



ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

Republic-Franklin Insurance Company

NAIC Group Code 0201 0201 NAIC Company Code 12475 Employer's ID Number 31-4290270
(Current Period) (Prior Period)

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

Country of Domicile United States of America

Incorporated February 10, 1949 Commenced Business February 10, 1949

Statutory Home Office 2500 Corporate Exchange Drive, Columbus, OH 43229-7506
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 180 Genesee Street
(Street and Number)
New Hartford, NY 13413 315-734-2000
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address Post Office Box 530, Utica, NY 13503-0530
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 180 Genesee Street
(Street and Number)
New Hartford, NY 13413 315-734-2000
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.uticanational.com

Statement Contact Anthony C. Paolozzi 315-734-2385
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(Street and Number)
New Hartford, NY 13413 315-734-2413
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

President & CEO James Douglas Robinson Secretary George Paul Wardley, III
CFO & Treasurer Anthony Cosmo Paolozzi

EXECUTIVE VICE PRESIDENT

Brian Patrick Lytwynec #

DIRECTORS

Alfred Elliott Calligaris Jerry John Hartman William Craig Heston
Herbert Preston Ladds, Jr. Anthony Cosmo Paolozzi # James Douglas Robinson
George Paul Wardley, III Henry Westphalen John Ralph Zapisek

State of New York }
County of Oneida } ss

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

James Douglas Robinson George Paul Wardley, III Anthony Cosmo Paolozzi
President & CEO Secretary CFO & Treasurer

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

a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number _____
2. Date filed 02/21/2002
3. Number of pages attached _____

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds	57,169,267		57,169,267	53,036,431
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)	0		0	0
2.2 Common stocks (Schedule D, Part 2, Section 2)	5,455,275		5,455,275	6,079,431
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$2,130,006 Schedule E, Part 1) and short-term investments(\$100,000 Schedule DA, Part 2)	2,230,006		2,230,006	1,023,950
6. Other invested assets (Schedule BA)	0		0	0
7. Receivable for securities			0	0
8. Aggregate write-ins for invested assets	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8)	64,854,548	0	64,854,548	60,139,812
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection	4,590,744	247,745	4,342,999	4,622,983
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (Including \$164,992 earned but unbilled premiums)	1,568,817		1,568,817	1,593,082
10.3 Accrued retrospective premiums	7,522	752	6,770	32,265
11. Funds held by or deposited with reinsured companies			0	0
12. Bills receivable, taken for premiums			0	0
13. Amounts receivable under high deductible policies			0	0
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8)	836,580		836,580	728,761
15. Federal and foreign income tax recoverable and interest thereon (including \$378,995 net deferred tax asset)	420,946		420,946	972,786
16. Guaranty funds receivable or on deposit	698,913		698,913	893,165
17. Electronic data processing equipment and software	71,018		71,018	78,749
18. Interest, dividends and real estate income due and accrued	792,182		792,182	806,923
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Receivable from parent, subsidiaries and affiliates			0	2,085,133
21. Amount due from/to protected cells			0	
22. Equities and deposits in pools and associations	159,502	1,462	158,040	126,097
23. Amounts receivable relating to uninsured accident and health plans			0	0
24. Other assets nonadmitted (Exhibit 1)	417,581	417,581	0	0
25. Aggregate write-ins for other than invested assets	229,542	80,520	149,023	231,329
26. Total assets excluding protected cell assets (Lines 9 through 25)	74,647,896	748,060	73,899,836	72,311,085
27. Protected cell assets			0	
28. TOTALS (Lines 26 and 27)	74,647,896	748,060	73,899,836	72,311,085
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)	0	0	0	0
2501. Prepaid Expenses	80,120	80,120	0	0
2502. Accounts Receivable - Other	149,023		149,023	45,810
2503. Deposits	400	400	0	185,518
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)	229,542	80,520	149,023	231,329

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	27,499,669	26,785,631
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)	0	0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	7,216,397	6,996,548
4. Commissions payable, contingent commissions and other similar charges	357,708	326,762
5. Other expenses (excluding taxes, licenses and fees)	3,831,221	1,375,226
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,303,778	3,392,691
7. Federal and foreign income taxes (including \$ on realized capital gains (losses)) (including \$ net deferred tax liability)	52,364	0
8. Borrowed money \$ and interest thereon \$	0	0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$63,840,162 and including warranty reserves of \$)	8,997,990	8,969,347
10. Advance premiums		
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders	208,113	243,675
12. Ceded reinsurance premiums payable (net of ceding commissions)	248,525	348,677
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others	692,109	848,901
15. Remittances and items not allocated		0
16. Provision for reinsurance (Schedule F, Part 7)	80,369	76,613
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding	4,425	1,481
19. Payable to parent, subsidiaries and affiliates	880,107	0
20. Payable for securities		0
21. Liability for amounts held under uninsured accident and health plans		0
22. Capital Notes \$ and interest thereon \$		0
23. Aggregate write-ins for liabilities	731,198	583,163
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	52,103,973	49,948,714
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	52,103,973	49,948,714
27. Aggregate write-ins for special surplus funds	45,835	61,495
28. Common capital stock	3,500,000	3,500,000
29. Preferred capital stock		0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes		0
32. Gross paid in and contributed surplus	2,139,802	2,139,802
33. Unassigned funds (surplus)	16,110,226	16,661,074
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		0
34.2 shares preferred (value included in Line 29 \$)		0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	21,795,863	22,362,371
36. TOTALS (Page 2, Line 28, Col. 3)	73,899,836	72,311,085
DETAILS OF WRITE-INS		
2301. Contingent Balances in Safety Groups.....	181,530	188,880
2302. Reserve for Reinsurance Insolvencies.....	124,800	104,983
2303. Miscellaneous Accounts Payable.....	168,970	243,324
2398. Summary of remaining write-ins for Line 23 from overflow page	255,898	45,976
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	731,198	583,163
2701. Reserve for Undeclared Dividends.....	45,835	61,495
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)	45,835	61,495
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	19,243,294	19,734,152
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	12,087,450	17,403,708
3. Loss expenses incurred (Part 3, Line 25, Column 1)	3,247,719	3,375,093
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	6,222,112	5,986,926
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	21,557,281	26,765,726
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(2,313,987)	(7,031,575)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	3,598,996	3,859,912
10. Net realized capital gains or (losses) (Exhibit of Capital Gains (Losses))	15,562	(82,652)
11. Net investment gain or (loss) (Lines 9 + 10)	3,614,558	3,777,260
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$		
charged off \$66,995)	(66,995)	(44,493)
13. Finance and service charges not included in premiums	76,076	84,020
14. Aggregate write-ins for miscellaneous income	(39,994)	(34,686)
15. Total other income (Lines 12 through 14)	(30,913)	4,841
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	1,269,658	(3,249,474)
17. Dividends to policyholders	346,128	353,443
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	923,530	(3,602,918)
19. Federal and foreign income taxes incurred	373,746	(564,430)
20. Net income (Line 18 minus Line 19) (to Line 22)	549,784	(3,038,487)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	22,362,371	25,984,035
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	549,784	(3,038,487)
23. Net unrealized capital gains or (losses)	(965,400)	(693,023)
24. Change in net unrealized foreign exchange capital gain (loss)		0
25. Change in net deferred income tax	(143,746)	(269,916)
26. Change in nonadmitted assets (Exhibit 1, Line 5, Col. 3)	159,287	(111,650)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(3,756)	(28,951)
28. Change in surplus notes		0
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		461,233
31. Capital changes:		
31.1. Paid in		0
31.2. Transferred from surplus (Stock Dividend)		0
31.3. Transferred to surplus		0
32. Surplus adjustments:		
32.1. Paid in		0
32.2. Transferred to capital (Stock Dividend)		0
32.3. Transferred from capital		0
33. Net remittances from or (to) Home Office		0
34. Dividends to stockholders (cash)		0
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)	0	0
36. Aggregate write-ins for gains and losses in surplus	(162,677)	59,130
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	(566,508)	(3,621,664)
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	21,795,863	22,362,371
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. Insolvent Reinsurance Companies	(31,348)	15,052
1402. Miscellaneous Income	(8,646)	(49,738)
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)	(39,994)	(34,686)
3601. Contingent Balance in Safety Groups	7,350	59,130
3602. Prior Year Adjustment	32,473	0
3603. Pension Benefit Obligation	(202,500)	0
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)	(162,677)	59,130

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	19,698,702	20,180,949
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	13,992,141	16,701,836
3. Underwriting expenses paid	6,242,365	5,962,262
4. Other underwriting income (expenses)	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(535,804)	(2,483,150)
6. Net investment income	3,742,264	3,843,179
7. Other income (expenses):		
7.1 Agents' balances charged off	(66,995)	(44,493)
7.2 Net funds held under reinsurance treaties	0	0
7.3 Net amount withheld or retained for account of others	(156,792)	(213,832)
7.4 Aggregate write-ins for miscellaneous items	23,506	(188,680)
7.5 Total other income (Lines 7.1 to 7.4)	(200,281)	(447,005)
8. Dividends to policyholders on direct business, less \$ 1,414,514 dividends on reinsurance assumed or ceded (net)	381,690	389,149
9. Federal and foreign income taxes (paid) recovered	128,663	149,323
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	2,753,152	673,198
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	42,145,773	11,126,954
11.2 Stocks	1,860,571	2,747,154
11.3 Mortgage loans	0	0
11.4 Real estate	0	0
11.5 Other invested assets	0	0
11.6 Net gains or (losses) on cash and short-term investments	0	0
11.7 Miscellaneous proceeds	0	142,960
11.8 Total investment proceeds (Lines 11.1 to 11.7)	44,006,344	14,017,068
12. Cost of investments acquired (long-term only):		
12.1 Bonds	46,003,070	12,390,388
12.2 Stocks	2,657,054	2,299,760
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Miscellaneous applications	0	0
12.7 Total investments acquired (Lines 12.1 to 12.6)	48,660,124	14,690,148
13. Net Cash from investments (Line 11.8 minus Line 12.7)	(4,653,780)	(673,080)
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in	0	0
14.2 Capital notes \$ less amounts repaid \$	0	0
14.3 Net transfers from affiliates	3,677,903	0
14.4 Borrowed funds received	0	0
14.5 Other cash provided	82,306	2,379,792
14.6 Total (Lines 14.1 to 14.5)	3,760,209	2,379,792
15. Cash applied:		
15.1 Dividends to stockholders paid	0	0
15.2 Net transfers to affiliates	0	2,781,749
15.3 Borrowed funds repaid	0	0
15.4 Other applications	653,525	60,806
15.5 Total (Lines 15.1 to 15.4)	653,525	2,842,555
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	3,106,684	(462,763)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	1,206,056	(462,645)
18. Cash and short-term investments:		
18.1 Beginning of year	1,023,950	1,486,596
18.2 End of year (Line 17 plus Line 18.1)	2,230,006	1,023,950
DETAILS OF WRITE-INS		
07.401 Finance & Service Charges Not Included In Premiums	67,311	31,837
07.402 Insolvent Reinsurance Companies	(11,531)	(41,534)
07.403 Miscellaneous Income	768	2,445
07.498 Summary of remaining write-ins for Line 7.4 from overflow page	(33,042)	(181,427)
07.499 Totals (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above)	23,506	(188,680)

