahoma Surety Company*	73-0773259	23426	OK
National Interstate Corporation	34-1607394		
Hudson Indemnity, Ltd. (Cayman Islands)*			
National Interstate Insurance Company*	34-1607395	32620	OH
National Interstate Insurance Company of Hawaii, Inc.*	99-0345306	11051	HI
PCC 38 Corp.	36-4123081		
Pointe Apartments, Inc.	41-1752820		
Transport Insurance Company*	75-0784127	33014	OH
Worldwide Insurance Company*	39-1341441	26050	OH
WorldwideDirect Auto Insurance Company*	61-6027355	20133	OH
Worldwide Casualty Insurance Company*	61-0983091	39896	OH
Great American Financial Resources, Inc.	06-1356481		
AAG Holding Company, Inc.	31-1475936		
Great American Life Insurance Company*	13-1935920	63312	OH
AmericanRetirement Life Insurance Company*	59-2760189	88366	OH
AnnuityInvestors Life Insurance Company*	31-1021738	93661	OH
GreatAmerican Life Assurance Company*	95-2496321	62200	OH
Great American Life Insurance Company of New York*	13-1996152	67288	NY
LoyalAmerican Life Insurance Company*	63-0343428	65722	OH
ManhattanNational Life Insurance Company*	45-0252531	67083	IL
UnitedTeacher Associates, Ltd.	74-2180806		
United Teacher Associates Insurance Company*	58-0869673	63479	TX
Great American Life Assurance Company of Puerto Rico*	66-0258488	73814	PR

*Denotes Insurer

@ Denotes company which is affiliated but not owned