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Lines of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 2	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	35,042	35,265	36,198	34,110
2.	Allied lines	59,009	30,966	30,418	59,557
3.	Farmowners multiple peril	0	0	0	0
4.	Homeowners multiple peril	1,237,056	727,279	703,162	1,261,173
5.	Commercial multiple peril	5,131,246	2,539,743	2,523,240	5,147,749
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	(263)	0	0	(263)
9.	Inland marine	235,416	114,767	111,640	238,543
10.	Financial guaranty	0	0	0	0
11.1	Medical malpractice - occurrence	0	0	0	0
11.2	Medical malpractice - claims-made	0	0	0	0
12.	Earthquake	3,992	1,863	1,960	3,895
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	0	0	0	0
16.	Workers' compensation	3,901,266	1,845,481	1,420,357	4,326,390
17.1	Other liability - occurrence	410,089	210,758	200,468	420,379
17.2	Other liability - claims-made	1,266,041	57,066	585,632	737,476
18.1	Products liability - occurrence	28,713	3,222	14,521	17,413
18.2	Products liability - claims-made	(1,252)	622	2	(631)
19.1,19.2	Private passenger auto liability	1,678,334	872,707	870,824	1,680,217
19.3,19.4	Commercial auto liability	3,133,924	1,373,109	1,430,900	3,076,133
21.	Auto physical damage	2,069,698	1,001,266	971,180	2,099,785
22.	Aircraft (all perils)	(34)	0	0	(34)
23.	Fidelity	22,896	39,170	33,606	28,460
24.	Surety	88,106	79,075	55,402	111,780
26.	Burglary and theft	971	1,127	951	1,147
27.	Boiler and machinery	(5)	0	0	(5)
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Reinsurance - Nonproportional Assumed Property	20	0	0	20
31.	Reinsurance - Nonproportional Assumed Liability	0	12	9	3
32.	Reinsurance - Nonproportional Assumed Financial Lines	0	0	0	0
33.	Aggregate write-ins for other lines of business	0	0	0	0
34.	TOTALS	19,300,265	8,933,497	8,990,468	19,243,294
DETAILS OF WRITE-INS					
3301.				
3302.				
3303.				
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols: 1 + 2 + 3 + 4
1. Fire	36,198				36,198
2. Allied lines	30,418				30,418
3. Farmowners multiple peril					0
4. Homeowners multiple peril	703,162				703,162
5. Commercial multiple peril	2,523,240				2,523,240
6. Mortgage guaranty					0
8. Ocean marine					0
9. Inland marine	111,640				111,640
10. Financial guaranty					0
11.1 Medical malpractice - occurrence					0
11.2 Medical malpractice - claims-made					0
12. Earthquake	1,960				1,960
13. Group accident and health					0
14. Credit accident and health (group and individual)					0
15. Other accident and health					0
16. Workers' compensation	1,405,233			15,124	1,420,357
17.1 Other liability - occurrence	200,468				200,468
17.2 Other liability - claims-made	585,632				585,632
18.1 Products liability - occurrence	14,521				14,521
18.2 Products liability - claims-made	2				2
19.1,19.2 Private passenger auto liability	870,824				870,824
19.3,19.4 Commercial auto liability	1,430,900				1,430,900
21. Auto physical damage	971,180				971,180
22. Aircraft (all perils)					0
23. Fidelity	33,606				33,606
24. Surety	55,402				55,402
26. Burglary and theft	951				951
27. Boiler and machinery					0
28. Credit					0
29. International					0
30. Reinsurance - Nonproportional Assumed Property					0
31. Reinsurance - Nonproportional Assumed Liability	9				9
32. Reinsurance - Nonproportional Assumed Financial Lines					0
33. Aggregate write-ins for other lines of business	0	0	0	0	0
34. TOTALS	8,975,344	0	0	15,124	8,990,468
35. Accrued retrospective premiums based on experience					7,522
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					8,997,990
DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0

(a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force.

Are they so returned in this statement? Yes [X] No []

(b) State here basis of computation used in each case . Prorata.....

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	33,750	35,042		(194,499)	228,249	35,042
2. Allied lines	34,210	59,009		29,383	4,827	59,009
3. Farmowners multiple peril						0
4. Homeowners multiple peril	5,147,577	1,237,056		4,503,927	643,650	1,237,056
5. Commercial multiple peril	45,790,125	5,131,246		40,258,311	5,531,814	5,131,246
6. Mortgage guaranty						0
8. Ocean marine		(263)				(263)
9. Inland marine	384,453	235,416		384,453		235,416
10. Financial guaranty						0
11.1 Medical malpractice - occurrence		0				0
11.2 Medical malpractice - claims-made						0
12. Earthquake	36,901	3,992		36,901		3,992
13. Group accident and health						0
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation	29,901,015	3,901,266		28,495,296	1,405,719	3,901,266
17.1 Other liability - occurrence	6,257,194	410,089		2,385,012	3,872,183	410,089
17.2 Other liability - claims-made	228,686	1,266,041		213,069	15,617	1,266,041
18.1 Products liability - occurrence	31,847	28,713		31,847		28,713
18.2 Products liability - claims-made		(1,252)				(1,252)
19.1,19.2 Private passenger auto liability	17,503,040	1,678,334		17,130,194	372,845	1,678,334
19.3,19.4 Commercial auto liability	14,542,275	3,133,924		14,447,279	94,996	3,133,924
21. Auto physical damage	19,774,053	2,069,698		19,636,666	137,387	2,069,698
22. Aircraft (all perils)		(34)				(34)
23. Fidelity	838	22,896		838		22,896
24. Surety	7,188	88,106		3,633	3,555	88,106
26. Burglary and theft	532	971		532		971
27. Boiler and machinery		(5)				(5)
28. Credit						0
29. International						0
30. Reinsurance - Nonproportional Assumed Property	XXX	20				20
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	139,673,685	19,300,265	0	127,362,842	12,310,842	19,300,265
DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Previous Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	24,591	34,211	24,591	34,211	13,143	33,144	14,210	41.7
2. Allied lines	107,235	8,089	107,235	8,089	9,376	9,242	8,224	13.8
3. Farmowners multiple peril		.0		.0	.0	.0	.0	0.0
4. Homeowners multiple peril	3,127,630	680,170	3,127,630	680,170	440,959	506,527	614,602	48.7
5. Commercial multiple peril	29,096,384	2,622,716	29,096,384	2,622,716	6,067,681	6,012,556	2,677,840	52.0
6. Mortgage guaranty		.0		.0	.0	.0	.0	0.0
8. Ocean marine		(6,583)		(6,583)	67,443	53,215	7,646	(2,905.3)
9. Inland marine	99,365	79,538	99,365	79,538	42,261	100,409	21,390	9.0
10. Financial guaranty		.0		.0	.0	.0	.0	0.0
11.1 Medical malpractice - occurrence		4,050		4,050	.0	7,099	(3,049)	677,493.3
11.2 Medical malpractice - claims-made		.0		.0	.0	.0	.0	0.0
12. Earthquake		913		913	287	730	469	12.1
13. Group accident and health		178		178	108	547	(262)	0.0
14. Credit accident and health (group and individual)		.0		.0	.0	.0	.0	0.0
15. Other accident and health		.0		.0	.0	.0	.0	0.0
16. Workers' compensation	15,329,850	2,801,274	15,330,742	2,800,381	10,521,052	9,886,593	3,434,840	79.4
17.1 Other liability - occurrence	11,276	339,721	10,750	340,246	1,602,169	1,572,726	369,689	87.9
17.2 Other liability - claims-made		362,802		362,802	927,714	878,279	412,237	55.9
18.1 Products liability - occurrence		83,602		83,602	268,490	428,685	(76,592)	(439.9)
18.2 Products liability - claims-made		28		28	600	1,568	(940)	148.8
19.1,19.2 Private passenger auto liability	11,501,554	1,458,705	11,501,565	1,458,694	2,564,317	2,441,910	1,581,101	94.1
19.3,19.4 Commercial auto liability	19,343,990	1,927,821	19,345,118	1,926,692	4,693,296	4,583,689	2,036,299	66.2
21. Auto physical damage	9,228,667	862,587	9,228,667	862,587	(828)	(1,001)	862,759	41.1
22. Aircraft (all perils)		14,624		14,624	3,928	16,793	1,759	(5,179.1)
23. Fidelity		19,216		19,216	144,846	73,283	90,779	319.0
24. Surety		76,453		76,453	124,964	167,462	33,955	30.4
26. Burglary and theft		19		19	395	461	(47)	(4.1)
27. Boiler and machinery		.0		.0	.0	.0	.0	0.0
28. Credit		.0		.0	.0	.0	.0	0.0
29. International		.0		.0	.0	.0	.0	0.0
30. Reinsurance - Nonproportional Assumed Property	XXX	4,784		4,784	7,470	11,713	541	2,692.8
31. Reinsurance - Nonproportional Assumed Liability	XXX	.0		.0	.0	.0	.0	0.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX	.0		.0	.0	.0	.0	0.0
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	0.0
34. TOTALS	87,870,541	11,374,918	87,872,047	11,373,412	27,499,669	26,785,631	12,087,450	62.8
DETAILS OF WRITE-INS								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	0.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0.0

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	5,409	10,561	5,409	10,561	13,000	2,582	13,000	13,143	6,161
2. Allied lines	3,000	7,957	3,000	7,957	9,000	1,419	9,000	9,376	5,844
3. Farmowners multiple peril				0				0	
4. Homeowners multiple peril	1,066,108	345,351	1,066,108	345,351	290,000	95,607	290,000	440,959	110,726
5. Commercial multiple peril	49,599,965	5,185,112	49,599,965	5,185,112	4,856,000	882,569	4,856,000	6,067,681	2,118,363
6. Mortgage guaranty				0				0	
8. Ocean marine		52,743		52,743		14,700		67,443	8,715
9. Inland marine	6,830	33,411	6,830	33,411	7,000	8,850	7,000	42,261	10,905
10. Financial guaranty				0				0	
11.1 Medical malpractice - occurrence				0				0	
11.2 Medical malpractice - claims-made				0				0	
12. Earthquake		77		77		210		287	828
13. Group accident and health		108		108				(a) 108	150
14. Credit accident and health (group and individual)				0				0	
15. Other accident and health				0				(a) 0	
16. Workers' compensation	44,216,211	9,893,249	44,216,211	9,893,249	2,145,000	627,804	2,145,000	10,521,052	1,820,816
17.1 Other liability - occurrence	2,958,510	837,966	2,958,510	837,966	395,000	3,523,203	3,154,000	1,602,169	726,887
17.2 Other liability - claims-made	10,001	926,094	10,001	926,094		1,620		927,714	660,265
18.1 Products liability - occurrence		124,220		124,220	26,000	144,270	26,000	268,490	703,867
18.2 Products liability - claims-made		600		600				600	216
19.1,19.2 Private passenger auto liability	20,727,400	2,284,451	20,727,400	2,284,451	2,122,000	279,866	2,122,000	2,564,317	551,375
19.3,19.4 Commercial auto liability	38,102,482	4,164,995	38,102,482	4,164,995	4,481,000	528,301	4,481,000	4,693,296	849,124
21. Auto physical damage	(170,098)	(49,020)	(170,098)	(49,020)	443,000	48,192	443,000	(828)	44,230
22. Aircraft (all perils)		928		928		3,000		3,928	(246)
23. Fidelity		120,396		120,396	3,000	24,450	3,000	144,846	40,262
24. Surety		98,414		98,414	17,000	26,550	17,000	124,964	71,505
26. Burglary and theft		5		5	5,000	390	5,000	395	420
27. Boiler and machinery				0				0	
28. Credit				0				0	
29. International				0				0	
30. Reinsurance - Nonproportional Assumed Property	XXX	7,024		7,024	XXX	446		7,470	
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	156,525,818	24,044,641	156,525,818	24,044,641	14,812,000	6,214,028	17,571,000	27,499,669	7,730,413
DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0

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

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UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	12,068,132	0	0	12,068,132
1.2 Reinsurance assumed	1,739,981	0	0	1,739,981
1.3 Reinsurance ceded	12,032,396	0	0	12,032,396
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	1,775,718	0	0	1,775,718
2. Commission and brokerage:				
2.1 Direct excluding contingent	0	17,625,120	0	17,625,120
2.2 Reinsurance assumed excluding contingent	0	2,493,108	0	2,493,108
2.3 Reinsurance ceded excluding contingent	0	17,466,311	0	17,466,311
2.4 Contingent-direct	0	2,689,379	0	2,689,379
2.5 Contingent-reinsurance assumed	0	379,537	0	379,537
2.6 Contingent-reinsurance ceded	0	2,689,379	0	2,689,379
2.7 Policy and membership fees	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	3,031,454	0	3,031,454
3. Allowances to managers and agents	0	0	0	0
4. Advertising	0	25,119	1	25,120
5. Boards, bureaus and associations	6,332	114,117	0	120,450
6. Surveys and underwriting reports	0	96,648	0	96,648
7. Audit of assureds' records	0	14,935	0	14,935
8. Salary and related items:				
8.1 Salaries	736,356	1,346,816	12,924	2,096,096
8.2 Payroll taxes	55,505	99,729	760	155,994
9. Employee relations and welfare	196,446	345,292	3,516	545,254
10. Insurance	13,006	19,511	10,838	43,355
11. Directors' fees	5,086	47,995	7,628	60,709
12. Travel and travel items	18,786	80,103	1,708	100,598
13. Rent and rent items	62,674	143,144	977	206,795
14. Equipment	14,752	29,151	214	44,117
15. Cost or depreciation of EDP equipment and software	145,232	135,299	1,698	282,229
16. Printing and stationery	14,442	35,637	67	50,146
17. Postage, telephone and telegraph, exchange and express	32,480	74,537	6,844	113,862
18. Legal and auditing	1,169	31,860	4,458	37,487
19. Totals (Lines 3 to 18)	1,302,266	2,639,895	51,633	3,993,795
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$	610,850	248,887	520,303	0
20.2 Insurance department licenses and fees	0	24,217	0	24,217
20.3 Gross guaranty association assessments	0	29,254	0	29,254
20.4 All other (excluding federal and foreign income and real estate)	0	32	0	32
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	248,887	573,807	0	822,693
21. Real estate expenses	0	0	0	0
22. Real estate taxes	0	0	0	0
23. Reimbursements by uninsured accident and health plans	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses	(79,152)	(23,043)	28,679	(73,516)
25. Total expenses incurred	3,247,719	6,222,112	80,313	(a) 9,550,143
26. Less unpaid expenses - current year	7,730,413	1,638,043	16,311	9,384,767
27. Add unpaid expenses - prior year	6,996,548	1,658,296	9,307	8,664,151
28. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured accident and health plans, current year	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	2,513,854	6,242,365	73,308	8,829,527
DETAILS OF WRITE-INS				
2401. Contributions	19	1,173	0	1,191
2402. Outside Service Fees	7,480	10,706	22,135	40,322
2403. Claim Service Fees	(6,246)	0	0	(6,246)
2498. Summary of remaining write-ins for Line 24 from overflow page	(80,405)	(34,922)	6,545	(108,783)
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	(79,152)	(23,043)	28,679	(73,516)

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,316,044	1,303,311
1.1 Bonds exempt from U.S. tax	(a) 5,401	5,401
1.2 Other bonds (unaffiliated)	(a) 2,280,097	2,275,252
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	57,371	60,207
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 15,054	15,054
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	20,082	20,082
10. Total gross investment income	3,694,049	3,679,308
11. Investment expenses		(g) 80,312
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		80,312
17. Net Investment Income - (Line 10 minus Line 16)		3,598,996
DETAILS OF WRITE-INS		
0901. Miscellaneous Income	20,082	20,082
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	20,082	20,082
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 18,413 accrual of discount less \$ 139,936 amortization of premium and less \$ 399,825 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds	196,551				196,551
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)	417,600	(165,000)	(50,942)		201,658
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)					0
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)	31,341	(464,930)	(893,716)		(1,327,305)
2.21 Common stocks of affiliates			(20,742)		(20,742)
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)	645,492	(629,930)	(965,400)	0	(949,838)
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Lines 10 to 17 and 19 to 23, Column 2	249,959	364,862	114,903
2. Other Nonadmitted Assets:			
2.1 Bills receivable		0	0
2.2 Furniture, equipment and supplies	417,581	544,608	127,027
2.3 Leasehold improvements		0	0
2.4 Loans on personal security, endorsed or not		0	0
3. Total (Lines 2.1 to 2.4)	417,581	544,608	127,027
4. Aggregate write-ins for other assets	80,520	48,770	(31,750)
5. Total (Line 1 plus Lines 3 and 4)	748,060	958,240	210,180
0401. Prepaid Expenses.....	80,120	48,370	(31,750)
0402. Accounts Receivable - Other.....	400	400	0
0403.			
0498. Summary of remaining write-ins for Line 4 from overflow page	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	80,520	48,770	(31,750)

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

The financial statements of Republic-Franklin Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department.

The Ohio Insurance Department 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 and for determining its solvency under the Ohio Insurance Laws. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual version as of March 2002 (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Ohio. The state of Ohio has adopted some practices which differ from NAIC SAP; however, none of those changes would impact the financial results of Republic-Franklin Insurance Company.

Since Republic-Franklin Insurance Company is a member of the Utica National Insurance Group and part of the pooling agreement, the company followed the permitted practice granted by New York for SSAP #8, Pensions. Therefore, \$202,500 was reported as a surplus adjustment in this statement and the full amount would have been reported as a decrease to net income under the NAIC's SAP approach. According to SAP, as of December 31, 2002, net income would have been \$347,284 and surplus adjustments would have been (\$364,008); the total ending surplus of \$21,795,863 would not be affected.

B. Use of Estimates in Preparation of the Financial Statement

The preparation of financial statements in compliance with Statutory Accounting Principles (SAP) requires the Company's 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 balance sheet date as well as reported amounts of revenue and expenses during the period covered by the income statement. The actual results could vary from these estimates.

C. Accounting Policies

The company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds are stated at amortized cost using the scientific amortization method.
- (3) Common stock is stated at market value, except that investments in stocks of uncombined subsidiaries and affiliates in which the company has an interest of 20% or more are carried on an equity basis.
- (4) The company does not own any preferred stock.
- (5) The company does not own any mortgage loans on real estate.
- (6) Loan-backed securities are stated at either amortized cost, or the lower of amortized cost or fair market value. The prospective adjustment method is used to value all loan-backed securities.
- (7) The company owns 100% of the common stock of Utica (Bermuda) Ltd. The stock of this company is valued on an equity basis as described in Section 5 (B)(a)(iv) of the Securities Valuation Handbook.
- (8) The company has no ownership interests in joint ventures.
- (9) The company does not own any derivatives.
- (10) The company does not anticipate investment income as a factor in the premium deficiency calculation.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) 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 insurance policies. These reserves are computed on a pro-rata method for direct policies and reinsurance contracts.
- (13) Expenses incurred in connection with written insurance policies, including acquisition costs of commission, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances. Reasonable estimates of some expenses are established as needed.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

A. During 2002 there were no material changes due to errors.

B. Republic-Franklin Insurance Company prepares its statutory financial statements in compliance with the accounting practices prescribed or permitted by the State of Ohio. Effective January 1, 2001, the State of Ohio required that insurance companies domiciled in the state of Ohio prepare their financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual version effective March 2002, subject to any deviations prescribed or permitted by the State of Ohio insurance commissioner.

Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures Manual version March 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of the capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes in

NOTES TO FINANCIAL STATEMENTS

accounting principles, the Company reported an adjustment that increased unassigned funds (surplus) of \$461,233 as of January 1, 2001.

NOTES TO FINANCIAL STATEMENTS

3. BUSINESS COMBINATIONS AND GOODWILL

- A. The Company had no business combinations using the statutory purchase method.
- B. The Company had no business combinations taking the form of a statutory merger
- C. The Company recognized \$464,930 of impairments for equities securities. These impairments were for securities, which had declined in value greater than 20% for six months or more. The company recognized \$165,000 of debt securities impairments, which were for the following securities:

	<u>Cost</u>	<u>Fair Value</u>	<u>Impairment</u>	<u>Reason</u>
DR Structure	500,000	335,000	165,000	Marked to Market

4. DISCONTINUED OPERATIONS

The Company had no discontinued operations to report.

5. INVESTMENTS

- A. The Company has no mortgage loans in its portfolio.
- B. The Company has no restructured debt in which it is a creditor in its portfolio.
- C. The Company has no reverse mortgages in its portfolio.
- D. (1) The Company has elected to use the book value as of January 1, 1994 as the cost for applying the prospective method to securities purchased prior to that date.
 (2) Prepayment assumptions for single class and multi-class mortgage-backed / asset-backed securities were obtained from the custodial bank or internal estimates.
 (3) The company uses Deutsche Asset Management Americas Inc. to obtain the market value of investments. Deutsche Asset Management utilizes various pricing sources.
 (4) The company has consistently used the prospective methodology.
- E. The Company has no repurchase agreements in its portfolio.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies.
- B. The Company did not recognize any impairment write down for investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. INVESTMENT INCOME

The Company did not have any due and accrued income over 90 days which was excluded from surplus.

8. DERIVATIVE INSTRUMENTS

The Company did not have any derivative financial instruments during the statement period.

9. INCOME TAXES

A) The components of the net deferred tax asset at December 31 is as follows:

	<u>2002</u>	<u>2001</u>
1) Total of all deferred tax assets(admitted and nonadmitted)	3,105,261	3,065,475
2) Total of all deferred tax liabilities	315,607	403,560
3) Total deferred tax assets not admitted in accordance with SSAP#10	2,410,659	2,139,175
4) Total of deferred tax assets admitted	378,995	522,741
5) Increase or(decrease) in deferred tax assets	(143,745)	

B) Not applicable

C) Current income and taxes incurred at December 31 consist of the following :

<u>Description</u>	<u>2002</u>	<u>2001</u>
Current year federal income tax reserves(recoverable)	52,364	(450,045)
Current year federal & foreign tax paid (recovered)	603,710	405
Prior year federal income tax paid (recovered)	(732,373)	(149,728)
Prior year federal income tax reserves (recoverable)	(450,045)	(34,938)
Total incurred	373,746	(564,430)

NOTES TO FINANCIAL STATEMENTS

C-1) The main components of the 2002 deferred tax amounts are as follows:

<u>DTAS</u>	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
Unearned premium haircut	9,308,314	7,446,651	1,861,663	651,582
Loss & LAE discount	35,230,080	31,405,650	3,824,430	1,338,551
FAS 106 medical	939,000	309,870	629,130	220,196
FAS 87 Post retirement	198,000	-	198,000	69,300
Contingent commission adj	262,380	-	262,380	91,833
Deferred comp/enefits	80,477	-	80,477	28,167
Unrealized gains	5,455,275	7,470,617	2,015,342	705,370
Others	6,770	7,522	752	263
Nol carryforward	-	-	-	-
Amt credit carryforward	-	-	-	-
Total DTAS	51,480,296	46,640,310	8,872,174	3,105,261

Total DTAS Not Admitted 4,260,365 2,410,659

<u>DTLS</u>	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
Depreciation	858,912	736,362	122,550	42,893
Antipated salvage/subro	1,136,790	1,001,820	134,970	47,240
Premium adjustment	8,975,345	9,588,043	612,698	214,444
Investments	57,269,267	57,243,496	25,771	9,020
Accrued dividends	5,746	-	5,746	2,011
Total DTLs	68,246,060	68,569,721	901,735	315,607

Total Net Admitted DTAS 378,995

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

	<u>Amount</u>	<u>Tax Effect</u>
Income before Taxes	919,030	321,661
Book over Tax Reserves:		
Dividends Received Adjustment	(40,159)	(14,056)
Change in Accrued Dividends	(2,836)	(993)
Tax Exempt Interest	(5,000)	(1,750)
Accrual Of Discount	(18,413)	(6,445)
Impairments Written Down	629,930	220,476
Proration of Tax Exempt & Dividends Received	6,774	2,371
Capital Gain Adjustment	(78,641)	(27,524)
Retirement Adjustment	(63,497)	(22,224)
Section 832 Premium& Expense Adjustments	239,571	83,850
Unearned Premium Reserves Adjustments	7,394	2,588
Anticipated Salvage & Subrogation Adjustment	4,380	1,533
Depreciation Adjustment	15,385	5,385
Other Adjustments	95,605	33,462
Loss Discounting	<u>133,213</u>	<u>46,625</u>
Total Adjustments	923,706	323,297
Taxable Income	<u>1,842,736</u>	<u>644,958</u>

E) 1) At December 31,2002, the company had no loss carryforwards.

E) 2) The following are income taxes incurred in the current year that will be available for recoupment in the event of future net losses:

Current year	2002	644,958
Prior years	2000-2001	0

F) 1- The Company's Federal Income Tax Return is consolidated with the following entities: Utica Mutual Insurance Company, Utica National Insurance Co of Texas,Utica Lloyd's of Texas, Utica Lloyds Inc., Utica Speciality Risk Insurance Company, Utica National Assurance Company,Uni-Service Operations Corporation, Uni-Service Risk Management Corporation,Uni-Service Excess Facilities & Uni-Service Excess Facilities of New England.

F) 2- The method of allocation between the companies is subject to written agreement,approved by the board of Directors. Allocation is based upon separate return calculations with current credit for net losses. Inter-Company Tax balances are settled within 30 days of the filing of applicable estimated or actual consolidated federal tax return.

NOTES TO FINANCIAL STATEMENTS

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- A. Not applicable.
- B. Not applicable
- C. Not applicable
- D. At December 31, 2002 the Company reported \$880,107 as an amount due to Utica Mutual Insurance Company, the parent company. This amount is due for the pooling agreement and settled within a reasonable period, generally within 45 days.
- E. Not applicable
- F. Not applicable
- G. All outstanding shares of the Company are owned by Utica Mutual Insurance Company (94%) and Graphic Arts Mutual insurance Company (6%), insurance companies domiciled in the state of New York.
- H. Not applicable

11. DEBT

- A. The Company has no capital note obligations included in debt.
- B. The Company has no other items related to debt.

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

- A. The Company has no defined benefit plans.
- B. The Company has no defined contribution plans.
- C. The Company has no multiemployer plans.
- D. The Company Consolidated/Holding Company Plans

The Republic-Franklin Insurance Company, a subsidiary of Utica Mutual Insurance Company, participates in the Retirement Income Plan for Employees of Utica Mutual Insurance Company (RIP), which is a non-contributory defined benefit plan and covers substantially all employees. Plan benefits are based on years of service and the employee's compensation during the highest five consecutive out of the last ten years of employment. The company also participates in the Supplemental Employee Retirement Plan for certain management Employees of the Utica Mutual Insurance Company (SERP), a non-qualified excess plan for certain officers whose benefits were limited by IRS Code Section 401(a)(17) or IRS Code Section 415(b).

The Republic-Franklin Insurance Company does not have any employees and substantially all of the Utica Mutual Insurance Company employees are covered in the Qualified Employee Profit Sharing and Investment Plan sponsored by Utica Mutual Insurance Company ("Company"). Employees can defer up to 15% of their pay into the plan. The Company will match from 1% to 5% of the first 4% of employee deferrals, depending upon Company earnings. The Company can also make an additional discretionary contribution.

The Deferred Income Plan allows all officers of the company to defer part of their annual compensation.

In addition to pension benefits, the Republic-Franklin Insurance Company, as a subsidiary of the Utica Mutual Insurance Company, provides certain health care and life insurance benefits ("post-retirement") for retired employees through a plan sponsored by Utica Mutual Insurance Company. Substantially all employees may become eligible for these benefits if they reach retirement age while working for Utica Mutual Insurance Company. Alternatively, retirees may elect certain prepaid health care benefits plans. Life Insurance benefits are generally set at a fixed amount at retirement and are then subject to a schedule of reduction.

The Republic-Franklin Insurance Company has no legal obligation for benefits under any of these plans. Utica Mutual Insurance Company allocates pension amounts to the Republic-Franklin Insurance Company based on cost allocations and the pooling agreement ratios.

- E. The Company has no postemployment benefits or compensated absences.

NOTES TO FINANCIAL STATEMENTS

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

- (1) The Company has 1,000,000 shares of stock authorized, 500,000 shares issued and 500,000 shares outstanding. The par value is \$7 per share. All shares are Class A common.
- (2) The Company has no preferred stock outstanding.
- (3) The maximum amount of dividends which can be paid by state of Ohio insurance companies to shareholders without the prior approval of the Insurance Commissioner is subject to restrictions relating to statutory surplus. Statutory surplus at December 31, 2002 was \$21,795,863. The maximum dividend payout which may be made without approval in 2002 is \$2,179,586.
- (4) The Company has no restrictions.
- (5) The Company has no restrictions that have been placed on unassigned surplus.
- (6) The Company has no advances to surplus to surplus not repaid.
- (7) The Company has no stock held for special purposes.
- (8) The Company has no change in the balance of special surplus funds from the prior period.
- (9) The Company has unassigned funds represented or reduced by the following items:

a. Unrealized gains and losses	(\$965,400)
b. Nonadmitted assets	\$159,287
c. Separate account business	\$ 0
d. Asset valuation reserves	\$ 0
e. Provision for reinsurance	(\$ 3,756)
- (10) The Company has no surplus notes.
- (11) The Company has no impact from the restatement in a quasi-reorganization.
- (12) The Company has had no quasi-reorganizations in the prior ten years.

14. CONTINGENCIES

- A. The Company has no commitment or contingent commitment to a SCA entity, joint venture, partnership or limited liability company.
- B. The Company has accrued assessments, generally related to guarantee funds. The total liabilities for these assessments was \$1,082,350 and the related asset was \$610,850. These assessments are paid within 30 days of them being made by their respective states. Policy surcharge assessments are expected to be realized over a one year period, while most premium tax credits are realized within 5 years after the assessment has been paid.
- C. The Company has no gain contingencies
- D. Various lawsuits against the Company have arisen throughout the course of the Company's business. Contingent liabilities arising from litigation and other business matters are not considered to be material in relationship to the financial position of the Company.

15. LEASES

The Company has no leasing arrangements .

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

The Company has no financial instruments with off-balance sheet risk or concentration of credit risk.

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

- A. The Company had no transfer of receivables reported as sales.
- B. The Company had no servicing assets or servicing liabilities.
- C. The Company had no wash sales for the period of this statement.

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

The Company has no gain or loss from uninsured A&H plans or the uninsured portion of partially insured plans.

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

The Company has no direct premium written or produced by managing general agents or third party administrators.

NOTES TO FINANCIAL STATEMENTS

20. OTHER ITEMS

- A. The Company has no extraordinary items to report for the statement periods.
- B. The Company has no troubled debt restructurings that occurred during the statement periods.
- C. The Company has established an escrow account in the amount of \$31,527 pertaining to North Carolina private passenger automobile rates.
- D. The Company has no balance uncollectible for assets covered by SSAP No. 6 or SSAP No. 66.
- E. The Company has no reinsurance agreements accounted for as a deposit for the statement periods.
- F. The Company has no multiple peril crop insurance for the statement periods.
- G. The Company has no mezzanine real estate loans for the statement periods.
- H. The Company has no health care receivables for the statement periods.
- I. As a result of the terrorist attacks of September 11, 2001 the Company has recognized in its results for the period ending December 31, 2001 an incurred loss of \$495,359. There has been no significant change in these amounts.

21. EVENTS SUBSEQUENT

The Company has no events subsequent to report.

The Company uses rounding in reporting amounts on individual lines of the annual statement. The annual statement software package used in preparation of the annual statement creates subtotals and totals accordingly; there could be slight immaterial differences between pages.

P&C SPECIFIC NOTES

22. REINSURANCE

- A. The Company has the following individual reinsurers that have unsecured aggregate recoverables for losses, paid or unpaid, including IBNR, loss adjustment expenses and unearned premiums that exceed 3% of policyholders' surplus:

<u>NAIC Co. Code</u>	<u>FEIN</u>	<u>Company</u>	<u>Amount</u>
22039	13-2673100	General Reinsurance Company	\$6,770,373
11452	06-0384680	Hartford Steam Boiler	\$1,012,801
25364	13-1675535	Swiss Re America	\$1,298,201

- B. The Company has no reinsurance recoverables in dispute as of December 31, 2002 which exceeded 5% of policyholders surplus.

(1)	(1)	(2)	(3)	(4)	(5)	(6)
	ASSUMED REINSURANCE		CEDED REINSURANCE		NET	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
I. Affiliates	8,990,468	0	59,401,058	0	(50,410,590)	0
ii. All Other	0	0	4,439,104	565,387	(4,439,104)	(565,387)
iii. Total	8,990,468	0	63,840,162	565,387	(54,849,694)	(565,387)

Direct Unearned Premium Reserve 63,847,684

(2)	REINSURANCE			
	(1)	(2)	(3)	(4)
	<u>Direct</u>	<u>Assumed</u>	<u>Ceded</u>	<u>Net</u>
I. Contingent Commission	2,689,379	379,537	2,689,379	379,537
ii. Sliding Scale Adjustments	0	0	0	0
iii. Other Profit Commission Arrangements	0	0	0	0
iv. Total	<u>2,689,379</u>	<u>379,537</u>	<u>2,689,379</u>	<u>379,537</u>

- D. The Company recognized \$ 31,348 of uncollectible reinsurance for the period ending December 31, 2002. This represented the company's 3% share of the Utica National Insurance Group's pooling arrangement.
- E. The Company has not commuted any ceded reinsurance for the statement periods.
- F. The Company has no retroactive reinsurance for the statement periods.

NOTES TO FINANCIAL STATEMENTS

23. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

- A. The Company has no retrospectively rates contracts subject to redetermination.
- B. The Company has no retrospectively rates contracts subject to redetermination.
- C. The Company has no retrospectively rates contracts subject to redetermination.

24. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Provision for incurred loss and loss adjustment expenses improved during 2002 primarily due to the corrective actions the company intimated over two years ago. These actions included major focus on underwriting and pricing disciplines, re-underwriting the book of business, and adjustments for the deficiencies in claim operations, which had previously account for late emergence of incurred values with incurreds being restated to conform with proper estimates of loss exposure. Reserves levels for the current year were adequate and prior years' estimates were not significantly increased to reflect measured adjustments in settlement amount as previously observed in 2001 closings. Premium accruals are not material relative to the amount of reserve strengthening, since the base of retrospectively rated policies is negligible.

25. INTERCOMPANY POOLING ARRANGEMENTS

The Company operates under a pooling agreement which shares in premiums, losses, expenses and other related insurance operations. The agreement states the following percentages of participation:

<u>NAIC Co. Code</u>	<u>Name</u>	<u>Percentage</u>
25976	Utica Mutual Insurance Company	89%
25984	Graphic Arts Mutual Insurance Company	5%
12475	Republic-Franklin Insurance Company	3%
10687	Utica National Assurance Company	2%
43478	Utica National Insurance Company of Texas	1%

All lines of business and the majority of operating expenses are subject to this pooling agreement.

26. STRUCTURED SETTLEMENTS

A. <u>Loss Reserves Eliminated by Annuities</u>	<u>Unrecorded Loss Contingencies</u>
\$4,180,378	\$0

B. The total value of all annuities due from one life insurer that equals or exceeds 1% of policyholders' surplus is:

<u>Life Insurance Company and Location</u>	<u>Statement Value of Annuities</u>
GE Financial Assurance, Lynchburg, VA	\$1,258,198
Metropolitan Life Insurance Company, New York, NY	\$ 975,994
SAFECO Life Insurance, Seattle, WA	\$1,487,522

27. HIGH DEDUCTIBLES

As of December 31, 2002 the amount of reserve credit recorded for high deductibles on unpaid claims was \$78,248, and the amount billed and recoverable on paid claims was \$15,346.

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

- A. The company discounts unpaid unallocated loss adjustment expenses pertaining to the unfunded postretirement benefit obligation using the 1983 group annuity mortality table and at an interest rate of 7%.

Workers' compensation pension type case reserves have been discounted on a tabular basis using the mortality table specified by the statistical reporting agencies to each state at rates of interest ranging from 3.0% to 6.0% as specified. Additionally, the assumed IBNR reserves of the National Workers' Compensation Pool have been discounted for pension type cases at a rate of 5.0%, using tabular values provided by the NWC Pool. The total amount of tabular pension discount reflected in the liabilities of this financial statement as of December 31, 2002 is \$671,000.

Tabular Discounting Included In Schedule P.

<u>Schedule P Line</u>	<u>(1) Case</u>	<u>(2) IBNR</u>
(4) Workers' Comp.	\$509,000	\$162,000

- B. Not applicable
- C. Not applicable

NOTES TO FINANCIAL STATEMENTS

29. ASBESTOS/ENVIRONMENTAL RESERVES

Asbestos

- A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to asbestos losses? Yes (X) No ()

The company has exposure to toxic tort claims. This exposure arises primarily from the sale of general liability policies.

An asbestos claim is a type of toxic tort in which it is alleged that the injury suffered by the claimant is a result of contact with asbestos usually by breathing in air containing asbestos fibers.

Asbestos claims are reserved by evaluating coverage, liability and damage.

Factors considered in evaluating coverage in an asbestos claim include whether the policy contains a pollution exclusion, what policies are triggered, whether policies of insurance provided by other carriers are applicable to the claim, the law of the jurisdiction applicable to the claim and possibly other factors.

Factors considered in evaluating liability include whether the claimant has identified a product produced or marketed by the insured as a product containing asbestos causing or contribution to the injury, whether there is evidence that the asbestos was friable, whether the claimant was or is a smoker, the number and relative liability of other defendants, whether the insured owned property on which or in which friable asbestos existed and possibly other factors.

Factors considered in evaluating damage in an asbestos case include the type of injury allegedly suffered (pleural thickening, asbestosis, mesothelioma), whether the claimant was or is a smoker, the age of the claimant, the amount of medical expense sustained by the claimant, the medical prognosis, lost wages, the extent of any disability and possibly other factors.

Gross of Reinsurance -

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Beginning reserves:	1,632,216	1,858,761	1,924,117	1,995,817	2,053,431
Incurred losses and loss adjustment expense:	335,203	300,765	322,034	480,967	1,310,926
Calendar year payments for losses and loss adjustment expenses:	108,658	235,410	250,333	423,353	464,916
Ending reserves:	1,858,761	1,924,117	1,995,817	2,053,431	2,899,440

Net of Reinsurance -

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Beginning reserves:	1,158,337	1,287,351	1,297,992	1,177,276	1,231,056
Incurred losses and loss adjustment expenses:	181,528	139,405	27,150	180,624	357,968
Calendar year payments for loss and loss adjustment expenses:	52,514	128,763	147,866	126,844	235,696
Ending reserves:	1,287,351	1,297,992	1,177,276	1,231,056	1,353,328

- B. The amount of ending reserves for Bulk + IBNR included in A (Loss & LAE):

Gross of Reinsurance Basis:	\$746,316
Net of Reinsurance Basis:	\$361,907

- C. The amount of ending reserves for loss adjustment expenses included in A (Case, Bulk + IBNR):

Gross of Reinsurance Basis:	\$753,588
Net of Reinsurance Basis:	\$460,028

NOTES TO FINANCIAL STATEMENTS

Environmental

- D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to environmental losses? Yes (X) No ().

The company has exposure to hazardous waste clean up claims. This exposure arises primarily from the sale of general liability policies.

Hazardous waste clean up claims are defined as losses related directly or indirectly to the cost of remediation of a site arising from past operations or waste disposal of hazardous materials or substances.

Hazardous waste clean up claims are reserved by evaluating coverage, liability and damage.

Factors considered in evaluating coverage include whether the facts indicate an "occurrence" has taken place as that term is defined in general liability policies, whether there is a pollution exclusion in the policy, what policies are triggered, whether there is property damage as that term is defined in the policy, whether in the case of property damage the damage is confined to the insured own property, the law of the jurisdiction applicable to the claim, and possibly other factors.

Factors considered, in evaluating liability include whether the insured produced toxic or hazardous products or substances or owns property on which such toxic substances are located, the toxicity of such substances and the quantity attributable to the insured, whether the injuries alleged are causally connected to the substance attributed to the insured, the number and relative liability of other defendants, the probability of other causes and possibly other factors.

Factors considered in evaluating damage in the case of a hazardous waste clean up claim include the cost to remediate the site, monitoring costs, damage to material resources, administrative costs, etc.

Gross of Reinsurance -

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Beginning reserves:	876,259	934,555	827,790	745,032	658,359
Incurred losses and loss adjustment expenses	147,530	7,629	19,778	26,009	16,159
Calendar year payments for losses and loss adjustment expenses:	89,234	114,394	102,537	112,682	36,214
Ending reserves:	934,555	827,790	745,032	658,359	638,305

Net of Reinsurance -

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Beginning reserves:	745,779	619,959	516,508	483,566	451,575
Incurred losses and loss adjustment expenses:	(56,620)	(17,396)	25,187	(8,487)	(15,529)
Calendar year payments for loss and loss adjustment expenses:	69,200	86,054	58,130	23,503	24,231
Ending reserves:	619,959	516,508	483,566	451,575	411,814

- E. The amount of ending reserves for Bulk + IBNR included in D (Loss & LAE):

Gross of Reinsurance Basis:	\$339,384
Net of Reinsurance Basis:	\$185,611

- F. The amount of the ending reserves for loss adjustment expense included in D (Case, Bulk + IBNR):

Gross of Reinsurance Basis:	\$212,442
Net of Reinsurance Basis:	\$168,735

30. SUBSCRIBER SAVINGS ACCOUNTS

The Company is not a reciprocal insurance company and has no surplus identified as subscriber savings accounts for the statement periods.

31. FINANCIAL GUARANTY INSURANCE EXPOSURES

The Company has no financial guaranty exposures for the statement periods.

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	5,086,560	7.843	5,086,560	7.843
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations	96,177	0.148	96,177	0.148
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA	4,930,217	7.602	4,930,217	7.602
1.512 Issued by FNMA and FHLMC	10,017,179	15.446	10,017,179	15.446
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC		0.000		0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC	6,229,403	9.605	6,229,403	9.605
1.523 All other privately issued		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	27,697,869	42.708	27,697,869	42.708
2.2 Unaffiliated foreign securities	3,111,863	4.798	3,111,863	4.798
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated	5,370,019	8.280	5,370,019	8.280
3.4 Other equity securities:				
3.41 Affiliated	7,365	0.011	7,365	0.011
3.42 Unaffiliated	77,890	0.120	77,890	0.120
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash and short-term investments	2,230,006	3.438	2,230,006	3.438
9. Other invested assets		0.000		0.000
10. Total invested assets	64,854,548	100.000	64,854,548	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] NA []
- 1.3 State Regulating? Ohio.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No []
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/1999
- 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.12/31/1999
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).10/01/2001
- 3.4 By what department or departments? Ohio.....
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
 - 4.11 sales of new business? Yes [] No []
 - 4.12 renewals? Yes [] No []
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
 - 4.21 sales of new business? Yes [] No []
 - 4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

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

GENERAL INTERROGATORIES

(continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 PricewaterhouseCoopers, LLP, One Lincoln Center, Syracuse, NY 13202.....
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?
 Richard Fein, PhD, FCAS, MAA, PricewaterhouseCoopers, LLP, One International Place, Boston, MA 02110.....
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

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

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|-----------|
| | 14.11 To directors or other officers .. | \$0 |
| | 14.12 To stockholders not officers ... | \$0 |
| | 14.13 Trustees, supreme or grand (Fraternal only) | \$0 |
- 14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|-----------|
| | 14.21 To directors or other officers ... | \$0 |
| | 14.22 To stockholders not officers | \$0 |
| | 14.23 Trustees, supreme or grand (Fraternal only) | \$0 |
- 15.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? Yes [] No [X]
- 15.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|----------------------------------|----------|
| | 15.21 Rented from others | \$ |
| | 15.22 Borrowed from others | \$ |
| | 15.23 Leased from others | \$ |
| | 15.24 Other | \$ |
- Disclose in Notes to Financial Statements the nature of each of these obligations.
- 16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 16.2 If answer is yes,
- | | | |
|--|--|----------|
| | 16.21 Amount paid as losses or risk adjustment | \$ |
| | 16.22 Amount paid as expenses | \$ |
| | 16.23 Other amounts paid | \$ |

GENERAL INTERROGATORIES

(continued)
INVESTMENT

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

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
					[]	[]	[]	[]
Preferred					XXX	XXX	XXX	XXX
Common	1,000,000	500,000	7.000	XXX				

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

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

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

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

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

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

19.31	19.35
19.32	19.36
19.33	19.37
19.34	19.38
	19.39

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

19.4 For category (19.28) provide the following:

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

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

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

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

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

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

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

1	2
Name of Custodian(s)	Custodian's Address
Bank of New York.....	One Wall Street, New York, NY.....
State Street Global Advisors	One International Place, Boston, MA 02110.....

GENERAL INTERROGATORIES

(continued)
INVESTMENT

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

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

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
	State Street Global Advisors.....	06/01/2002.....	New

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
104518.....	Deutsche Asset Management	2 International Place, Boston, MA 02110-4103.....

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$.....0

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

1 Name	2 Amount Paid
	\$
	\$
	\$

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

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

1 Name	2 Amount Paid
	\$
	\$
	\$

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

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives \$0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives \$0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives \$0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives \$0
- 2.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]
- 2.2 If yes, state the amount of calendar year net premiums written on:
- 2.21 Participating policies \$
- 2.22 Non-participating policies \$
3. For Mutual Reporting Entities and Reciprocal Exchanges Only:
- 3.1 Does the reporting entity issue assessable policies? Yes [] No [X]
- 3.2 Does the reporting entity issue non-assessable policies? Yes [X] No []
- 3.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? %
- 3.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums? \$
4. For Reciprocal Exchanges Only:
- 4.1 Does the Exchange appoint local agents? Yes [] No []
- 4.2 If yes, is the commission paid:
- 4.21 Out of Attorney's-in-fact compensation Yes [] No [] NA []
- 4.22 As a direct expense of the Exchange Yes [] No [] NA []
- 4.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

- 4.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No []
- 4.5 If yes, give full information

- 5.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
 Purchased excess of loss reinsurance.
- 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.
 Policy level property exposures are aggregated and run through the Applied Insurance Research (Boston, Ma.) model to determine our expected loss at various return intervals.
- 5.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
 Purchased catastrophe reinsurance coverage.
- 5.4 Does the reporting entity carry catastrophe reinsurance protection, with provision for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No []
- 5.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.

- 6.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provision)? Yes [] No [X]
- 6.2 If yes, indicate the number of reinsurance contracts containing such provisions:

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

- 7.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?..... Yes [] No [X]
- 7.2 If yes, give full information
8. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?..... Yes [] No [] NA [X]
- 9.1 Has this reporting entity guaranteed policies issued by any other entity and now in force?..... Yes [] No [X]
- 9.2 If yes, give full information
- 10.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 10.11 Unpaid losses..... \$
- 10.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$
- 10.2 Of the amount on Line 10.3 of the assets schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds..... \$7,522
- 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] NA []
- 10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 10.41 From..... %
- 10.42 To..... %
- 10.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?..... Yes [X] No []
- 10.6 If yes, state the amount thereof at December 31 of the current year:
- 10.61 Letters of credit..... \$117,066
- 10.62 Collateral and other funds..... \$9,000
- 11.1 What amount of installment notes is owned and now held by the reporting entity?..... \$
- 11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?..... Yes [] No [X]
- 11.3 If yes, what amount?..... \$
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):..... \$211,500
- 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.4
- 13.1 Has this reporting entity guaranteed any financed premium accounts?..... Yes [] No [X]
- 13.2 If yes, give full information
- 14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 14.11 Name of real estate holding company
- 14.12 Number of parcels involved
- 14.13 Total book/adjusted carrying value \$
- 14.2 If yes, provide explanation:
- 15.1 Does the reporting entity write any warranty business? Yes [] No [X]
- If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

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

	1 2002	2 2001	3 2000	4 1999	5 1998
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	78,881,173	87,553,095	84,272,405	81,715,911	67,384,497
2. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	22,668,028	26,852,271	28,461,995	27,466,077	22,953,612
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	57,305,701	65,531,126	65,498,976	59,545,339	48,398,773
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	119,028	161,087	260,697	306,539	358,748
5. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	20	24	41	57	38
6. Total (Line 34)	158,973,950	180,097,603	178,494,114	169,033,924	139,095,668
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)	10,417,115	10,167,854	10,389,514	9,325,593	8,966,448
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	2,404,129	2,500,732	2,710,157	2,661,875	2,431,206
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	6,367,999	6,523,125	6,456,411	5,920,723	5,331,402
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	111,002	153,406	250,111	295,189	346,529
11. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	20	24	41	57	38
12. Total (Line 34)	19,300,265	19,345,141	19,806,234	18,203,438	17,075,623
Statement of Income (Page 4)					
13. Net Underwriting Gain (Loss) (Line 8)	(2,313,987)	(7,031,575)	(2,561,568)	(1,494,802)	(1,126,481)
14. Net Investment Gain (Loss) (Line 11)	3,614,558	3,777,260	3,714,135	3,986,830	4,148,693
15. Total Other Income (Line 15)	(30,913)	4,841	(69,534)	(14,956)	(1,002)
16. Dividends to Policyholders (Line 17)	346,128	353,443	325,099	358,908	377,313
17. Federal and Foreign Income Taxes Incurred (Line 19)	373,746	(564,430)	(132,110)	500,151	480,483
18. Net Income (Line 20)	549,784	(3,038,487)	890,044	1,618,013	2,163,414
Balance Sheet Lines (Pages 2 and 3)					
19. Total Admitted Assets excluding Protected Cell (Page 2, Line 26, Col. 3)	73,899,836	72,311,085	69,169,028	67,376,242	64,500,071
20. Agents' Balances or Uncollected Premiums (Page 2, Col. 3)					
20.1 In Course of Collection (Line 10.1)	4,342,999	4,622,983	4,420,275	4,204,988	3,954,834
20.2 Deferred and not yet due (Line 10.2)	1,568,817	1,593,082	2,410,646	1,514,345	1,134,964
20.3 Accrued Retrospective Premiums (Line 10.3)	6,770	32,265	24,236	10,663	4,534
21. Total Liabilities excluding Protected Cell (Page 3, Line 24)	52,103,973	49,948,714	43,184,993	41,870,806	40,044,013
22. Losses (Page 3, Lines 1 and 2)	27,499,669	26,785,631	22,732,161	21,863,619	21,316,059
23. Loss Adjustment Expenses (Page 3, Line 3)	7,216,397	6,996,548	6,665,976	6,614,860	6,675,846
24. Unearned premiums (Page 3, Line 9)	8,997,990	8,969,347	9,349,437	9,041,247	8,490,941
25. Capital Paid Up (Page 3, Lines 28 & 29)	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
26. Surplus as Regards Policyholders (Page 3, Line 35)	21,795,863	22,362,371	25,984,035	25,505,436	24,456,058
Risk-Based Capital Analysis					
27. Total Adjusted Capital	21,795,863	22,362,371	25,984,035	25,505,436	24,456,058
28. Authorized Control Level Risk-Based Capital	3,211,935	3,048,546	2,659,827	2,515,566	2,560,506
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)	88.1	88.2	85.2	82.2	88.2
30. Stocks (Lines 2.1 & 2.2)	8.4	10.1	12.3	14.2	10.7
31. Mortgage Loans on Real Estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
32. Real Estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
33. Cash and Short-Term Investments (Line 5)	3.4	1.7	2.4	3.6	1.0
34. Other Invested Assets (Line 6)	0.0	0.0	0.0	0.0	0.0
35. Receivable for Securities (Line 7)	0.0	0.0	0.0	0.0	0.0
36. Aggregate Write-Ins for Invested Assets (Line 8)	0.0	0.0	0.0	0.0	0.0
37. Cash and Invested Assets (Line 9)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
38. Affiliated Bonds (Schedule D, Summary, Line 25, Col. 1)	0	0	0	0	0
39. Affiliated Preferred Stocks (Schedule D, Summary, Line 39, Col. 1)	0	0	0	0	0
40. Affiliated Common Stocks (Schedule D, Summary, Line 53, Col. 2)	7,365	28,107	54,605	132,360	0
41. Affiliated Short-Term Investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
42. Affiliated Mortgage Loans on Real Estate	0	0	0	0	0
43. All Other Affiliated	0	0	0	0	0
44. Total of above Lines 38 to 43	7,365	28,107	54,605	132,360	0
45. Percentage of Investments in Parent, Subsidiaries and Affiliates to Surplus as Regards Policyholders (Line 44 above divided by Page 3, Col. 1, Line 35 x 100.0)	0.0	0.1	0.2	0.5	0.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
Capital and Surplus Accounts (Page 4)					
46. Net Unrealized Capital Gains (Losses) (Line 23)	(965,400)	(693,023)	(520,072)	(309,320)	(206,483)
47. Dividends to Stockholders (Line 34)	0	0	0	0	0
48. Change in surplus as regards policyholders for the year (Line 37)	(566,508)	(3,621,664)	478,599	1,049,378	1,661,741
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)	53,164,671	58,348,596	51,285,891	37,701,210	31,388,802
50. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	10,445,215	15,239,983	19,082,768	14,791,987	10,843,852
51. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	35,534,941	42,177,550	41,455,176	30,075,954	20,510,292
52. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	95,847	102,674	80,993	210,597	181,112
53. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	4,784	3,344	6,077	11,136	1,782
54. Total (Line 34)	99,245,458	115,872,147	111,910,905	82,790,883	62,925,839
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)	6,976,496	7,547,974	6,883,702	5,563,137	5,592,423
56. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	985,357	1,458,158	1,821,353	1,518,288	1,294,482
57. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	3,310,928	4,238,088	3,787,386	3,310,718	3,065,802
58. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	95,847	102,674	80,993	210,597	181,112
59. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	4,784	3,344	6,077	11,136	1,782
60. Total (Line 34)	11,373,412	13,350,238	12,579,510	10,613,876	10,135,601
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)	62.8	88.2	68.9	62.8	61.8
63. Loss Expenses Incurred (Line 3)	16.9	17.1	13.4	13.2	13.4
64. Other Underwriting Expenses Incurred (Line 4)	32.3	30.3	30.8	32.5	31.4
65. Net Underwriting gain (loss) (Line 8)	(12.0)	(35.6)	(13.1)	(8.5)	(6.6)
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)	32.4	30.9	30.7	31.5	31.3
67. Losses and Loss Expenses Incurred to Premiums Earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	79.7	105.3	82.3	76.0	75.2
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)	88.6	86.5	76.2	71.4	69.8
One Year Loss Development (000 omitted)					
69. Development in Estimated Losses and Loss Expenses Incurred Prior to Current Year (Schedule P - Part 2 - Summary, Line 12, Col. 11)	896	4,037	(300)	(971)	(261)
70. Percent of Development of Loss and Loss Expenses Incurred to Policyholders' Surplus of Previous Year End (Line 69 above divided by Page 4, Line 21, Col. 1 x 100.0)	4.0	15.5	(1.2)	(4.0)	(1.1)
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)	5,352	1,901	(1,531)	(1,124)	(211)
72. Percent of Development of Loss and Loss Expenses Incurred to Reported Policyholders' Surplus of Second Previous Year End (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0)	20.6	7.5	(6.3)	(4.9)	(1.0)

SCHEDULE D - SUMMARY BY COUNTRY

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States 5,086,560 2. Canada 0 3. Other Countries 0 4. Totals 5,086,560	5,844,048 0 0 5,844,048	5,098,117 0 0 5,098,117	5,005,000 0 0 5,005,000
States, Territories and Possessions (Direct and guaranteed)	5. United States 0 6. Canada 13,886 7. Other Countries 0 8. Totals 13,886	0 14,134 0 14,134	0 13,300 0 13,300	0 14,000 0 14,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States 0 10. Canada 0 11. Other Countries 0 12. Totals 0	0 0 0 0	0 0 0 0	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 16,167,489 14. Canada 0 15. Other Countries 0 16. Totals 16,167,489	16,175,033 0 0 16,175,033	16,171,809 0 0 16,171,809	16,112,532 0 0 16,112,532
Public Utilities (unaffiliated)	17. United States 1,227,364 18. Canada 1,027,837 19. Other Countries 2,070,139 20. Totals 4,325,340	1,305,980 1,027,837 2,300,130 4,633,947	1,226,361 1,029,960 2,071,080 4,327,401	1,248,000 1,000,000 2,000,000 4,248,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 31,575,993 22. Canada 0 23. Other Countries 0 24. Totals 31,575,993	33,089,700 0 0 33,089,700	32,173,795 0 0 32,173,795	30,466,412 0 0 30,466,412
Parent, Subsidiaries and Affiliates	25. Totals 0 26. Total Bonds 57,169,267	0 59,756,863	0 57,784,422	0 55,845,944
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States 0 28. Canada 0 29. Other Countries 0 30. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States 0 32. Canada 0 33. Other Countries 0 34. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	35. United States 0 36. Canada 0 37. Other Countries 0 38. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	39. Totals 0 40. Total Preferred Stocks 0	0 0	0 0	0 0
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States 205,311 42. Canada 0 43. Other Countries 0 44. Totals 205,311	205,311 0 0 205,311	314,475 0 0 314,475	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 552,006 46. Canada 0 47. Other Countries 0 48. Totals 552,006	552,006 0 0 552,006	616,289 0 0 616,289	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	49. United States 4,673,322 50. Canada 0 51. Other Countries 17,271 52. Totals 4,690,593	4,673,322 0 17,271 4,690,593	6,145,257 0 23,688 6,168,945	0 0 0 0
Parent, Subsidiaries and Affiliates	53. Totals 7,365 54. Total Common Stocks 5,455,275	7,365 5,455,275	254,791 7,354,500	0 0
	55. Total Stocks 5,455,275 56. Total Bonds and Stocks 62,624,542	5,455,275 65,212,138	7,354,500 65,138,922	0 0

(a) The aggregate value of bonds which are valued at other than actual fair value is \$25,717,537 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 59,115,861	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 48,660,123	6.1 Column 17, Part 1 0
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Sec. 1 0
3.1 Column 16, Part 1 (324,027)	6.3 Column 11, Part 2, Sec. 2 0
3.2 Column 12, Part 2, Sec. 1 0	6.4 Column 11, Part 4 0
3.3 Column 10, Part 2, Sec. 2 (1,309,067)	7. Book/adjusted carrying value at end of current period 62,624,542
3.4 Column 10, Part 4 (84,905) (1,717,999)	8. Total valuation allowance 0
4. Total gain (loss), Col. 14, Part 4 572,900	9. Subtotal (Lines 7 plus 8) 62,624,542
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 44,006,343	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 62,624,542

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	678	342	213	103	35	0	12	481	XXX
2. 1993	15,627	2,311	13,316	7,864	657	1,146	72	867	0	299	9,147	XXX
3. 1994	16,387	2,193	14,195	9,926	1,343	1,225	99	876	0	359	10,585	XXX
4. 1995	17,194	1,669	15,525	9,453	562	1,157	24	898	1	387	10,922	XXX
5. 1996	18,044	1,437	16,607	10,552	493	1,387	65	940	1	413	12,320	XXX
6. 1997	17,904	1,352	16,552	8,849	261	1,295	46	912	2	373	10,747	XXX
7. 1998	18,383	1,366	17,016	10,632	827	1,122	44	977	2	361	11,858	XXX
8. 1999	19,572	1,957	17,615	11,495	706	1,126	166	1,158	3	418	12,905	XXX
9. 2000	21,949	2,436	19,513	12,470	1,450	978	223	1,291	2	429	13,063	XXX
10. 2001	22,783	3,049	19,734	8,443	793	534	116	1,310	5	335	9,373	XXX
11. 2002	22,060	2,817	19,243	3,808	205	196	24	462	3	122	4,235	XXX
12. Totals	XXX	XXX	XXX	94,170	7,638	10,379	981	9,727	19	3,506	105,637	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.	3,450	1,397	1,571	692	702	392	923	340	541	1	33	4,366	XXX
2.	230	8	73	17	31	1	27	4	16	0	4	348	XXX
3.	320	30	71	12	16	1	34	4	21	0	7	414	XXX
4.	388	29	138	29	25	(2)	45	4	27	1	14	560	XXX
5.	460	3	120	26	44	2	71	4	39	1	26	700	XXX
6.	829	44	249	30	75	4	120	5	53	2	30	1,240	XXX
7.	1,128	38	410	53	89	1	201	12	80	3	60	1,802	XXX
8.	2,286	547	940	165	184	32	339	39	144	4	117	3,106	XXX
9.	3,583	461	1,930	316	322	65	695	95	332	7	180	5,918	XXX
10.	4,022	477	2,410	472	315	80	938	145	371	7	278	6,875	XXX
11.	4,120	320	4,455	517	289	61	1,134	54	866	11	386	9,901	XXX
12. Totals	20,816	3,355	12,367	2,328	2,091	636	4,529	707	2,490	36	1,137	35,230	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	2,933	1,434
2.	10,254	759	9,495	65.6	32.8	71.3	0	0	3.0	278	70
3.	12,489	1,490	10,999	76.2	68.0	77.5	0	0	3.0	348	66
4.	12,130	647	11,483	70.6	38.8	74.0	0	0	3.0	468	93
5.	13,614	594	13,020	75.5	41.4	78.4	0	0	3.0	552	148
6.	12,381	394	11,987	69.2	29.2	72.4	0	0	3.0	1,003	237
7.	14,639	979	13,660	79.6	71.6	80.3	0	0	3.0	1,448	354
8.	17,673	1,662	16,011	90.3	84.9	90.9	0	0	3.0	2,513	593
9.	21,600	2,619	18,981	98.4	107.5	97.3	0	0	3.0	4,736	1,182
10.	18,343	2,095	16,248	80.5	68.7	82.3	0	0	3.0	5,483	1,392
11.	15,330	1,195	14,135	69.5	42.4	73.5	0	0	3.0	7,738	2,163
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	27,500	7,730

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	One Year	Two Year
1. Prior	17,632	16,996	16,872	16,872	16,718	16,531	16,259	16,139	16,364	16,732	368	592
2. 1993	9,327	9,225	9,067	8,914	8,835	8,759	8,689	8,634	8,643	8,639	(4)	5
3. 1994	XXX	10,617	10,819	10,583	10,410	10,392	10,284	10,178	10,116	10,167	50	(11)
4. 1995	XXX	XXX	10,533	10,594	10,747	10,739	10,663	10,518	10,542	10,603	61	84
5. 1996	XXX	XXX	XXX	11,838	12,050	12,170	12,025	12,043	12,049	12,078	29	35
6. 1997	XXX	XXX	XXX	XXX	11,201	11,110	10,917	10,666	11,034	11,070	37	404
7. 1998	XXX	XXX	XXX	XXX	XXX	12,004	11,896	11,995	12,503	12,635	132	640
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	13,188	13,447	14,573	14,747	174	1,299
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	15,068	16,904	17,372	468	2,303
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	15,006	14,587	(419)	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,824	XXX	XXX
12. Totals											896	5,352

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	3,754	6,583	8,256	9,466	10,240	10,979	11,605	12,076	12,522	XXX	XXX
2. 1993	2,904	4,931	6,056	6,850	7,404	7,766	7,979	8,139	8,234	8,281	XXX	XXX
3. 1994	XXX	3,612	6,060	7,195	8,186	8,892	9,266	9,531	9,641	9,709	XXX	XXX
4. 1995	XXX	XXX	3,444	5,882	7,423	8,449	9,107	9,559	9,869	10,025	XXX	XXX
5. 1996	XXX	XXX	XXX	4,441	7,246	8,713	9,754	10,543	11,059	11,381	XXX	XXX
6. 1997	XXX	XXX	XXX	XXX	3,674	6,143	7,371	8,392	9,341	9,837	XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX	4,521	7,057	8,595	9,968	10,883	XXX	XXX
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	5,097	8,323	10,226	11,749	XXX	XXX
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,804	9,625	11,774	XXX	XXX
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,222	8,068	XXX	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,775	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	8,807	6,431	4,646	4,040	3,542	2,610	2,077	1,865	1,828	1,582
2. 1993	3,900	2,377	1,559	986	636	391	266	159	109	89
3. 1994	XXX	4,090	2,535	1,598	904	554	360	220	128	95
4. 1995	XXX	XXX	4,018	2,335	1,395	721	480	299	181	157
5. 1996	XXX	XXX	XXX	4,160	2,409	1,423	877	526	267	167
6. 1997	XXX	XXX	XXX	XXX	4,749	2,542	1,546	855	515	337
7. 1998	XXX	XXX	XXX	XXX	XXX	4,321	2,348	1,310	890	548
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	4,419	2,448	1,643	1,076
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,203	3,373	2,217
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,350	2,734
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,022

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	No	0	0	0	0	0	0	0
2. Alaska	AK	No	0	0	0	0	0	0	0
3. Arizona	AZ	No	0	0	0	0	0	0	0
4. Arkansas	AR	No	0	0	0	0	0	0	0
5. California	CA	No	0	0	0	0	0	0	0
6. Colorado	CO	No	0	0	0	0	0	0	0
7. Connecticut	CT	Yes	9,822,217	9,632,370	369,610	8,064,915	6,214,040	13,717,155	5,785
8. Delaware	DE	Yes	167,938	68,039	0	1,138	(896)	36,277	143
9. District of Columbia	DC	Yes	462,366	458,157	907	177,915	81,609	321,177	137
10. Florida	FL	No	0	0	0	0	0	0	0
11. Georgia	GA	Yes	5,292,904	6,107,985	0	2,541,771	2,601,028	5,221,284	1,528
12. Hawaii	HI	No	0	0	0	0	0	0	0
13. Idaho	ID	No	0	0	0	0	0	0	0
14. Illinois	IL	Yes	2,941,970	3,742,069	82,666	3,419,590	3,225,479	4,617,311	819
15. Indiana	IN	Yes	559,078	1,322,815	77,601	1,401,974	397,376	993,816	330
16. Iowa	IA	No	0	0	0	0	0	0	0
17. Kansas	KS	Yes	17,841	110,975	0	1,034,828	(83,938)	256,315	94
18. Kentucky	KY	No	0	0	0	0	0	0	0
19. Louisiana	LA	No	0	0	0	0	0	0	0
20. Maine	ME	No	0	0	0	0	0	0	0
21. Maryland	MD	Yes	4,315,896	4,436,920	36,423	3,444,701	3,821,064	5,453,032	1,454
22. Massachusetts	MA	Yes	3,585,507	3,661,888	231,027	3,125,497	2,591,999	5,507,376	4,432
23. Michigan	MI	Yes	107,158	83,808	0	18,006	74,447	58,441	256
24. Minnesota	MN	No	0	0	0	0	0	0	0
25. Mississippi	MS	No	0	0	0	0	0	0	0
26. Missouri	MO	No	0	0	0	0	0	0	0
27. Montana	MT	No	0	0	0	0	0	0	0
28. Nebraska	NE	No	0	0	0	0	0	0	0
29. Nevada	NV	No	0	0	0	0	0	0	0
30. New Hampshire	NH	No	0	0	0	0	0	0	0
31. New Jersey	NJ	Yes	7,346,369	7,163,517	23,706	3,144,782	5,904,727	14,899,636	7,434
32. New Mexico	NM	No	0	0	0	0	0	0	0
33. New York	NY	Yes	68,694,438	73,988,842	632,811	35,754,207	34,284,953	74,711,344	40,196
34. North Carolina	NC	Yes	3,531,307	3,816,228	0	4,140,163	4,008,168	6,949,177	2,393
35. North Dakota	ND	No	0	0	0	0	0	0	0
36. Ohio	OH	Yes	19,341,900	19,691,544	216,454	10,324,211	12,127,610	16,812,664	3,731
37. Oklahoma	OK	No	0	0	0	0	0	0	0
38. Oregon	OR	No	0	0	0	0	0	0	0
39. Pennsylvania	PA	Yes	1,732,429	2,067,165	14,980	1,851,584	5,984,381	8,875,648	1,062
40. Rhode Island	RI	Yes	0	0	0	0	0	0	0
41. South Carolina	SC	No	0	0	0	0	0	0	0
42. South Dakota	SD	No	0	0	0	0	0	0	0
43. Tennessee	TN	Yes	2,514,095	2,776,686	4,325	2,658,662	3,616,776	4,169,976	1,387
44. Texas	TX	Yes	3,123,787	3,055,713	0	2,290,913	1,434,820	3,203,793	1,402
45. Utah	UT	No	0	0	0	0	0	0	0
46. Vermont	VT	No	0	0	0	0	0	0	0
47. Virginia	VA	Yes	3,797,496	4,165,681	105,694	3,095,441	3,543,256	3,977,058	3,093
48. Washington	WA	No	0	0	0	0	0	0	0
49. West Virginia	WV	No	0	0	0	0	0	0	0
50. Wisconsin	WI	Yes	2,318,990	1,926,631	0	1,380,245	2,266,018	1,556,334	400
51. Wyoming	WY	No	0	0	0	0	0	0	0
52. American Samoa	AS	No	0	0	0	0	0	0	0
53. Guam	GU	No	0	0	0	0	0	0	0
54. Puerto Rico	PR	No	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	No	0	0	0	0	0	0	0
56. Canada	CN	No	0	0	0	0	0	0	0
57. Aggregate Other Aliens	OT	XXX	0	0	0	0	0	0	0
58. Totals	(a) 20		139,673,686	148,277,033	1,796,204	87,870,543	92,092,917	171,337,814	76,076
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 plus 5798)(Line 57 above)	XXX	0	0	0	0	0	0	0	0

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

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

All of the premiums with respect to every kind of insurance are allocated to the state in which the property or insured is located.

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

UTICA NATIONAL INSURANCE GROUP

ORGANIZATION STRUCTURE

DECEMBER 31, 2002

